



Center for Analysis of
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AZERBAIJAN ECONOMIC REFORMS REVIEW



STRATEGIC ROAD MAP FOR DEVELOPMENT OF SPECIALIZED TOURISM INDUSTRY IN THE REPUBLIC OF AZERBAIJAN



The Strategic Roadmap encompasses actions such as the support of tourism sector development within the planned periods of time, supply of high quality and competitive tourism services in global and local markets, shaping of tourism practices in line with national values, attracting new investment projects based on the state-of-the-art ideas and innovations and effective interaction among respective bodies involved in the tourism sector development.

A working group was established for the purpose of developing a detailed development plan for 11 sectors (8 main and 3 subsectors) of Azerbaijani economy as specified by the Presidential Order No. 1897, dated 16th March, on “approval of main directions of the strategic road map for national economy and key sectors of the economy”. The working group was commissioned to develop an economic development strategy and action plan until 2020, strategic vision until 2025 and aspirational vision for post 2025.

To achieve the long term visions in this sector, Azerbaijan has defined four primary objectives for 2020 in tourism sector.

- **Realize Baku's full tourism potential by attracting more international visitors**

Establish a National Tourism Promotion Bureau and ensure its operation first in Baku city, Upgrade available information on tourism attractions in Baku and package tourism offerings, Implement a Baku city promotion campaign, Develop Baku's tourism infrastructure, including low-cost accommodations and robust tourist areas.

- **Implement Key Enablers to Develop Tourism in the Country**

Establish Tourism Council, create Tourism Recreation Zones (TRZs), develop Regional Tourism Service Infrastructure for Domestic and Regional Tourists to resolve seasonality problem in tourism, simplify and expedite visa processes and border crossing procedures, improve air connectivity to major source markets.

- **Develop regional tourism sub-sectors for domestic and regional tourists**

Revitalize demand for wellness tourism, support the development of winter tourism, create cultural tourism circuits, support development of business tourism, Strengthen sustainable tourism potential (eco- tourism, rural tourism, etc.)

- **Create a national tourism quality system to increase tourist's satisfaction**

Investment in tourism education programs, Improve standardization and certification system in tourism sector.

Global Trends

The tourism industry is sensitive to the macroeconomic conditions, thus it was affected directly from the recent global crisis. However, it has recovered quickly after 2009 and got back onto a fast growth path in last four years.

This trend was driven by two factors:

- On one hand, the improvement of the economy in advanced markets resulted in increased tourism flows and spending from large tourism demand countries such as the US, Japan and Europe,
- On the other hand, global tourist arrivals and inbound spending are further boosted by the increasing demand from emerging markets. This emerging market growth trend is observed in Asia and Latin America, which are growing rapidly with expanding middle classes and public sector commitment to tourism and, additionally, increased and cheaper air services are among the key enablers of the growth.

In general, five themes have emerged as global trends for tourism strategy development in recent years, to address changing dynamics of the industry.

- **Countries and destinations have increased their focus on tourism branding and promotion**

The tourism industry has diversified the available choices, and segments to serve the increased number of tourists with different interests. These factors in addition to the vast choice of destinations generate the need to reassess existing structures and marketing strategies in order to adapt to the new market trends. In this light, public and private players have been exploring initiatives to further promote their destination, including targeting a niche positioning for exclusive and innovative offerings, differentiated business models, and brands for different products.

- **Countries focus on strengthening connectivity and accessibility, which is a key enabler**

Advanced countries try to balance between different objectives of achieving low fares, increasing market depth and breadth, while sustaining a healthy national carrier, to build economic impact. In addition, many countries take actions to ease visa processes to improve accessibility with no major investment.

- **Destinations place flagship projects at the core of implementing sector strategies**

Flagship projects are immediate, large-scale and visible investment projects that support the sector strategy. In addition, they can be powerful communication and marketing tools to implement larger reforms. Finally, they also reduce complexity of reforms by limiting the geographical coverage and act as an efficient pilot for the entire sector.

