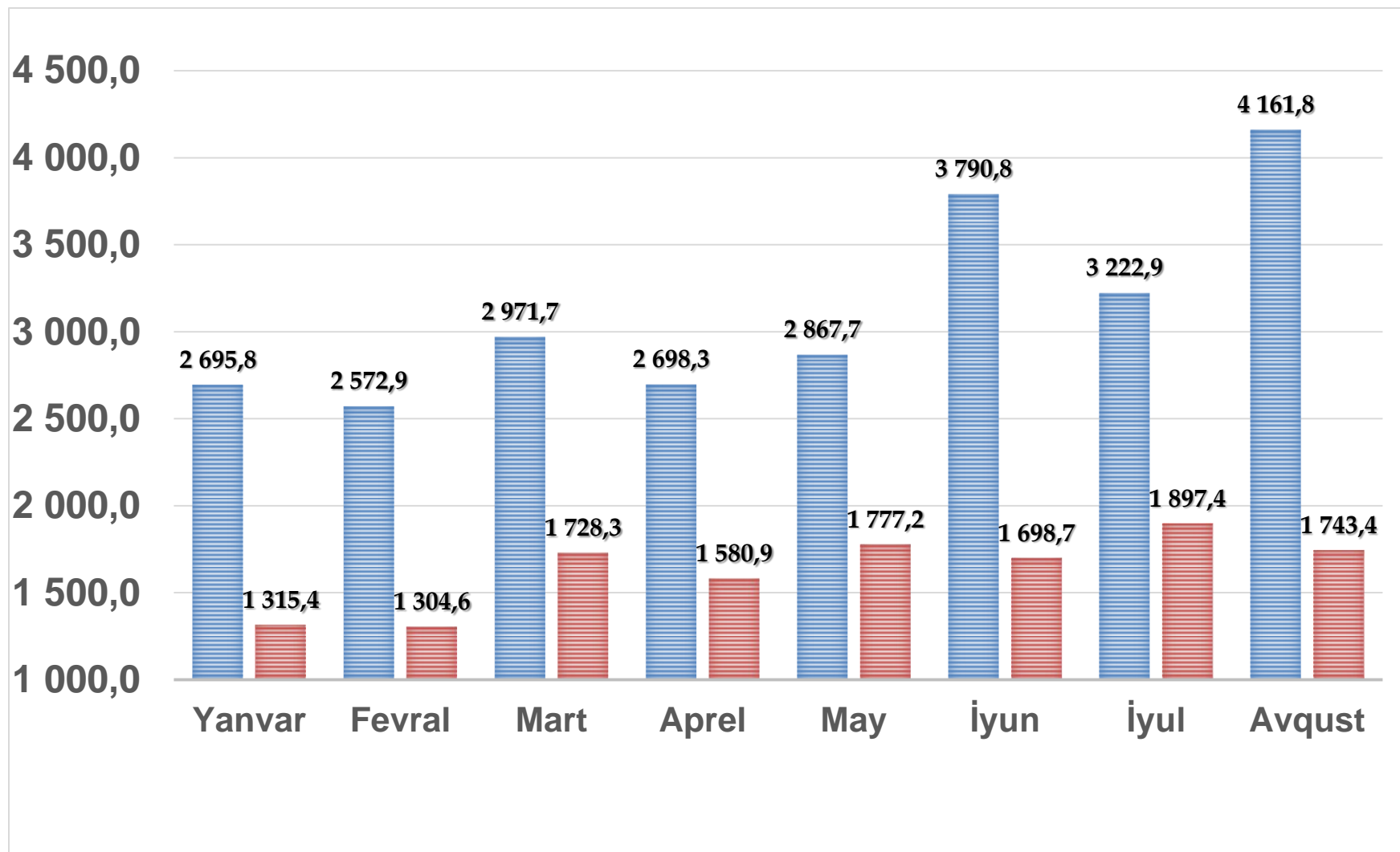


Economic Research Center

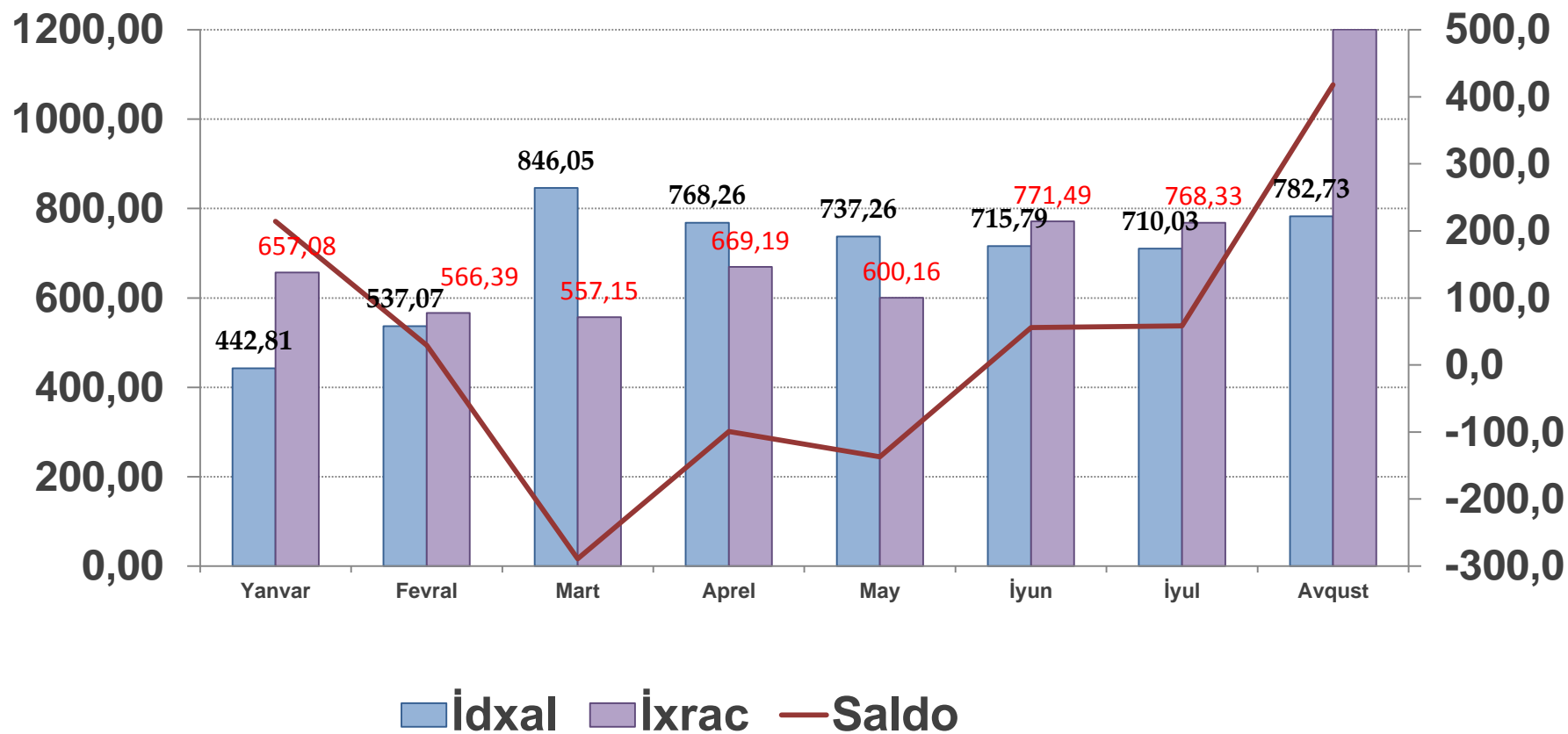
**“What promises us a project of
the year 2017?”**

