

# STATUTE OF THE BUDGET, FORECASTING AND PROJECTS DEPARTMENT OF THE STATE OIL FUND OF THE REPUBLIC OF AZERBAIJAN

## 1. GENERAL PROVISIONS

- 1.1. The Budget, Forecasting and Projects Department (the Department hereafter) is a structural unit of the State Oil Fund of the Republic of Azerbaijan (the Fund hereafter).
- 1.2. The Department is guided by the Constitution of the Republic of Azerbaijan, the laws of the Republic of Azerbaijan, the decrees and orders of the President of the Republic of Azerbaijan, the “Statute of the State Oil Fund of the Republic of Azerbaijan”, the decrees and orders of the Fund, as well as this Statute in its activities.
- 1.3. The Department operates in collaboration with other structural units of the Fund in fulfilling the functions identified by this Statute.
- 1.4. Terms and definitions:

The Fund’s budget- an annual financial program prepared in compliance with the legislation of the Republic of Azerbaijan in order to ensure the implementation of the Fund’s objectives and functions and reflecting the Fund’s revenues and expenditures;

Projects – projects, actions and programs financed from the Fund’s budget;

Project control – examining of the documents submitted by the executors/contractors of the projects financed within the Fund’s budget, for their compliance with the legislative requirements;

Project monitoring – accounting and analysis of allocated amounts and signed contracts within the framework of a project.

## 2. THE MAIN OBJECTIVE OF THE ACTIVITIES OF THE DEPARTMENT

The main purpose of the Department is to prepare an optimal budget meeting the macroeconomic and fiscal requirements of the country and matching with the purposes of sustainable development of the Fund and to establish an effective control and monitoring system for the projects financed from the Fund’s budget.

## 3. THE FUNCTIONS OF THE DEPARTMENT

The functions of the Department are the following:

- 3.1. To provide the preparation and approval of the Fund’s draft budget in compliance with the macroeconomic and fiscal requirements of the country as well as the purposes of sustainable development of the Fund;
- 3.2. To execute effective control over the projects financed from the Fund’s budget;
- 3.3. To ensure the conduct of proper monitoring over the projects financed from the Fund’s budget.

## 4. THE RESPONSIBILITIES OF THE DEPARTMENT

Department carries out the following responsibilities for the sake of performing functions established by this Regulation:

- 4.1. Obtain information necessary for preparing the Fund's draft budget and projections of the Fund's revenues and expenditures by approaching relevant executive power authorities, organizations, the authorized public bodies representing the Republic of Azerbaijan in the agreements concluded with foreign investors on exploration, development and production sharing of oil and gas, as well as contractor parties operating in accordance with these agreements;
- 4.2. Ensure the submission of preliminary and final drafts of the Fund's budget projections for the next and following three years to the relevant public bodies, considering the relevant legislation requirements;
- 4.3. Organize meetings of the Fund's Supervisory Board (hereinafter - the Board), ensure the preparation of the Board meetings' agenda, materials and decision drafts related to the issues on the agenda, as well as the recordation of the Board meetings and the validation of protocols and decisions;
- 4.4. Ensure the submission of the Fund's draft budget, the major directions of the spending of the Fund's assets, the investment policy and the annual administrative expenses together with the opinion of the Board, for the approval of the President of the Republic of Azerbaijan;
- 4.5. Prepare the Fund's cash flow projections;
- 4.6. Ensure the preparation of the sections on macroeconomic analysis and the execution of the Fund's budget, for the Fund's annual report;
- 4.7. Inform the Fund's Executive Director regarding the draft budget and put forward appropriate proposals;
- 4.8. Prepare reports and statements regarding the execution of the Fund's budget;
- 4.9. Conduct macroeconomic analysis and strategic research on the spending of oil and gas revenues;
- 4.10. Analyze documents delivered to the Fund by the organizations executing the projects within the framework of the Fund's approved budget, ensure, in accordance with the relevant procedures, the timely allocation of the funds ordered;
- 4.11. Keep accurate records of the funds used for the projects sponsored by the Fund, and conduct the monitoring of their utilization;
- 4.12. Inform the Executive Director regarding the record of the project funding, and put forward relevant proposals;
- 4.13. Obtain necessary information from the respective bodies regarding the execution status of the projects;
- 4.14. Prepare statements on the projects and the utilization record of the project funding based on requests;
- 4.15. Participate in the events arranged by the relevant bodies as regards the record of project implementation and discussion of the relevant issues;
- 4.16. Prepare quarterly reports on the utilization of the project funding;
- 4.17. Prepare proposals on improvement of the legal acts regulating the Fund's budgetary activities and project financing procedures.

## 5. ORGANIZATION OF THE OPERATIONAL PROCESS OF THE DEPARTMENT

- 5.1. The organizational structure and the number of employees of the department are determined by the Executive Director of the Fund.
- 5.2. The operations of the Department are overseen by the Director of the Department. The Director of the Department is appointed and dismissed from his position by the Executive Director of the Fund. The Director of the Department bears personal responsibility for the accomplishment of the responsibilities assigned to the Department.
- 5.3. The Director of the Department:
  - 5.3.1. Allocates works the employees under his supervision, coordinates their activities and monitors the execution of duties and oversees their discipline in the workplace.
  - 5.3.2. Informs the management of the Fund on important issues about the activities of the Department.
  - 5.3.3. Provides the management of the Fund with proposals regarding the enforcement of appropriate incentives and disciplinary measures for the employees of the Department; Organizes and controls activities of the department.
  - 5.3.4. Ensures the review of incoming letters, requests, complaints and proposals in accordance with the legislation.
  - 5.3.5. Ensures the execution of the clerical work of the Department.
  - 5.3.6. Represents the Department.
- 5.4. In the case of absence of the Department Director, his/her duties are delegated to the Deputy Director of the Department.
- 5.5. Employees of the Department are appointed and dismissed by the Executive director.
- 5.6. The Department consists of the Budget and forecasting and the Projects divisions. The activities of the Division are overseen by the Head of Division. The Head of Division is appointed and dismissed from his position by the Executive Director of the Fund. The Head of Division bears personal responsibility for the accomplishment of the responsibilities assigned to the Division. In the case of absence of the Head of Division, his/her duties are delegated to one of the employees within the Division.
  - 5.6.1. The responsibilities of the Budget and forecasting Division are indicated in the “Responsibilities of the Department” section and covered in articles 4.1-4.9.
  - 5.6.2. The responsibilities of the Projects division are indicated in the “Responsibilities of the Department” section and covered in articles 4.10–4.16.
  - 5.6.3. The head of Division:
    - 5.6.3.1. Allocates works the employees under his supervision, coordinates their activities and monitors the execution of duties and oversees employee discipline in the workplace.
    - 5.6.3.2. Informs the management of the Fund on important issues about the activities of the Division.
    - 5.6.3.3. Provides the Director of the Department with proposals regarding the implementation of incentives and disciplinary measures for the employees of the Division.
    - 5.6.3.4. Ensures the execution of the clerical work of the Division.
    - 5.6.3.5. Represents the Division.