The objective of the Project is to strengthen accountability and transparency in financial reporting for public and corporate sectors in line with international best practices, and to support institutional strengthening to sustain reforms.

The Project consists of the following parts:

Component 1: Corporate Sector Accountability

1. Support to the corporate sector (including state-owned enterprises) in implementing appropriate International Financial Reporting Standards (IFRS) for public
interest entities and the National Accounting Standards for Commercial Organizations (NASCOs).

2. Establishment of appropriate legal and institutional frameworks and capacity for translation, adoption and enforcement of IFRS and NASCOs.

3. Establishment and development of an agency within the Ministry of Finance of the Recipient to oversee the audit regulation function.

Component 2: Public Sector Accountability

1. Support to the public sector in implementing National Accounting Standards for Budget Organizations (NASBOs) which are based on International Public Sector Accounting Standards (IPSAS).

2. Strengthening the capacity of the Chamber of Accounts, and development of a strategy to strengthen public sector internal financial control of the Recipient.

3. Creation of an electronic reporting system at selected ministries through the provision of goods, consultants’ services and Training.

Component 3: Strengthening of Accounting, Auditing and Financial Management Capacity

Establishment of an Azerbaijan Center for Professional Accounting and Audit Training Education and Research (ACPATER) under the Ministry of Finance of the Recipient, and which shall have broad responsibility for strengthening Azerbaijan accounting, auditing and financial management capacity.

Component 4: Project Management

Support of the PMU for effective implementation of the Project, through provision of goods, consultants’ services and Training and financing of Incremental Operating Costs.”

2. Section IV.B.2 under Schedule 2 to the Financing Agreement is revised to read as follows

“2. The Closing Date is December 31, 2013.”

3. All the terms and conditions of the Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.
Mr. Samir Sharifov          September 23, 2011

Please confirm your agreement to the foregoing by signing, dating and returning to us the form of confirmation on the enclosed copy of this letter. This amendment shall become effective upon receipt of the countersigned copy of this letter by the Association.

Sincerely,

By /s/ Asad Alam
Country Director
South Caucasus Country Department
Europe and Central Asia Region

CONFIRMED:

REPUBLIC OF AZERBAIJAN

By: /s/ Samir Sharifov
   Authorized Representative

Date: November 16, 2011