**Dr. Gubad Ibadoghlu,
Senior Analyst**

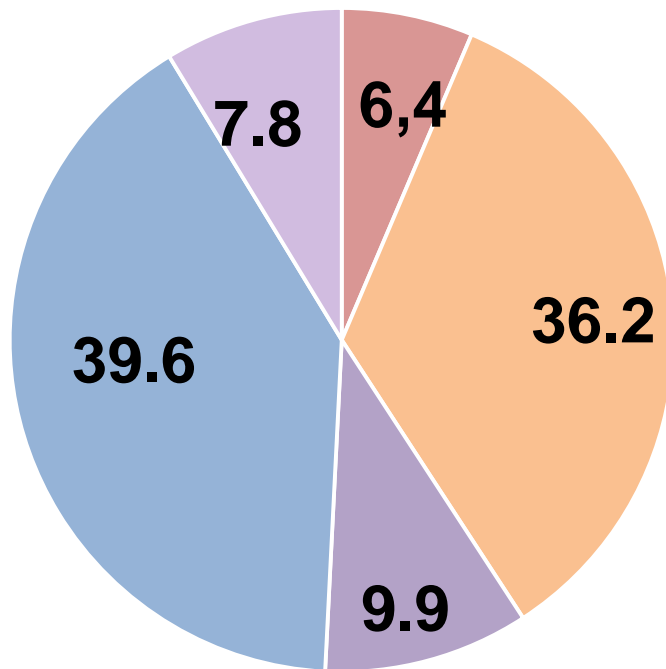
Oil and non-oil GDP in 2016 monthly, in mln. manats



Foreign trade indicators in 8 months



Composition of GDP in 2016



■ Kənd, meşə və balıqçılıq təsərrüfatı

■ Sənaye

■ Tikinti

■ Xidmətlərin istehsalı

■ Məhsula və idxala xalis vergilər

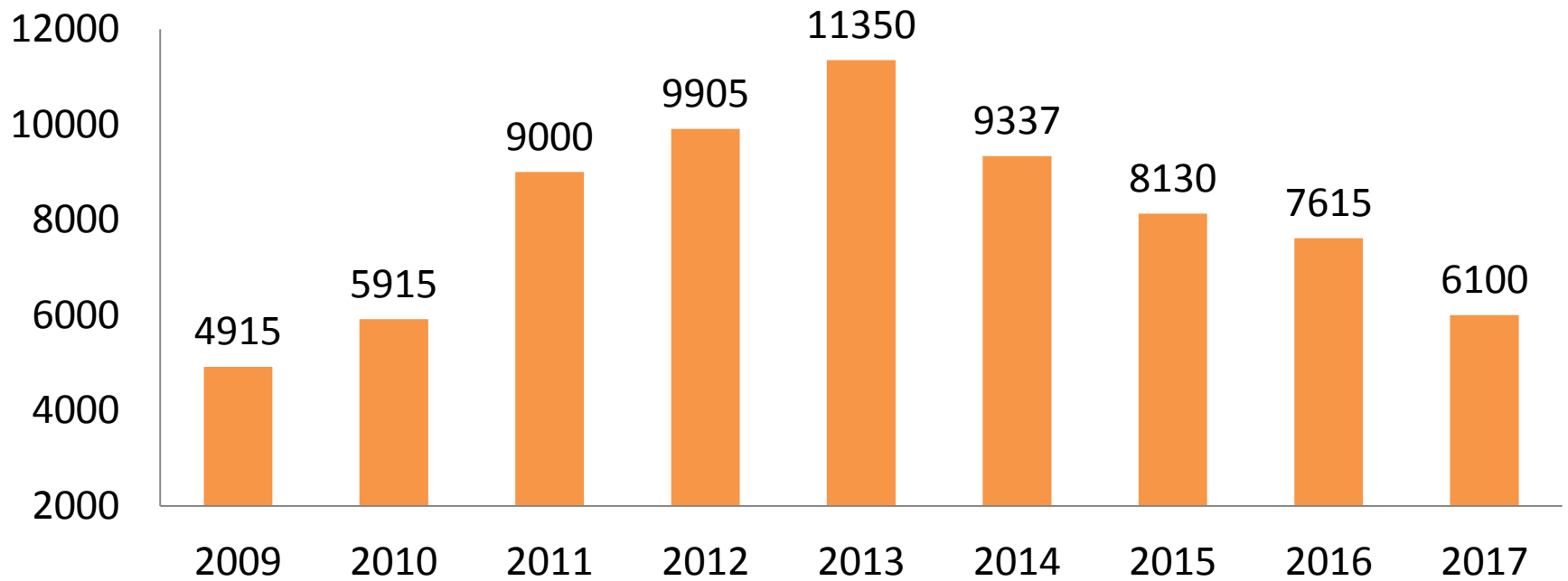
Trend of state budget in 10 years

Years	Revenue of state budget (mln.manats)	Expenditure of state budget (mln.manats)	Budget deficit(-), (mln.manats)
2008	10762,7	10774,2	-11,5
2009	10325,9	10503,9	-178,0
2010	11403,0	11766,0	-363,0
2011	15700,7	15397,5	+303,2
2012	17038	17672,0	-634,0
2013	19159,0	19850,0	-691,1
2014	18 400,6	18 709,0	-308,4
2015	17 497, 9	17784,5	-286,6
2016 (forecast)	16822,0	18495,0	-1673,0
2017 (forecast)	15955	16600	-645,0
Average	15306	15765	

