

Country Name	Improvement of The Tax Administration of the Republic of Uzbekistan
Republic of Uzbekistan	

I. Project Outline

Background	After the independence, the Uzbekistan government made efforts to promoting the private sector which was essential for economic growth by the series of administrative reforms and deregulation including tax administrative reforms. The JICA's technical cooperation project "Joint Research on the Improvement of Tax Policy and Administration in the Republic of Uzbekistan (2003-2004)" identified issues such as frequent amendments to the taxation system, high tax rates, and the extremely weak position of individual firms vis-à-vis the tax authorities. Under those situations, the Uzbekistan government requested the Japanese government to support trainings and skill-up of tax officials and improvement of relation between tax authorities and taxpayers.														
Objectives of the Project	<div>1. Overall Goal: STC (State Tax Committee) officials develop professional skills and knowledge in the field of taxpayer services and tax audit.</div> <div>2. Project Purpose: The faculties of the Tax Academy and Tax Colleges acquire the capacity for improving curricula, instructional plans and teaching materials, so that appropriate training programs is delivered to STC officials in the field of taxpayer services and audit.</div> <div>(Note 1) Tax Academy is a higher education institution (college level) for tax administration; executive officers of the STC are educated in the Tax Academy.</div> <div>(Note 2) Tax Collages are the secondary higher education institutions (high school level) that provide tax administration and general education. Many graduates become tax officers, while a part of them are recommended to proceed to the Tax Academy.</div>														
Activities of the project	<div>1. Project site: Tashkent, Fergana and Bukhara</div> <div>2. Main activities:<div>i) Surveys on tax system and tax administration in Uzbekistan; ii) modification of syllabuses and development of training materials at the Tax Academy and the Tax Colleges; iii) implementation of experimental classes based on the modified syllabuses; iv) implementation of workshops and seminars on tax accountant system</div></div> <div>3. Inputs (to carry out above activities)</div> <table><tr><td>Japanese Side</td><td>Uzbekistan Side</td></tr><tr><td>1) Experts: 8 persons</td><td>1. Staff allocated: 17 persons</td></tr><tr><td>2) Trainees received: 19 persons</td><td>2. Land and facilities: Office space for Japanese experts and PCs</td></tr><tr><td>3) Equipment: Copy machine</td><td></td></tr><tr><td>4) Cost for seminars, cost for material development</td><td></td></tr></table>					Japanese Side	Uzbekistan Side	1) Experts: 8 persons	1. Staff allocated: 17 persons	2) Trainees received: 19 persons	2. Land and facilities: Office space for Japanese experts and PCs	3) Equipment: Copy machine		4) Cost for seminars, cost for material development	
Japanese Side	Uzbekistan Side														
1) Experts: 8 persons	1. Staff allocated: 17 persons														
2) Trainees received: 19 persons	2. Land and facilities: Office space for Japanese experts and PCs														
3) Equipment: Copy machine															
4) Cost for seminars, cost for material development															
Ex-Ante Evaluation	2007	Project Period	May 2008 to March 2011	Project Cost	224 million yen										
Implementing Agency	State Tax Committee (STC)														
Cooperation Agency in Japan	National Tax Agency														

II. Result of the Evaluation**1 Relevance**

This project has been highly relevant with Uzbekistan's development policy of "tax reform and improvement of tax administration" as set in policy documents including the Presidential Decision (2006 and 2010) and Welfare Improvement Strategy of Uzbekistan (2008-2010), development needs of "capacity development of tax officials" at the time of both ex-ante evaluation and project completion, and it is consistent with Japan's ODA policy (JICA's Country Assistance Program (2006)) at the time of ex-ante evaluation. Therefore, relevance of this project is high.

2 Effectiveness/Impact

The project conducted survey on tax system and tax administration, modified syllabuses of the Tax Academy and the Tax Colleges, and developed training materials. Through these activities, the project aimed to improve capacity of the faculties of the Tax Academy and the Tax Colleges so that they would deliver adequate training programs for the tax officials in the fields of taxpayer service and tax audit; and thereby the tax officials develop their professional skills and knowledge in the fields.

The project mostly achieved improvement of capacity of the faculties of the Tax Academy and the Tax Colleges by the time of project completion because the modified training programs¹ were delivered to the students and the modified recurrent training courses¹ were delivered to the tax officers at the Tax Academy and the Tax Colleges. After the project completion, a total of 450 participants were



Some of the teaching materials developed by the project and used currently in the Tax Academy and Tax Colleges.

¹ The recurrent training courses aim to enhance the expertise of tax officials who have not been trained at the Tax Colleges and Tax Academy before being employed as tax officials (e.g. officials who were employed before the Tax Colleges and Tax Academy were established and officials who graduated from other universities.)

trained at the Tax Academy; 3,900 students were trained at the Tax Colleges by the time of ex-post evaluation (see details in the table below)².

