

# “ACTION PLAN”

(unofficial English translation<sup>1</sup>)

on implementation of paragraph 10.2 of the act number 1950, of president of the Republic of Azerbaijan “on a number of measures to reduce the negative impact of Coronavirus (COVID-19) pandemic and consequently, sharp fluctuations in world energy and stock markets, on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship”, dated March 19, 2020.

Action name	Coverage, in thousands of people	Compensation amount, in million manat		Implementer	Implementation period
		At the expense of funds allocated by the resolution of the president of RA	Other Sources		
<b>I. SUPPORT FOR ECONOMIC GROWTH AND ENTREPRENEURSHIP</b>					
<b>A. IMPLEMENTATION OF URGENT ACTIONS IN ORDER TO REDUCE NEGATIVE EFFECTS OF PANDEMIC ON NATIONAL ECONOMY</b>					
<b>EMERGENCY COORDINATION OF ECONOMIC INSTITUTIONS' ACTIVITIES</b>					
1. Input of required amount of information into relevant e-database					

<sup>1</sup> Translation into English made within the framework of the project: **Improving the adequacy of government and civil society policies to the needs of persons over 65**

by relevant state institutions and bodies (arranged by ME) and granting all relevant agencies (from a list approved by Cabinet of Ministers of the Republic of Azerbaijan) access to this database to be able to monitor economic processes and inform the Cabinet of Ministers of the Republic of Azerbaijan on a permanent basis, in order to make timely and quick decisions in economic policy sphere in a situation of pandemic.				Institutions chairing the work group	April – December 2020
<b>PROTECTING EMPLOYMENT AND SOCIAL STABILITY</b>					
2. Payment of a part of the salary to employees working in spheres which were affected by the pandemic (not to reduce work places)	300	215		ME, MF	During 2020
3. Providing financial support to individual (micro) entrepreneurs working in spheres which were affected by the pandemic (no to reduce work places – as a main criteria, towards taxpayers who paid taxes, compulsory state social insurance and unemployment insurance in 2019)	300	80		ME, MF	During 2020
<b>INCREASING TRANSPARENCY IN ECONOMY</b>					
4. Review of capital and property amnesty in the country, in order to expand financial sources of economic growth and investment				ME, MF, CBA	April – December 2020
<b>GIVING TAX INCENTIVES TO PROTECT ECONOMIC ACTIVITY</b>					
5. Provision of following tax benefits and leaves to business entities (as well as small and medium enterprises) operating in fields affected by the pandemic:					
<i>5.1. granting micro-entrepreneurs with temporary simplified tax benefits;</i>					
<i>5.2. granting temporary exemption from land and property taxes;</i>					
<i>5.3. granting taxpayers with temporary income tax and simplified tax benefits;</i>					
<i>5.4. granting temporary exemption from current tax payments on income</i>					

<i>and property taxes;</i>					
<i>5.5. extension of the deadline related to micro-entrepreneurs on reporting (income and profit tax, property tax, simplified tax) and tax payments;</i>					
<i>5.6. extension of the deadline for tax payments in spheres of economic activities which were negatively affected by the pandemic;</i>		115		ME, MF	April 2020
<i>5.7. temporary exemption from VAT of some products essential for food consumption and medical needs;</i>					
<i>5.8 exemption from VAT of some raw materials used in production of certain type of products such as food, medicine and other, in order to meet needs of the population in short time;</i>					
<i>5.9. deduction of taxpayers' expenses associated with necessary preventive measures, including disinfection in order to prevent spread of the epidemic and protect population's life and health;</i>					
<i>5.10. benefits on taxes charged from rental fee;</i>					
<i>5.11. postponement of calculation of interest rates on unpaid taxes, as well as mandatory state social insurance and unemployment insurance fees for a certain period;</i>					
<i>5.12. reduction of social insurance burden for some business entities;</i>					
<b>STATE'S CREDIT-GUARANTEE SUPPORT TO ECONOMY AND ENTREPRENEURSHIP</b>					
<i>6. provision of state guarantee on bank loan of 0.5 billion manats ought to be paid to business entities (including small and medium enterprises) operating in spheres which suffered from the pandemic and subsidization of the loan interests;</i>		20			
<i>6.1. provision of state guarantee on 60% of the recently paid loan of 500 million manats.</i>				ME, MF, MA	April 2020
<i>6.2. subsidization of 50% of the interest rate on guaranteed loans from the state budget;</i>					
<i>6.3. preparation and submission of loans' maximum interest rate, term and scope of activities and other criteria within a period of two weeks;</i>					
<i>6.4 establishment of a mechanism of unsecured loans for agricultural sector</i>					