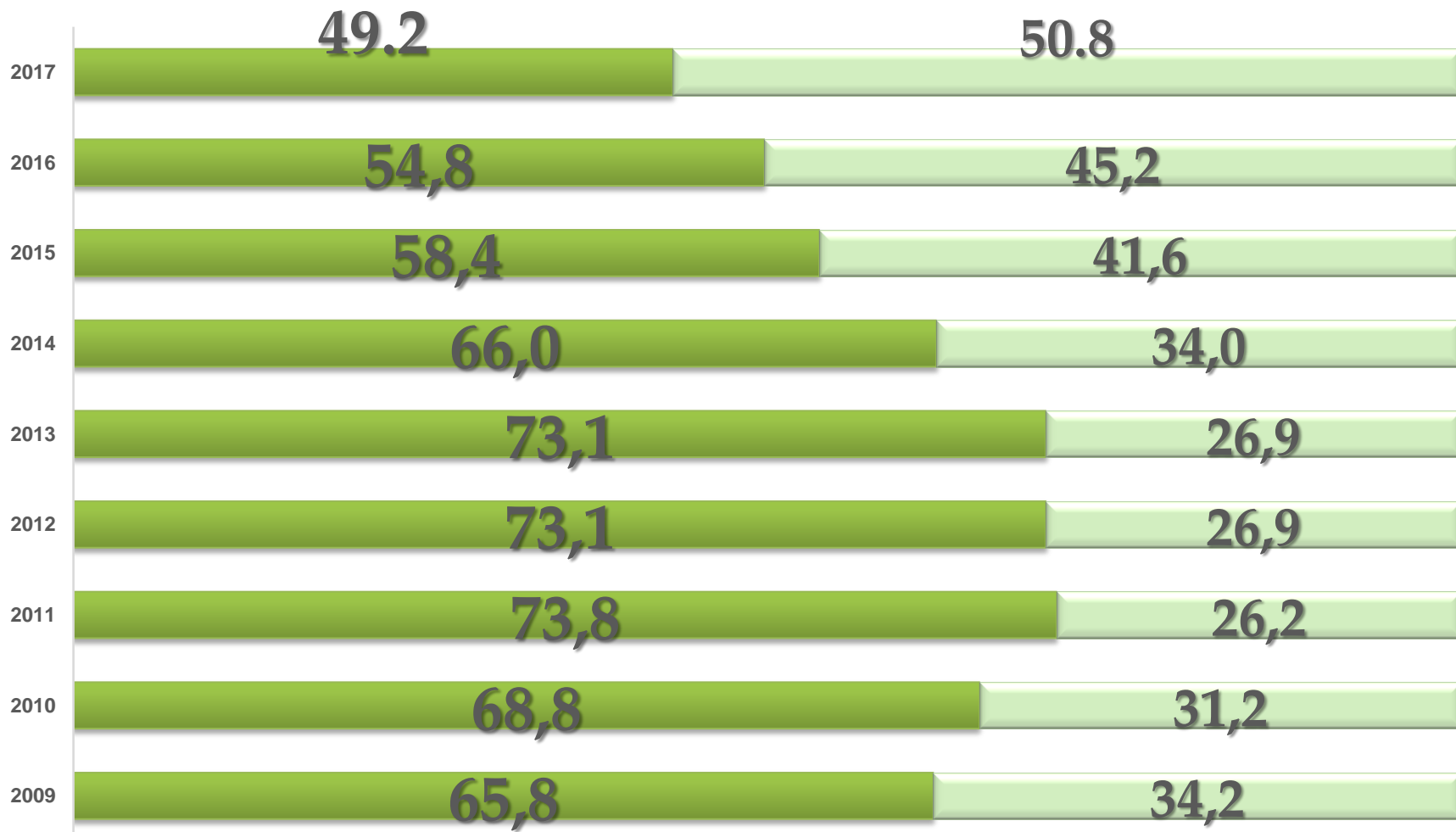
Transfert from SOFAZ, mln. manat

Years	Transfer from SOFAZ	The share of SOFAZ's transfer in the total revenues of budget, %	The share of SOFAZ's transfer in the GDP, %
2003	100,0	8,2	1,3
2004	130,0	8,8	1,5
2005	150,0	7,2	1,2
2006	585,0	15,1	3,2
2007	585,0	9,7	2,1
2008	3800,0	35,3	9,5
2009	4915,0	47,6	14,2
2010	5915,0	51,9	14,2
2011	9000,0	57,3	18,0
2012	9905,0	57,3	18,3
2013	11350,0	58,2	19,7
2014	9337,0	50,7	15,8
2015	8130,0	47,6	14,2
2016 (forecast)	7615,0	45,2	13,2
2017 (forecast)	6100,0	38,2	9,9

Transfert from SOFAZ, mln. manats



The share of revenues from oil and non oil sector in the revenues of state budgets