At the time of ex-post evaluation, it is confirmed that faculty staff has conducted the training programs and minor updates of the syllabi in accordance with changes in tax legislation. However, the faculties' capacity for modification of training programs was not fully verified by this ex-post evaluation since major re-modification has not been made yet.³

As for the overall goal, taxpayer services have been improved partly owing to the project's advices on improving tax administration: for example, "Tax Weeks" campaigns are conducted every March before submission due date of the tax declarations, in order to provide information about tax declaration procedure to tax payers. STC set a telephone hotline in all 14 regions in the country to respond to inquiries related to the procedure of submission of tax declaration via electronic forms. The number of tax consultations (indicator 1) increased from 2,700 in 2011 to 3,600 in 2013 due to the extension of business hours of tax offices. STC has introduced several interactive services, which are provided at the web site of the STC, and also keeps track of and tries to respond to the customers' complaints and post the result on its website. At the time of the ex-post evaluation, taxpayers as well as accountants (who often interact with tax authorities on behalf of taxpayers) were interviewed, and they appreciated the new services such as Short Message Service to the taxpayers' mobile telephones to remind the deadlines related to tax payment, seminars on the amendments to the tax legislation held at regular interval, and internet tax filing system and so on. The quantitative data, which directly explain the change of customer satisfaction, were not obtained, but it might be perceived that the customer satisfaction (indicator 1) is increased since improvements in services are confirmed as above⁴. As to the tax audit process⁵ (indicator 2), although the STC officials are trained to conduct tax audit based on the due process of the law and it is assumed that they are following the due process, no information was available to objectively and quantitatively confirm the situation. At the time of ex-post evaluation, it was confirmed that the activities of exclusive control of bazaars (public market retailers) by STC, which were introduced following the project's advices on improving tax administration, were endorsed by the Presidential Resolution in 2010; and that STC has conducted tax audit at the bazaars in order to prevent violation of fiscal, economic and tax legislations and criminal events.

No other impact by the project has been confirmed.

Therefore, effectiveness/ impact of the project is fair.



Achievement of project purpose and overall goal

Achievement of project purpose and overall goal.					
Aim	Indicators	Results			
(Project Purpose) Improvement of the capacity of the faculties of the Tax Academy and Tax Colleges for improving curricula, instructional plans and training materials and delivery of appropriate training program for tax officials in the field of taxpayer service and tax audit.	Modified initial training program is introduced.	(Project Completion) Achieved. The modified training program at the Tax Academy was implemented by using the modified syllabuses and the newly developed materials. (Ex-post Evaluation) The modified training programs have been delivered after the project completion. The number of student/participants of the training programs:			
			2011	2012	2013
		Tax Academy (3-4 years)	150	150	150
		Tax Colleges (3-4 years)	Less than 1400	Less than 1300	Less than 1200
	Recurrent training program for taxpayer services and tax audit is implemented	(Project completion) Achieved. The modified training program at the Tax Academy was implemented by using the modified syllabuses and the newly developed materials. (Ex-post Evaluation) The modified recurrent training programs have been delivered after the project completion. The number of participants of the recurrent training programs:			
		2011	2012	2013	
		2,700	2,700	2,700	

² The teaching materials, syllabus and curriculum developed in the project were expected to be authorized by the Ministry of Higher and Secondary Specialized Education by the time of the Terminal Evaluation so that they could be utilized as official materials at educational institutions where tax related courses are offered. At the time of the ex-post evaluation, however, these materials are not yet approved by the Ministry of Higher and Secondary Specialized Education as main textbooks and are used only as reference or in extra classes at the educational institutions.

³ The educational standard in Uzbekistan requires revision of training materials 5 years after the development. Since the Project developed the materials in 2010-2011, the revisions are planned in 2014-2015. (At the time of ex-post evaluation, 5 years have not passed yet)

⁴ The project introduced the term and definition "tax payer services" for the first time in Uzbekistan. It was defined as "provision of information and individual support, and consolidation of social infrastructure by tax offices to enable taxpayers to independently file tax returns and pay their taxes." (Project Completion Report (Summary) p. 3-11)

⁵ In Uzbekistan tax audit is usually conducted by tax officers of the STC with the participation of taxpayers. The entities (taxpayers) subjected to tax audit are selected in accordance with the Article 90 of the Tax Code. Tax audit is to examine if tax legislation is executed appropriately. It is generally conducted once a year in the form of inspection of the financial and economic activity, i.e. examining and comparing the accounting, financial, statistical and other documents of the taxpayer to check if taxpayers are complying with tax legislation. Duration of the tax audit is 30 calendar days for one taxpayer.