<i>by the Agency of Agro Credit and Development;</i>					
7. Allocation of additional funds to Entrepreneurship Development Fund		50		ME, MF	April – May 2020
8. Subsidization of loan interest rates on existing loan portfolio of business entities (as well as small and medium enterprises) operating in spheres negatively affected by the pandemic, in the amount of 1 billion manats, as of March 10, 2020;			50	ME	April – May 2020
<i>8.1. subsidization of 10% of interest expenses of existing bank loans without state guarantee for a period of one year, as of March 10, 2020;</i>					
<i>8.2. preparation and submission of loan terms, spheres of activities and other criteria within a period of two weeks;</i>					April 2020
9. Increasing the volume of funds allocated for soft mortgage loans		90		MF	April 2020
10. Financial support to the sphere of vital passenger transportation		280		MF	2020
<b>EXPANDING THE ACCESS OF ECONOMY AND ENTREPRENEURS TO LOAN RESOURCES ON CONDITIONAL TERMS</b>					
11. Establishment of a Coordination Council in order to coordinate activities of all state-founded financial and incentive institutions and funds that support entrepreneurship (as well as small and medium enterprises) in the country.				CM	2020
12. Implementation of urgent measures in the sphere of activities of state-founded financial and incentive institutions and funds as following:				ME, MF, CBA	2020
<i>12.1 Expansion of funding tools for Entrepreneurship Development Fund, allocation of loans based on personal property collateral, allocation of soft loans to manufacturers of necessary medical supplies and equipment, increasing the loan term for small and medium-sized loans in the spheres requiring long-term investment;</i>					
<i>12.2 Subsidization of interest rates and improvement of loan guarantee tools by the Mortgage and Credit Guarantee Fund, increasing the limit of loan-to-value ratio, abolition of guarantee fees, relevant fines and other</i>					

<i>restrictions, reduction of annual interest rates on interest-subsidized loans, increase of guarantee payments' limit and reduction of commissions applied to guarantees;</i>					
<b>IMPLEMENTING ADDITIONAL SUPPORT ACTIONS IN THE FIELDS OF ACTIVITIES NEGATIVELY AFFECTED BY THE PANDEMIC</b>					
13. Freezing rent calculation until the end of 2020 - for business entities (as well as small and medium entrepreneurs) which have leased state property and were negatively affected by the pandemic;				ME, MF	April – May 2020
14. Freezing rent calculation until the end of 2020 - for business entities (as well as small and medium entrepreneurs) which have leased state lands belonging to the state land fund and were negatively affected by the pandemic;				ME, MF	April – May 2020
15. Freezing rent calculation until the end of 2020 - for residents operating in industrial spheres that were negatively affected by the pandemic;				ME, MF	April – May 2020
16. Taking following actions to increase and stimulate export of non-oil products:				ME, SCC	2020
<i>16.1. Including the mechanism of sale of goods with export note used in international practice (under conditions of bank guarantees and other methods for tax payments in case of non-export of goods) into the Tax Code in order to increase interest into export of non-oil products;</i>					
<i>16.2. Application of exemptions on custom duties according to a relevant list in order to increase competitiveness of local production fields dependent on non-locally produced and imported raw materials and intermediate goods;</i>					
<i>16.3 Stimulating entrepreneurs to use special customs procedures locally;</i>					
17. Implementation of following actions for full and continuous provision of population with imported products necessary for food and medical needs:				ME, SCC	2020
<i>17.1 Temporary reduction of import duties of necessary products to “0” level;</i>					
<i>17.2 Extraordinary (accelerated) application of processes of customs</i>					

<i>clearance, control and issue of permits (certificates), carried out during import of necessary products;</i>					
18. Additional actions on purchase of local products (goods and services) in state procurement processes in order to support small and medium enterprises;				ME	2020
19. Cancellation of fees paid by professional participants of banking and insurance markets to authorities supervising financial markets;				CBA, MF	April 2020
<b>B. URGENT ACTIONS IN IMPLEMENTATION OF THE NEW MODEL OF ECONOMIC GROWTH DURING POST-PANDEMIC PERIOD</b>					
1. Protecting economic growth pace and employment by expanding domestic demand and identifying following fields of activities as medium-term priorities of state's economic policy in order to create new jobs, as well as encouraging private investments and state support towards development of these fields:				ME, MF	2020
<i>1.1. construction sector;</i>					
<i>1.2. mining industry;</i>					
<i>1.3. petrochemical industry;</i>					
<i>1.4. digital economy;</i>					
<i>1.5. transportation, trade and logistics;</i>					
<i>1.6. telecommunications;</i>					
<i>1.7. agriculture and processing industry;</i>					
<i>1.8. local tourism.</i>					
2. Preparation of proposals regarding implementation of following reforms in order to improve state property management system and to give the state a role of an interested party (investor) in relations with state-owned companies;				ME, MF	2020
<i>2.1 Establishment of a State Investment Holding in order to ensure: management of companies on behalf of the state from a single center; increase of transparency and economic efficiency of their activities and investment programs; competitiveness abilities;</i>					
<i>2.2. Improving management of state-owned companies, applying corporate standards and ensuring financial transparency within the activities of the</i>					