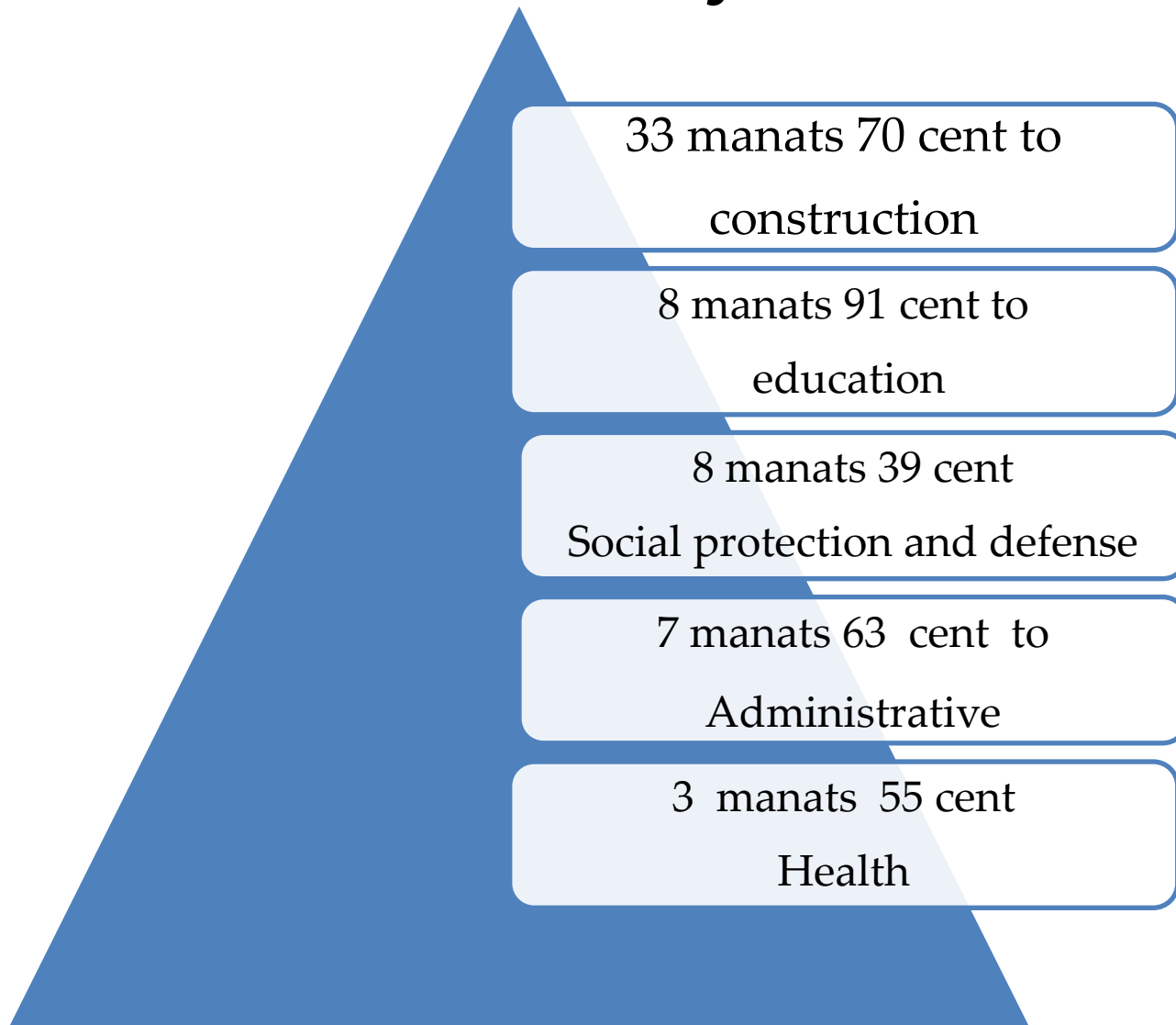
State revenues by sectors

	2014	2015
Industry	3 107,50	2 857,50
Service	1 342,00	1 236,40
Construction	929,6	849,3
Communication	317,1	351,2
Banks and insurance	262,8	395,8
Transport	209,2	296,9
Agriculture	12,8	15,7
Others	431,2	442,7

Investment expenditure during the 2008-2017

Years	Investment expenditure, mln.manats	The share of total budget expenditure, per cent
2008	4,292	39,8
2009	3,567	33,9
2010	4 ,147	35,2
2011	5,866	38,1
2012	5,753	32,5
2013	6,934	34,9
2014	6,278	33,5
2015	5,002	28,1
2016 (forecast)	3, 024	16,3
2017 (forecast)	2,521	15,1
Total	33,935	24,4

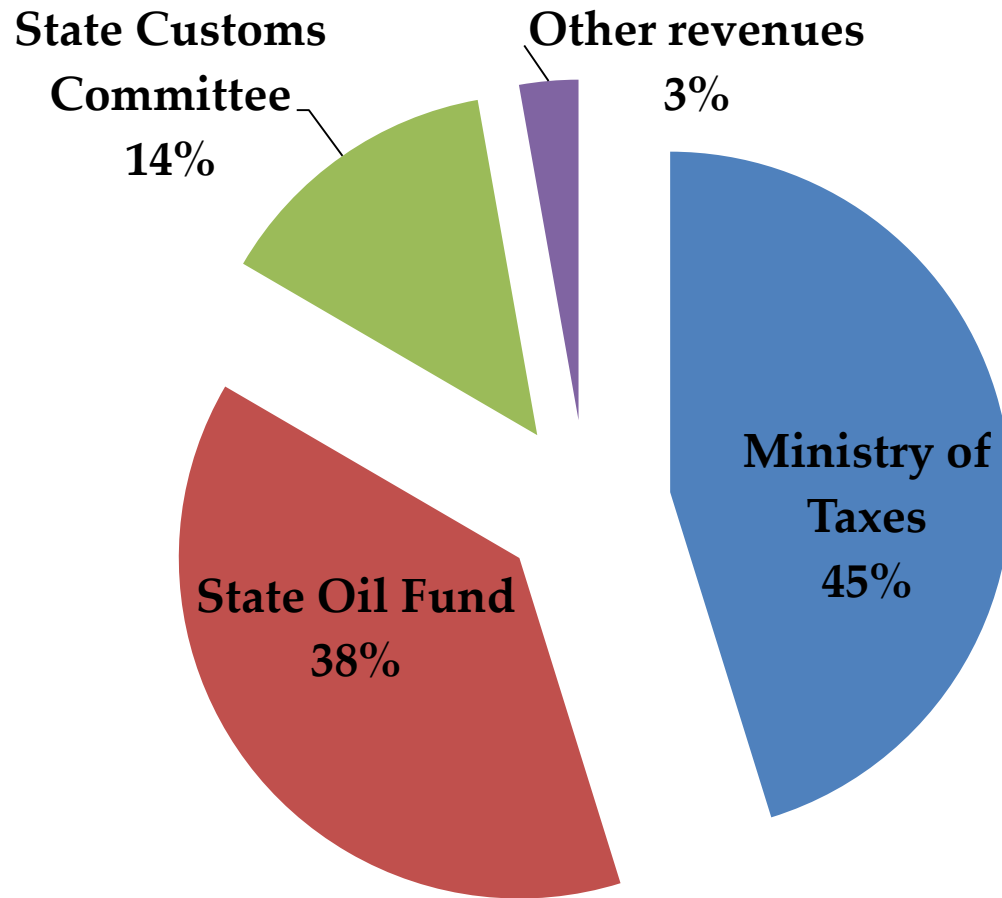
Expenditure each 100 manats during 2006-2015 years