- **Master plan development is used heavily as tool for fast tourism sector development**

Central units are mandated as responsible for preparation and execution of these plans. This not only simplifies certain processes and makes investment attractive for investors, but also allows an integrated branding strategy.

- **Emerging and developing countries rely more and more on foreign direct investment (FDI) in tourism development**

This is primarily due to the fact that certain developments require high investment, particularly in cases where infrastructure investment is needed. However, even in situations where investment is not a major issue, collaboration with international investors could pay off, as value chain is largely influenced by international companies.

ANALYSIS OF CURRENT SITUATION

Tourism policy frameworks

The implementation of the “State Program on the development of tourism in the Republic of Azerbaijan in 2002 – 2005” approved by the Decree of the President of the Republic of Azerbaijan No. 1029, dated 27 August, 2002, created favorable conditions for the development of tourism and laid foundation for the country’s integration into global tourism market.

As a continuation of this policy, “State Program on the development of tourism in the Republic of Azerbaijan in 2010 – 2014” was approved by the Decree of the President of the Republic of Azerbaijan No. 838, dated 6 April 2010.

2011 was announced “The year of Tourism” in the Republic of Azerbaijan by the Decree of the President of the Republic of Azerbaijan No. 1320, dated 15 February 2011 in order to promote natural sites, as well as cultural-historical heritage of the country enjoying rich geographic landscape while also ensuring the efficient use of tourism resources.

In order to achieve the development of tourism infrastructure in the country, provide tourism services in line with international standards and improve legislative framework governing this field, relevant government bodies were instructed to take necessary measures by the Decree of the President of the Republic of Azerbaijan No. 2295, dated 1 September 2016, on “Additional measures for the development of tourism in the Republic of Azerbaijan”.

Role of tourism in the economy of Azerbaijan

Azerbaijan is a country located at the crossroads between East and West with its capital Baku having modern infrastructure and ancient rich historical sites and with regions encompassing fascinating nature and national parks. Partly because of this exposure, Baku has received the lion's share of Azerbaijan's global tourism recognition. According to popular tourism information websites, Baku is home to 75 percent of destinations preferred by international tourists.

An analysis of recent trends shows that Azerbaijan's tourism sector as a whole is on the rise. From 2010 to 2015, the number of tourism enterprises in Azerbaijan increased 4,5 percent in average per year, tourism employment grew 6 percent, and the number of international tourist arrivals grew 8,5 percent.

Tourism Potential of Azerbaijan

• Cultural tourism

Cultural Tourism (or culture tourism) is the subset of tourism concerned with cultural heritage of regions, specifically the way of life, history, art, architecture, religion, etc. of the people in those geographical areas. This tourism potential of the country includes arts galleries available in Baku, national music – Mugham, advanced world jazz music, national and foreign dances, rich culinary with delicious taste, tolerance to various religious and secular views.

- **Wellness tourism**

The country is endowed with thousands of hot and mineral wells. Istisu, Turshsu, Badamli, Galaalti, Shikhsburnu and Surakhany are among popular curative water sources. Naphtalan oil is one of the key health resort resources of Azerbaijan.

- **Mountain and winter tourism**

As the result of determined actions taken towards developing mountainous and winter tourism in the country, mountain slopes have been developed as a tourism destination. At present, “Shahdag” Tourism Centre CJSC and “Tufandag” Winter-Summer Resort have turned into popular resorts.

- **Sports tourism**

In recent years, sizeable investments have been made in the development of sports infrastructure. The construction of Olympic sports complexes and creation of other sports fields and facilities in Baku, Masalli, Sheki, Guba, Gazakh, Ganja, Nakhichevan, Barda, Lenkaran, Zagatala, Aghdam, Bilesuvar, Oguz, Shemkir, Kurdemir, Sabirabad and other cities and districts enables the country to host popular sports tournaments (European and world championships) in the country.

- **Business tourism**

At present, existing hotels built throughout the country are being used for the development of this tourism sub-segment.