<i>State Investment Holding;</i>					
<i>2.3. Preparation of privatization program for state-owned companies;</i>					
3. Establishment of Azerbaijan Construction corporation in order to create new mechanisms for development and implementation of strategic projects in construction sector, as well as to accelerate development of cities and regions; Preparation of proposals by the Corporation regarding implementation of following activities:				ME, MF	2020
<i>3.1. Long-term management of strategic projects' portfolio;</i>					
<i>3.2. Finding investors to finance these projects;</i>					
<i>3.3. Allocation of lands for new construction projects and creation of necessary infrastructure by the state;</i>					
<i>3.4. Implementation of pilot projects providing multi-functional construction;</i>					
4. Legislation amendments regarding establishment of favorable environment for the expansion of private-state partnerships.				ME	2020
<b>II. EMPLOYMENT AND SOCIAL PROSTPERITY SUPPORT</b>					
<b>PROTECTION OF PUBLIC SECTOR EMPLOYEES FROM UNEMPLOYMENT AND THEIR SOCIAL SECURITY</b>					
1.Prevention of unjustified dismissal and reduction of public sector employees and retention of salaries of employees on leave;	910			MLSPP	April – May 2020
<b>PROTECTION OF PAID PRIVATE SECTOR EMPLOYEES FROM UNEMPLOYMENT RISKS AND THEIR SOCIAL SECURITY</b>					
2. Working with employers in accordance with legislation and ensuring daily control in order to prevent unjustified dismissals and reduction of public sector employees;	664			MLSPP	April – May 2020
<b>EMPLOYMENT AND SOCIAL SECURITY OF UNEMPLOYED AND DISMISSED PERSONS</b>					
3. Ensuring temporary employment for the unemployed by creating 50.000 paid public jobs;	50	30 (2 month)		MLSPP	April – May 2020

4. Issuing lump sum payment in the amount of subsistence minimum (190 manats) to individuals registered as unemployed in the State Employment Service;	200	70 (2 month)		MLSPP	April – May 2020
5. Expanding and accelerating implementation of the self-employment program carried out within the framework of cooperation with the Unemployment Insurance Fund, UN Development Program and the World Bank;	11		70 (UIF)	MLSPP	April – December 2020
6. Expanding coverage of unemployment insurance payments and creating a proactive appointment mechanism;	20		20 (UIF)	MLSPP	April – December 2020
7. Improving the program of salaries' co-financing and extending insurance payments and bursaries during the special quarantine regime to individuals who despite expiry of their unemployment insurance payments were still unemployed and to those who are on a break from professional courses;	2		0.6 (UIF)	MLSPP	April – May 2020
<b>STRENGTHENING SOCIAL SECURITY OF THE VULNARABLE PART OF POPULATION</b>					
8. Usage of 200 million manats reserve of year 2019 of the State Social Protection Fund in order to close the deficit appeared as a result of reduction of social insurance payments and ensure continuous payments (pensions and compensations) to the population;			200 (SSPF)	MLSPP	April – December 2020
9. Extension of state social payments to families (individuals) whose payment period ended during the special quarantine regime until the end of it and simplification of state social assistance assignment during this period;	62		3 (SSPF)	MLSPP	April – May 2020
10. Providing home-based social services to lonely people above age 65 and assisting those in need of a special care in social service institutions;	14			MLSPP	April – May 2020
11. Reimbursement of tuition fees for students who are members of families belonging to socially vulnerable groups;		40		MoE, MF	2020
12. Increasing discounted electricity limit for population in the volume of 100 kWh during the period of April – May		10		ME, MF	April – May 2020

### III. MACROECONOMIC AND FINANCIAL STABILITY

1. Developing a macroeconomic policy framework that reflects new economic realities;				CBA, MF, ME	April 2020
2. Expansion of sterilization portfolio depending on monetary situation;				CBA	2020
3. Issuing regulative leaves to credit institutions in order to let entrepreneurs operating in spheres negatively affected by the pandemic during quarantine regime, regulate their obligations;				CBA	April 2020
4. Taking complex actions and strengthening control in direction of capital movement and increasing efficiency of currency regime;				CBA	2020

**NOTE:** **CM** – Cabinet of Ministers; **ME** – Ministry of Economy; **MF** – Ministry of Finance; **MLSPP** – Ministry of Labor and Social Protection of Population; **MoE** – Ministry of Education; **MA** – Ministry of Agriculture; **CBA** – Central Bank of Azerbaijan; **SCC** – State Customs Committee; **MCGF** – Mortgage and Credit Guarantee Fund; **SSPF** – State Social Protection Fund; **UIF** – Unemployment Insurance Fund.