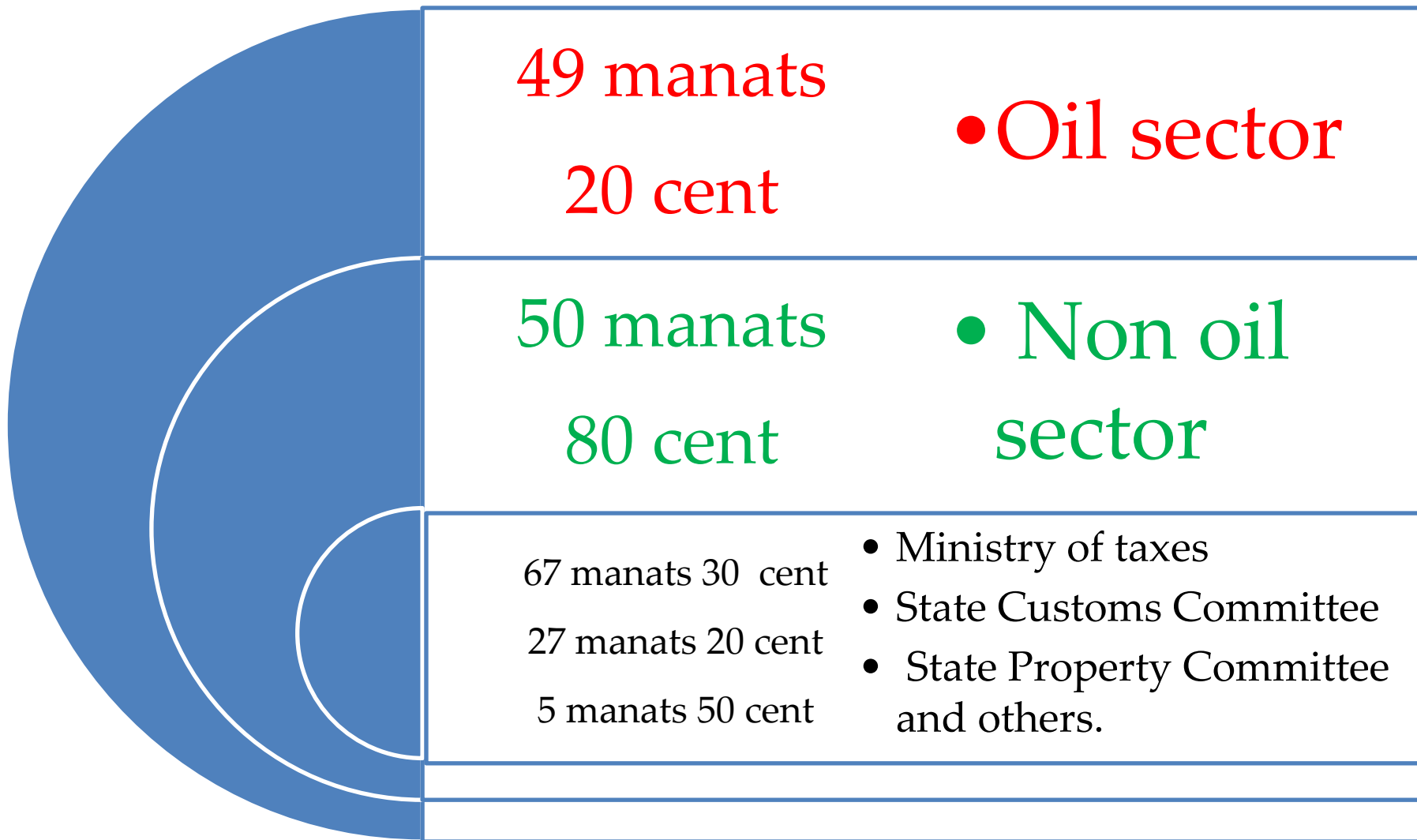
State budget in crisis times

	2015 fact	2016 Forecast	2017 Forecast	Parallel between the forecast 2016 and 2017	
				Discrepancy (+; -)	Per cent
Revenue	17498,0	16822,0	15955,0	-867,0	-5,2
Ependiture	17784,6	18495,0	16600,0	-1895,0	-10,2

Composition of budget revenues in 2017



Each 100 manats coming from ...



Each 100 manats coming from ...