- **Beach tourism**

The northern (Khizi, Siyazan, Shabran, Khachmaz regions) and southern (Lankaran, Astara regions) zones, starting from Absheron peninsula of the Republic of Azerbaijan, have a beach tourism potential. To achieve development of this tourism sub-segment, servicing infrastructures in beach areas (water ponds, swimming pools, etc.) should be aligned with appropriate standards and scope of service offerings should be expanded (for example, entertainment centers, attractions). In addition, the biggest limitation the country is facing now is the short period of this tourism season.

- **Eco tourism**

The Azerbaijan's territory where 9 out of 11 climate types are found (from semi-desert and dry field climate to mountainous tundra climate) is home to over 4100 plant varieties.

- **Hunting tourism**

Azerbaijan permits huntsmen, who have relevant licenses, to hunt several forest animals and wildfowls.

Primary market opportunities for Azerbaijan

Azerbaijan receives tourists from almost all countries. Azerbaijan's strategic tourism priorities could be designed around attracting visitors from five main sources:

- Azerbaijan itself (local demand from domestic tourists);
- Neighboring countries including Turkey, Iran, Georgia, and Russia;

- The Gulf region including Saudi Arabia, Bahrain, Kuwait, Iraq, Oman, Qatar, and the United Arab Emirates;
- The Commonwealth of Independent States (CIS) including Belarus, Kazakhstan, Turkmenistan, Ukraine and Uzbekistan;
- Mass tourism countries including Canada, China, the European Union, India, Japan, South Korea and the United States.

SWOT analysis of tourism sector

Strengths

- Azerbaijan territory is rich in ancient history, rich cultural sites, favorable geographic location, alluring nature, folklore, and location at the crossroads of different religions;
- Availability of conference halls, hotels and other relevant service infrastructure;
- government support of tourism;
- favorable geographic location – proximity to Asia, Europe and Middle East region;
- experience in organization of large-scale international events;
- selection of tourism as a priority sector by government to develop non-oil economy

Weaknesses

- Training of skilled workers does not meet labor market requirements both from quality and quantity perspectives;
- Inadequacies in protection of environment;
- Concentration of tourism attractions primarily in Baku city;
- Less tourism information centers in the regions;
- Touristic visits to regions are primarily possibly via car transport (insufficiency of railway and water transport, as well as flights);

- Relatively less foreign language speakers in regions;
- Insufficient promotion of the country abroad;
- Lack of fast track offerings for foreign country nationals in border crossing points;
- Lack of statistic database for tourism sector analysis;
- Lack of regular monitoring of the satisfaction level of foreign tourists visiting the country

Opportunities

- Increased professionalism of personnel;
- Creation and development of new tourism services;
- Further simplification of travelling opportunities for foreign and domestic tourists;
- Valuable resources such as Naftalan oil and Duzdag (Salt Mountain) in Nakhchivan Autonomous Republic owned by the country.
- Private sector support of tourism within public-private partnership.

Threats

- External threats to be caused due to geopolitical location of the country.

STRATEGIC VISION

Strategic vision for 2020

Azerbaijan's strategic vision for 2020 is to develop Baku into a major touristic destination, realize tourism potential for the entire country, establish favorable environment and infrastructure for the development of tourism industry, as well as increasing level of satisfaction among tourists.

Highlights on strategic vision

The following activities will be implemented by 2020: strengthening marketing and branding efforts to fully leverage Baku's existing cultural-historical sites and modern infrastructure and better organize promotion and campaign measures; creating favorable environment in the country by implementing support measures such as introduction of simplified and expedited visa procedure to meet tourist preferences in different segments and by improving air connectivity; developing regional tourism under specific segments and creating necessary conditions; investing in education programs to increase tourist satisfaction and establishing high quality tourism system as well as improving standardization and certification systems in the tourism sector.

Long term vision of Azerbaijan in Tourism for 2025

Azerbaijan's tourism vision for 2025 is to become one of the top attractive tourism destinations in the region and around the world.

Highlights on long term vision

Until 2025, Azerbaijan would already leave behind key achievements on its way towards this vision in terms of branding and marketing campaigns, airline and ground connectivity, infrastructure, touristic themes and their operation, ease of doing business and vocational tourism education.

