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| Project title | Financial Programming |
| General information | Region: Azerbaijan, SECO priority countries Duration: 2007 to 2009 (phase I), 2009 to 2012 (phase II) Budget: phase I (Azerbaijan): CHF 230'000; phase II (4 beneficiary countries, including Azerbaijan): CHF 950'000 |
| Project partners | <ul style="list-style-type: none"> • Institutional partner: Ministry of Economic Development, Ministry of Finance • Implementing partner: Braumann Consulting |
| Project objectives | The objective of the project is to strengthen the capacity of government institutions for macroeconomic policy analysis and formulation through introducing financial programming. |
| Background | <p>Azerbaijan runs an expansionary fiscal policy fuelled by high oil revenues to address pressing expenditure needs. This strategy puts medium-term fiscal sustainability and macroeconomic stability at risk and creates inflationary pressures. The situation is worsened by uncoordinated policy making of different government authorities.</p> <p>Financial programming can help to better analyze these issues and make more informed policy decisions. Financial Programming is an applied general macroeconomic equilibrium modeling tool well suited for policy analysis in environments with limited data availability. Capacity building regarding financial programming enables government institutions to self-check data consistency, build their own macroeconomic framework and derive policy scenarios.</p> |
| Project activities | <p>The following activities are carried out under the project:</p> <ul style="list-style-type: none"> • Developing operational financial programming models within selected government authorities of Azerbaijan • Assisting governmental staff in determining realistic macroeconomic frameworks for policy advice (e.g. to be used during the state budget preparation process and to inform the medium term expenditure framework) • Strengthening inter-agency coordination through the active use of existing formal and informal policy groups |
| Project results | <p>The following results were achieved:</p> <ul style="list-style-type: none"> • Financial programming models were built, revised and improved in the Ministry of Economic Development and the Ministry of Finance • Capacity of government staff at the Ministry of Finance and the Ministry of Economic Development was strengthened in financial programming and macroeconomics • The financial programming approach towards macroeconomic projections is well entrenched within government authorities |