25

AZN

- VAT

12,96

AZN

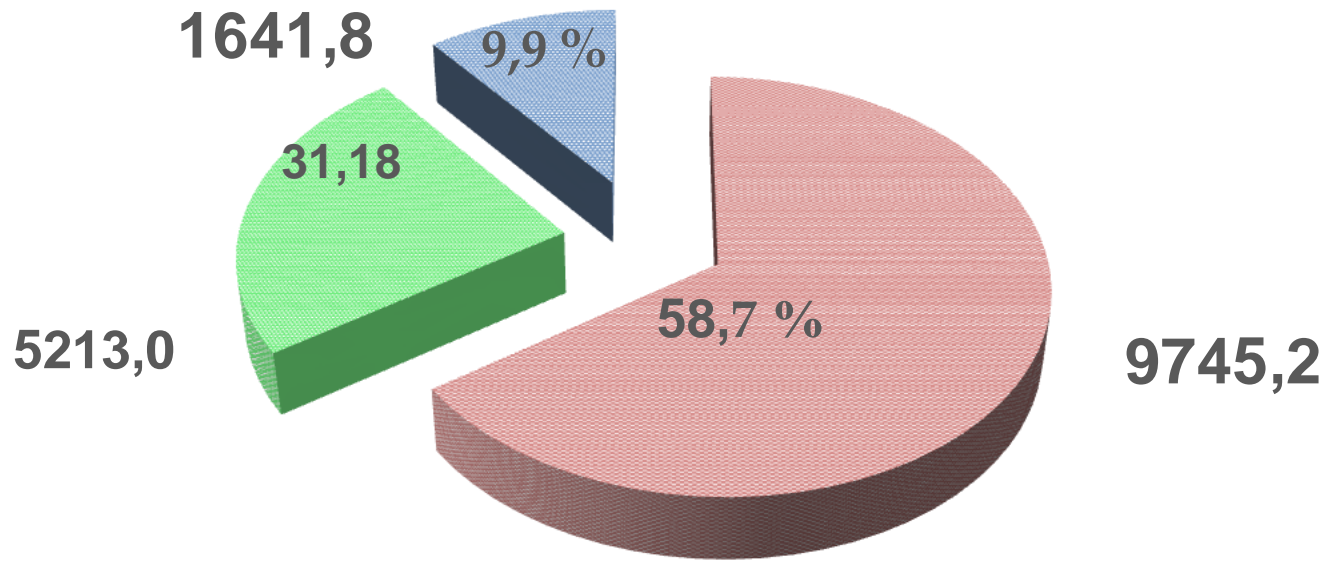
- Profit taxes from companies

7,3

AZN

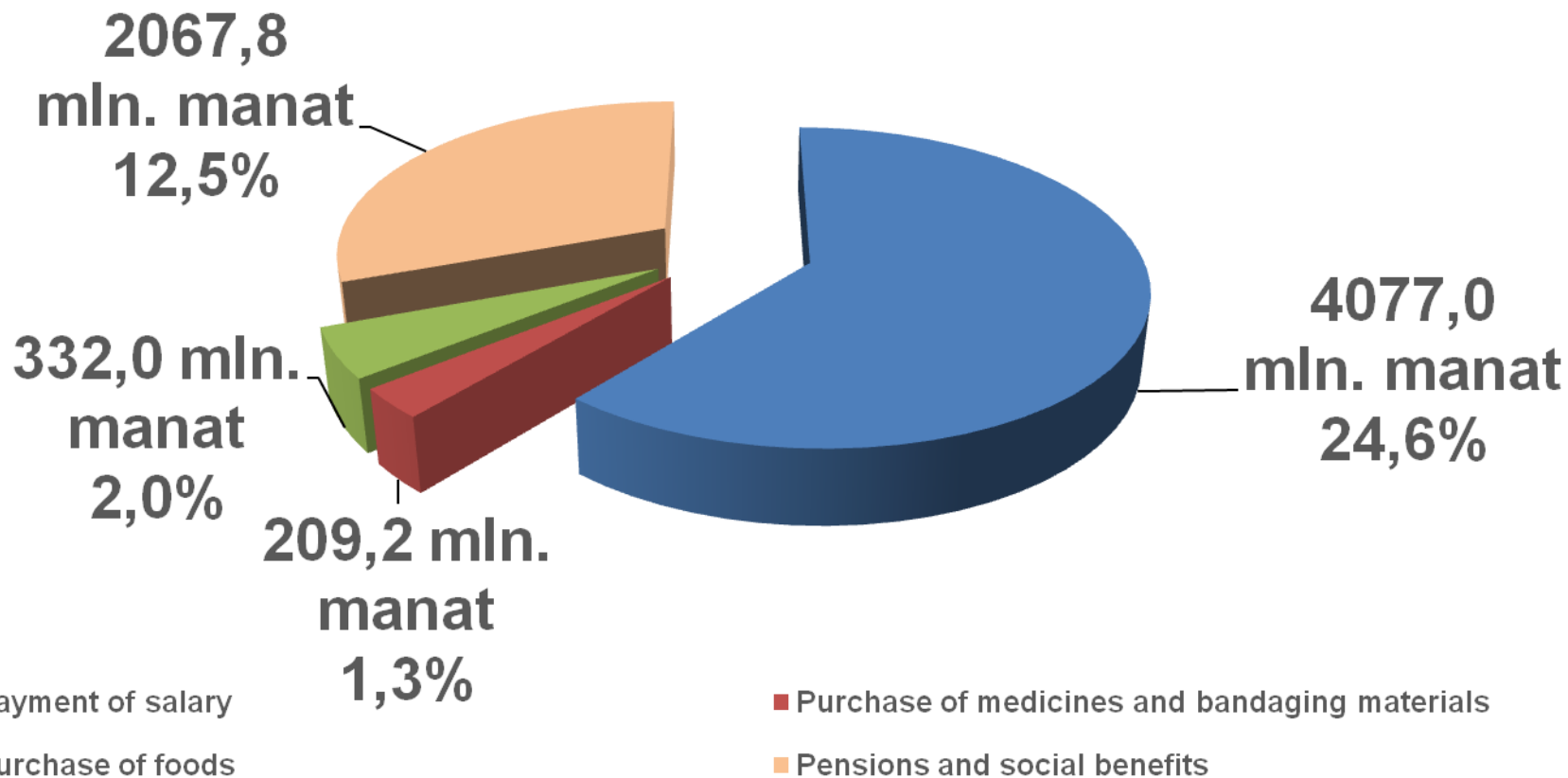
- Income taxes from individuals

Composition of expenditures in state budget for 2017

