



## Project Data Sheet

Project 53105-001

Project Name Strengthening Tax Policy and Administration Capacity

Project Number 53105-001

Country / Economy Azerbaijan

Project Status Active

Project Type / Modality of Assistance Technical Assistance

### **TA 9799-AZE: Strengthening Tax Policy and Administration Capacity**

Source of Funding / Amount	Technical Assistance Special Fund	US\$ 100,000.00
----------------------------	-----------------------------------	-----------------

	Republic of Korea e-Asia and Knowledge Partnership Fund	US\$ 500,000.00
--	---	-----------------

Operational Priorities

- OP2: Accelerating progress in gender equality
- OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- OP6: Strengthening governance and institutional capacity
- OP7: Fostering regional cooperation and integration

Sector / Subsector **Public sector management** / Public administration

Gender Some gender elements

Description

The proposed knowledge and support technical assistance (TA) will assist the Ministry of Taxes (MOT) and the Ministry of Finance (MOF) of the Republic of Azerbaijan to strengthen tax revenue administration and policy analysis capacity to mobilize domestic resources to lessen fiscal dependence on oil revenues. The TA will provide services and operational support to help both ministries design tax administration and policy reforms. The proposed coverage areas are: (i) human resource management; (ii) taxpayer compliance; and (iii) tax revenue analysis and modeling. The TA will also provide support on capacity development plans.

Project Rationale and Linkage to Country/Regional Strategy	Recent tax revenue performance. Tax revenues in Azerbaijan as a percentage of gross domestic product fell to 9.3% in 2018 from 9.9% in 2017 and 11.6% in 2016 which is lower than that of comparative countries in the Central and West Asia 19.8% for Kyrgyz Republic and 25.7% for Georgia in 2017, 17.3% average for Asia and the Pacific. The state budget has become highly dependent on transfers from the State Oil Fund of the Republic of Azerbaijan (SOFAZ). In 2013, AZN11.35 billion (58.2% of state budget revenues) were transferred from SOFAZ to the state budget, and AZN6.10 billion (36.9% of state budget revenues) in 2017. Reliance on oil revenues to support the state budget has made the economy vulnerable to external shocks. Recognizing this problem, the government has focused on strengthening tax policy and administration capacity in non-oil sectors and has implemented several tax reforms including the introduction of an advance tax ruling concept, the concept of voluntary tax disclosure, modification of value-added tax (VAT) rules, and promotion of cashless payments.
Impact	Non-oil fiscal position improved (Strategic Roadmap of National Economic Perspectives)

## Project Outcome

Description of Outcome	Strengthened tax policy and compliance administration
Progress Toward Outcome	

## Implementation Progress

Description of Project Outputs	Human resource and organizational performance management strengthened. Taxpayer services improved Taxpayer compliance improved by dealing more effectively with serious incidents of non-compliance Fiscal management enhanced through improved fiscal modeling
Status of Implementation Progress (Outputs, Activities, and Issues)	The COVID-19 pandemic has slowed down activities. Knowledge events via virtual workshops and e-learning modules are being developed.
Geographical Location	Nation-wide

## Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

## Stakeholder Communication, Participation, and Consultation

During Project Design
During Project Implementation

## Business Opportunities

Consulting Services	The TA will require five international consultants (13 person-months in total) and one national consultant (9 person-months). ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.
---------------------	--

Procurement No procurement envisaged for this TA.

Responsible ADB Officer Miyaki, Yuji

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Public Management, Financial Sector and Trade Division, CWRD

Executing Agencies *The Ministry of Taxes of Azerbaijan Republic*

### Timetable

Concept Clearance	30 May 2019
Fact Finding	17 Jul 2019 to 24 Jul 2019
MRM	-
Approval	10 Sep 2019
Last Review Mission	-
Last PDS Update	22 Jun 2021

### TA 9799-AZE

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Sep 2019	23 Oct 2019	23 Oct 2019	31 Aug 2021	30 Sep 2023	-

### Financing Plan/TA Utilization

### Cumulative Disbursements

ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
100,000.00	500,000.00	0.00	0.00	0.00	0.00	600,000.00	07 Mar 2023	270,535.99

© 2023 Asian Development Bank

This page was generated from /projects/53105-001/main on 06 June 2023