



## **CAREC Economic and Financial Stability Cluster Forum 2023 Mobilizing Taxes for Development and Decarbonization in CAREC Region**

### **HIGH-LEVEL POLICY DIALOGUE**

14 February 2023

Meeting Room 8, L2, The Biltmore Hotel  
29 Rustaveli Avenue, Mtatsminda, 0108  
Tbilisi, Georgia

### **Background note**

Most CAREC countries have made some progress in domestic revenue mobilization in the last two decades, reflecting reform efforts on both tax policy and revenue administration. Between 2000 and 2021, total government revenue in CAREC countries increased from 19.1% of GDP to 24.7%, partly thanks to hydrocarbon-related revenue in oil-exporting countries. However, the COVID-19 pandemic and the war in Ukraine have compounded the challenges to sustainable public finance, underscoring the need for revenue mobilization efforts to support resilient and inclusive growth. Recent rises in commodity prices have added to the fiscal pressures in commodity-importer countries.

According to the new IMF estimates, tax gaps—the difference between tax potential and tax collection—are on average 0.8% of GDP for hydrocarbon exporters and 16% of GDP for hydrocarbon importers in the CAREC region.<sup>1</sup> Tax revenue shortfalls may reflect policy design, tax compliance challenges, or both. Efficient collection, monitoring, and enforcement require adequate administrative resources, including modern digital technologies. Large informal sectors, low financial inclusion, or governance challenges may also hinder tax collection.

Carbon taxation could support decarbonization and generate significant revenue in the region.<sup>2</sup> This additional revenue could be used to finance climate adaptation and transition policies, including the needed public investment in climate resilient infrastructure and human capital, and to strengthen social safety nets to protect the vulnerable. CAREC governments recognize the urgency of decarbonization, and would need to develop own climate strategies, including for carbon taxation. This will require building the political consensus domestically and close cross-border collaboration.

The CAREC Secretariat proposes to conduct a high-level policy dialogue comprising Ministers or Deputy Ministers of Finance, heads of tax authorities and other senior representatives from CAREC countries, together with senior representatives from ADB, IMF and the WB. The objective of the event is to discuss challenges and opportunities in mobilizing domestic revenues, designing efficient and equitable tax policies, and implementing carbon taxation, and share countries' experience and lessons learned.

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<sup>1</sup> Verdier, G. et al., "Revenue mobilization for a resilient and inclusive recovery in the Middle East and Central Asia." IMF Departmental Paper, 2022.

Tax potential is the level of tax revenue a country can raise given its economic structure, level of development, trade openness, and the quality of institutions. Tax gaps are calculated as a share of non-hydrocarbon GDP.

<sup>2</sup> Asian Development Outlook 2022: Mobilizing Taxes for Development, Asian Development Bank, April 2022.



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**Onsite:** Meeting Room 8, The Biltmore Hotel, 29 Rustaveli Avenue, Tbilisi, Georgia

**Online:** Join Zoom Meeting

<https://adb-org.zoom.us/j/91502511555?pwd=RnRsMXJINndLYVp1K2pKUnRyS2o4UT09>

Meeting ID: 915 0251 1555

Passcode: CEFS2023

**Agenda**

Moderator: Ms. Lilia Aleksanyan, Economist, Central and West Asia Department,  
Asian Development Bank (ADB)

<b>Time (Tbilisi local time)</b>	<b>Activity</b>
<b>08:00–09:00</b>	<b>Registration</b>
<b>09:00–09:30</b>	<b>Welcoming Remarks</b>  Mr. Lasha Khutsishvili, Minister of Finance, Georgia  Mr. Yevgeniy Zhukov, Director General, Central and West Asia Department, ADB  Mr. Sebastian Molineus, Regional Director for the South Caucasus, World Bank
<b>09:30–10:15</b>	<b>Group Photo and Coffee Break</b>
<b>10:15–12:45</b>	<b>Session I: Mobilizing Revenues for Resilient and Inclusive Growth</b>
10:15–10:30	<b>Opening presentation</b>  by Subir Lall, Deputy Director, Middle East and Central Asia Department, International Monetary Fund (IMF)
10:30–12:45	<b>Panel Discussion</b> Moderator: Mr. Subir Lall, IMF  Panelists: <ul style="list-style-type: none"><li>• Mr. Mirza Gelashvili, Deputy Minister of Finance, Georgia</li><li>• Mr. Azamat Amrin, Vice-Minister of National Economy, Kazakhstan</li><li>• Mr. Ruslan Suinaliev, First Deputy Minister of Finance, Kyrgyz Republic</li><li>• Mr. Dilshod Sultanov, Deputy Minister of Economy and Finance, Uzbekistan</li><li>• Mr. Begmyrat Allakbayev, Deputy Minister of Finance and Economy, Turkmenistan</li></ul> Online: <ul style="list-style-type: none"><li>• Mr. Gulmurodzoda Karim Gulmurod, Deputy Minister of Finance, Tajikistan</li></ul>

Time (Tbilisi local time)	Activity
	<p>To give views:</p> <ul style="list-style-type: none"> <li>• Mr. Evgeny Vinokurov, Deputy Managing Director, EFSD (online)</li> <li>• ADB/WB</li> </ul> <p>Guiding questions:</p> <ul style="list-style-type: none"> <li>• What is the experience of the CAREC countries in mobilizing domestic revenues to support inclusive and sustainable growth? What lessons can the CAREC countries learn from each other, and from other countries in designing efficient and equitable tax policies?</li> <li>• How can the IFIs support the CAREC countries' domestic revenue mobilization efforts?</li> </ul>
12:45–14:00	<b>Lunch</b>
14:00–16:00	<b>Session II: Raising additional revenues and supporting decarbonization via carbon taxation</b>
14:00–14:15	<p>Opening presentation</p> <p>by Etienne Espagne, Senior Climate Economist and Dirk Heine, Senior Economist, World Bank</p>
14:15–16:15	<p><b>Panel Discussion</b> Moderator: Ms. Lyaziza Sabyrova, ADB</p> <p>Panelists:</p> <ul style="list-style-type: none"> <li>• Mr. Mirza Gelashvili Deputy Minister of Finance, Georgia</li> <li>• Mr. Azamat Amrin, Vice-Minister of National Economy, Kazakhstan</li> <li>• Mr. Ruslan Suinaliev, First Deputy Minister of Finance, Kyrgyz Republic</li> <li>• Mr. Dilshod Sultanov, Deputy Minister of Economy and Finance, Uzbekistan</li> <li>• Mr. Begmyrat Allakbayev, Deputy Minister of Finance and Economy, Turkmenistan</li> <li>• Mr. Zaur Mammadov, Head of Industrial Policy Division, Ministry of Economy, Azerbaijan</li> </ul> <p>To give views:</p> <ul style="list-style-type: none"> <li>• Ms. Tatiana Proskuryakova, Regional Director for Central Asia, World Bank (online)</li> <li>• Mr. Virender Kumar Duggal, Principal Climate Change Specialist, ADB (online)</li> </ul> <p>Draft guiding questions:</p> <ul style="list-style-type: none"> <li>• What are the possibilities, opportunities as well as challenges of introducing a carbon tax in your respective countries?</li> <li>• How can the IFIs support the CAREC countries in introducing carbon taxation?</li> </ul>
16:15–16:30	<p><b>Closing Remarks</b> Mr. Mirza Gelashvili, Deputy Minister of Finance, Georgia</p>
18:00	<b>Dinner (by invitation)</b>



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**Organizing team:**

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