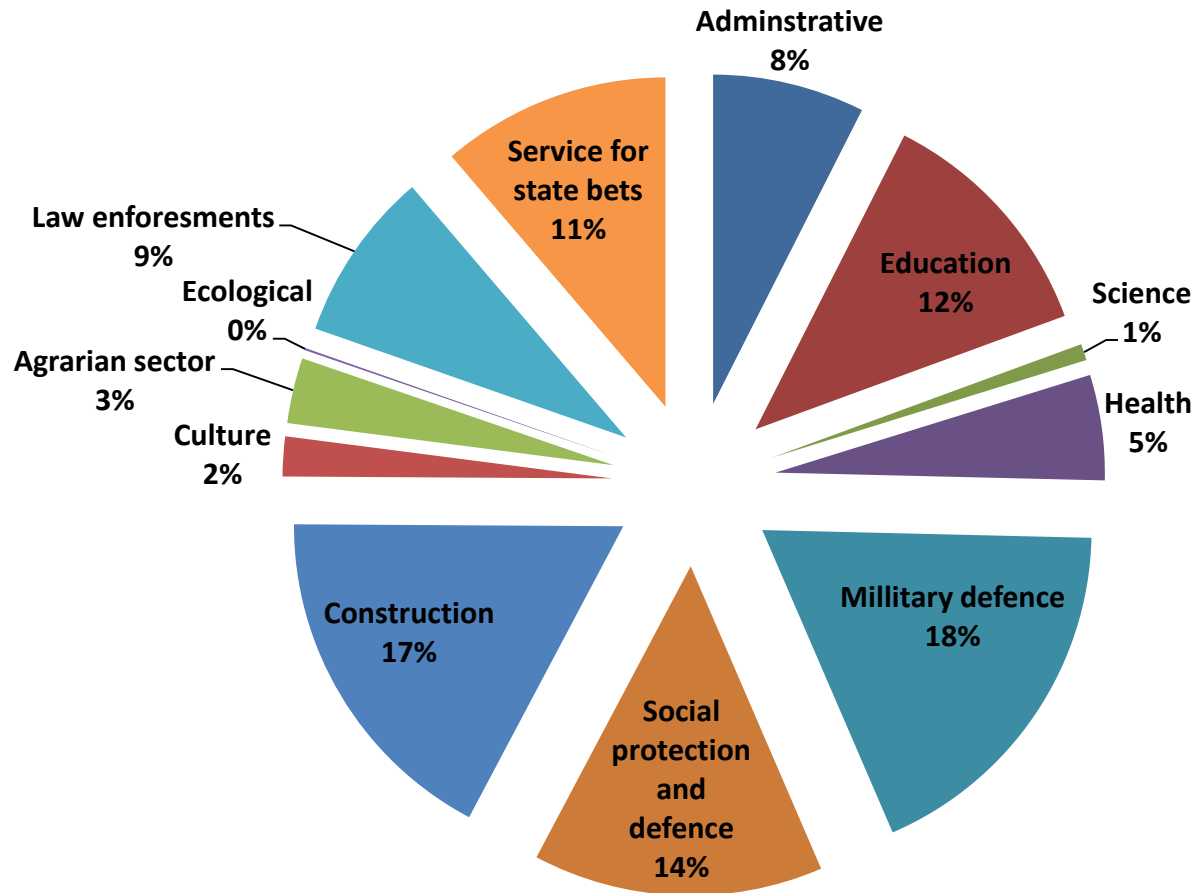


■ current expenditure ■ capital expenditure ■ service for state debts

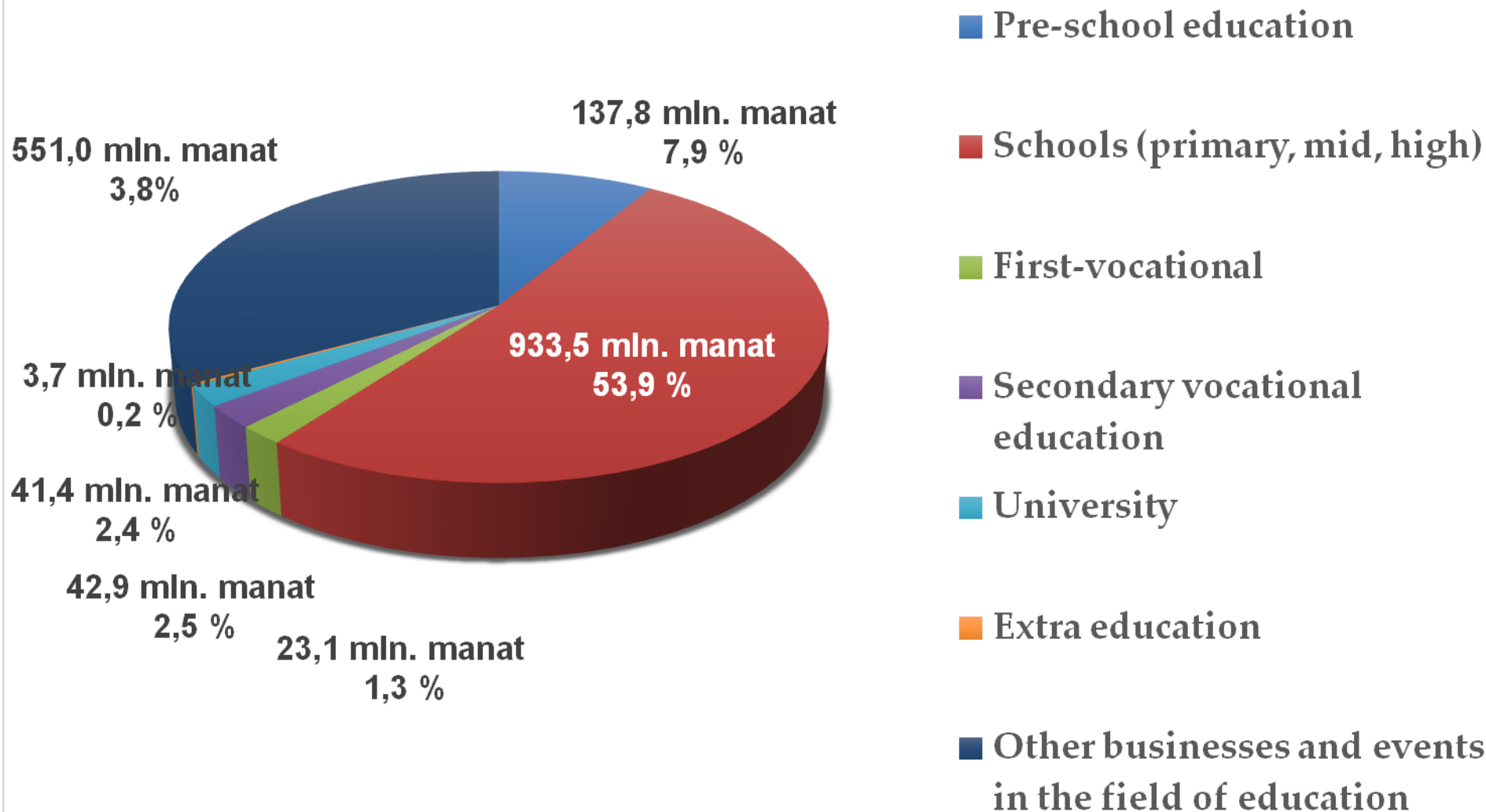
Economic clarification of state budget for 2017