(Overall goal) Development of STC officials professional skills and knowledge in the field of taxpayer services and tax audit	The numbers of the consultations and the customer satisfactions increases	(Ex-post Evaluation) The number of consultation increased. The number of consultation:		
	Tax audit on the due process of law is conducted.	2011	2012	2013

2011	2012	2013
2,700 cases	3,000 cases	3,600 cases

The quantitative data to directly explain the increase of the customer satisfactions is not available. Some interviewed taxpayers showed their satisfaction with new services that are offered by STC.

(Ex-post Evaluation) The information is not available about the the extent to which tax audit is conducted based on the due process of law⁶.

Source : Project Completion Report, Interviews with counterparts

3 Efficiency

The project period was within the plan (ratio against the plan: 97%), the project cost was higher than the plan (ratio against the plan: 113%). This is because additional trainings in Uzbekistan/Japan etc. were conducted to meet the earnest desire of STC and to achieve output 3 and output 6 (customer services and tax accountant system). Therefore, efficiency of the project is fair.

4 Sustainability

In the policy aspect, the Presidential Decision in 2010 is still valid at the time of ex-post evaluation and the government of Uzbekistan developed and implemented trainings for improvement of tax administration. Institutionally, there is no structural change in the Tax Academy and the Tax Colleges. The Tax Academy and the Tax Collages have continuously delivered trainings for the tax officials and the students to be tax officials. The Tax Academy and the Tax Colleges have sufficient number of faculties or teachers (Tax Academy: 52, Tashkent Tax College: 40, Fergana Tax Collage: 34, and Bukhara Tax College: 32) respectively. As for the technical capacity, the knowledge level of faculties of the Tax Academy and Tax Colleges to deliver trainings is assessed periodically, and it has been confirmed as sufficient⁷. The Tax Academy and the Tax Colleges conduct regular trainings for the teachers and faculties in order to build their capacity. Also, the knowledge level of the STC staff has been annually checked on all the fields including taxpayer services. On the financial aspect, it is assumed that the necessary budgets for the planned training programs have been allocated by the state government according to the interviews with the STC officials. However, it was not confirmed by financial data since no budget data is disclosed due to the internal regulation of STC.

Therefore, sustainability of the project is fair.

5 Summary of the Evaluation

This project mostly achieved the project purposes of improvement of the capacity of the faculties at the Tax Academy and Tax Colleges, as the modified training programs were delivered to the students and the modified recurrent training courses were delivered to the tax officers at the Tax Academy and the Tax Colleges. It is confirmed that the trainings have been continued after the project completion, while the faculty's capacity for re-modification of training programs was not fully verified at the time of ex-post evaluation. For the overall goal, the increase of the number of tax consultations is observed. For the customer satisfaction, STC has introduced several interactive services for tax payers, which are provided at the web site of the STC. These services are welcomed by taxpayers who were interviewed during field survey of the ex-post evaluation, but the customer satisfactions are not assessed quantitatively. As to the process of the tax audit, although the STC officials are assumed that they are following the due process, no information was available to objectively and quantitatively confirm the situation at the time of ex-post evaluation.

As for sustainability, no problem was observed in the policy background as well as the institutional set-up and technical aspect to deliver trainings at the Tax Academy and the Tax College. In the financial aspect, necessary budget is allocated according to the implementing agency, although no budget data is available. For efficiency, the project cost exceeded the plan.

In the light of above, this project is evaluated to be partially satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing agency:

Tax Academy and Tax Colleges should continue updating training programs and manuals. In particular, major modification of training programs and manual will be necessary in the period 2014-2015. Efforts should be made for their modification and at least for revising electronic versions. Also efforts should be continued for getting approval of the Ministry of Higher And Secondary Special Education for using teaching materials as main textbooks at Tax Academy and Tax Colleges.

Lessons learned for JICA

In the process of ex-post evaluation it was not possible to obtain some indicator data on project's overall goal (i.e. customer satisfaction, tax audit on due process of law) because those are not measurable and are not disclosed. For similar projects in the future, it is recommended to more carefully select indicators and specify the means of collecting data to verify the indicator so that they could be obtained after the project completion.

⁶ Tax audit procedure defined by the law is as follows: The State authorized body approves the schedule of tax audit. Unscheduled tax audits are also conducted according to the legal proceedings.

⁷ In Tax Colleges it is conducted every 3 years: the latest assessment was conducted in 2013 at Fergana Tax College and in 2014 at Tashkent Tax College and Bukhara Tax College. At Tax Academy, it is conducted every four years: the assessment was conducted in 2009 last time. Next assessment is scheduled in 2014/2015, while discussion for the detail schedule is under way at the time of ex-post evaluation.