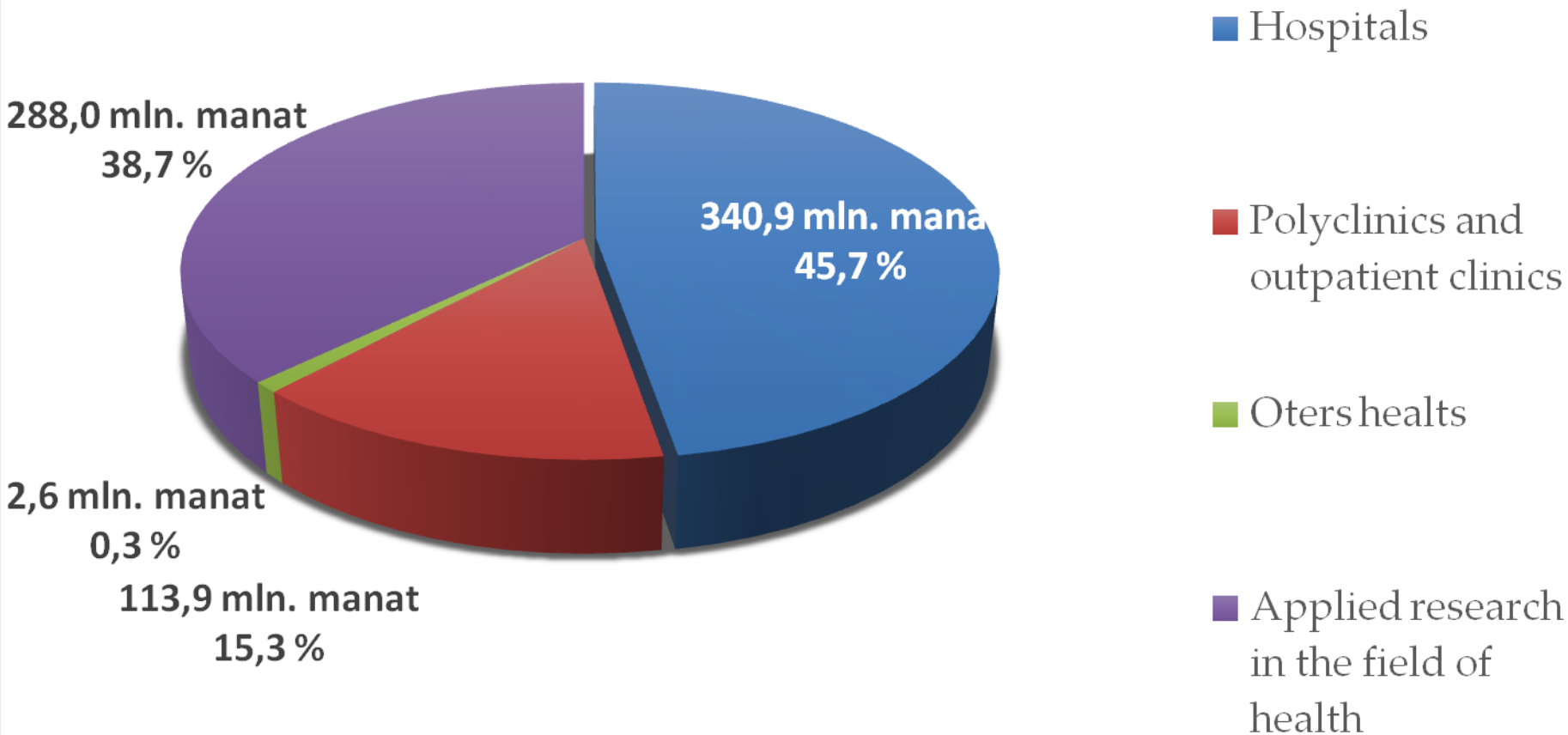
Composition of expenditure of state budget for 2017



Composition of education expenditure for 2017 budget



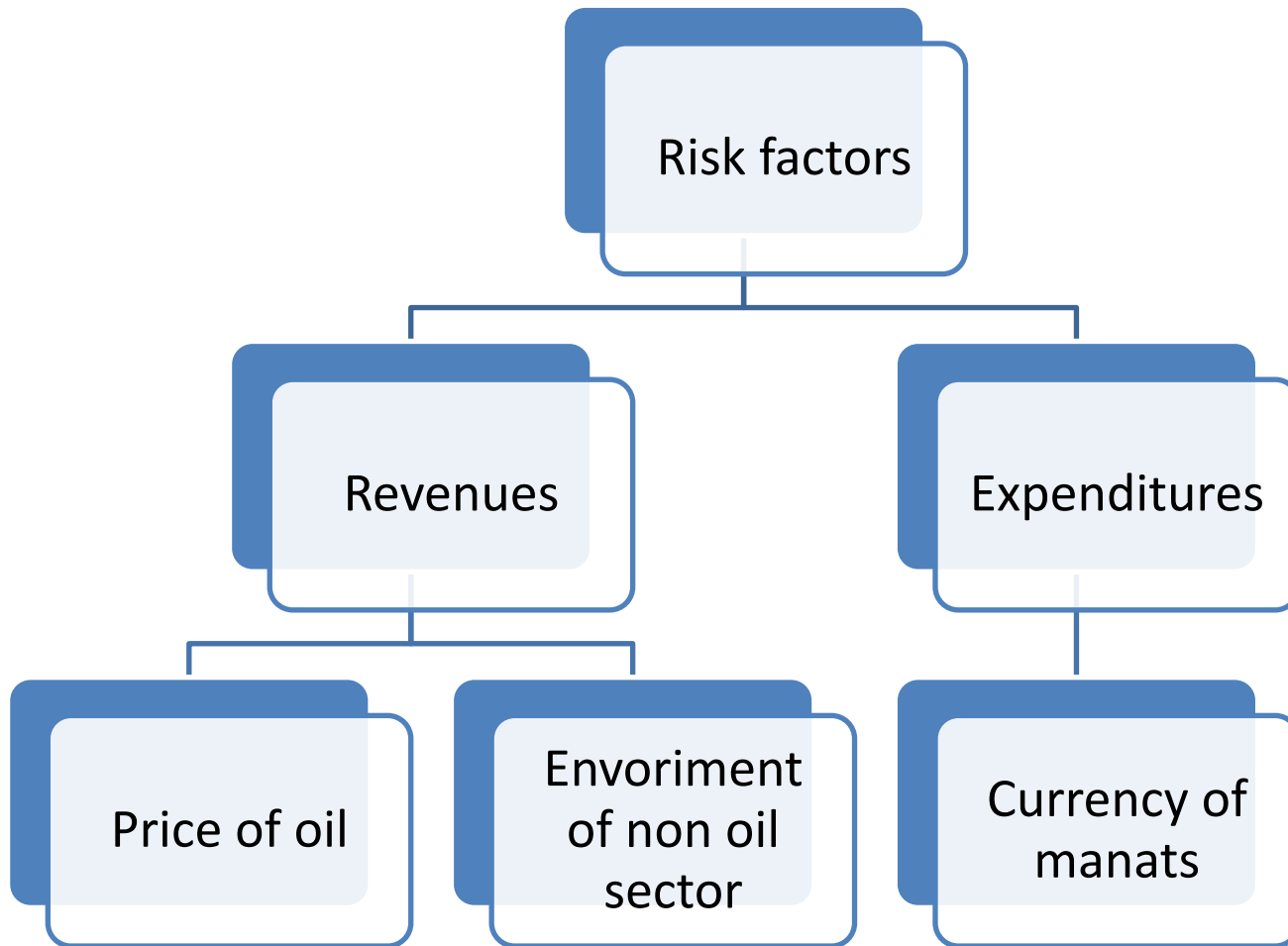
Composition of health expenditure for 2017 budget



Main message of state budget for 2017

- 1) There is no expectation for big scale privatization. Revenues from privatized state enterprises and receipts from the lease of land projected 1 million more than compare with last year.**
- 2) Reduced subsidies to the regions. Centralized expenditures for regulation of local revenues and expenditures will decrease more than 10 times from 774.9 mln. Manats in 2016 to 68.5 mln. Manats in 2017.**
- 3) Reduced of investment expenditures.**

Risk factors in state budget for 2017



- Thanks for your attention
- Questions