Aspirational Vision of Azerbaijan in Tourism for post 2025

By post 2025, the country aims to be one of the most preferred 20 touristic locations and increase by maximum the indicators of effective use of existing tourism resources.

Highlights on aspirational vision

As its post-2025 vision, Azerbaijan aims to be one of the most preferred 20 touristic locations in the international tourism sector. For this purpose, Azerbaijan will launch highly targeted and well-governed branding campaigns in key demand cities & countries and popular online platforms. Targeted tourism campaigns will be based on different themes and will be heavily data-driven.

TARGET INDICATORS

In tourism sector, sixteen priorities are estimated to:

- Increase Azerbaijan's GDP by AZN 465 million in 2020, in real terms;
- Add 36,600 total and 25,000 direct (in tourism sector) employments by executing on its priorities, in Baku and other regions.
- To achieve this impact, there are six intermediate targets identified for 2020:
- Increase the number of nights spent by foreign tourists in hotels and hotel-like facilities in Baku in 2020 to a minimum of 3.65 million from estimated 0.8 million in 2015;
- Increase the average length of stay per tourist from 2 to 3 days;

- Increase the number of foreign tourists accommodated in hotels and hotel-like facilities in Baku from 0.5 million in 2015 to 0.9 million in 2020, and the number of non-accommodated foreign tourists from 0.8 million in 2015 to 1.5 million in 2020;
- Gradually accommodate 265 thousand incremental low-cost tourist arrivals;
- Increase capacity utilization rate to 65% in wellness facilities, compared to current level of 40% (leverage of wellness facilities in Naphtalan is considered);
- Attracting 180 thousand tourists to touristic attractions located along the “Silk Way” and other cultural tourism routes.

STRATEGIC OBJECTIVES

- Achieve more foreign tourist arrivals in Baku in the long term establishing an efficient governance mechanism in order to fully leverage Baku’s tourism potential, strengthen marketing and branding efforts, upgrade information on tourism attractions and improve tourism infrastructure;
- Simplify entry and exit on borders to create favorable environment in the country, build coordinated activity among different players of tourism sector and achieve long term development introducing support mechanisms such as the creation of tourism and recreation zones;
- Develop regional tourism under specific themes, i.e., wellness, winter, culture, business, eco-tourism and rural, to diversify Azerbaijan’s tourism offerings and to attract more tourists in the long term;
- Achieve high satisfaction of tourists by establishing tourism quality system in order to upgrade quality and quantity indicators of services provided in the tourism sector.

STRATEGIC TARGETS

Strategic Road Map on development of specialized tourism industry in the Republic of Azerbaijan defined 4 strategic targets, each consisted of relevant priorities. These could be classified as following:

Strategic target 1

- Realize Baku's full tourism potential by attracting more international visitors
 - Establish a National Tourism Promotion Bureau and ensure its operation first in Baku city, Upgrade available information on tourism attractions in Baku and package tourism offerings,
 - Implement a Baku city promotion campaign,
 - Develop Baku's tourism infrastructure, including low-cost accommodations and robust tourist areas.

Strategic target 2

- Implement Key Enablers to Develop Tourism in the Country
 - Establish Tourism Council, create Tourism Recreation Zones (TRZs),
 - Develop Regional Tourism Service Infrastructure for Domestic and Regional Tourists to resolve seasonality problem in tourism,
 - Improve air connectivity to major source markets.

Strategic target 3

- Develop regional tourism sub-sectors for domestic and regional tourists
 - Revitalize demand for wellness tourism,
 - Support the development of winter tourism, create cultural tourism circuits,
 - Support development of business tourism,
 - Strengthen sustainable tourism potential (eco-tourism, rural tourism, etc.)

Strategic target 4

- Create a national tourism quality system to increase tourist's satisfaction
- Investment in tourism education programs,
- Improve standardization and certification system in tourism sector.

FINANCING MECHANISM

The achievement of the specified strategic targets requires AZN 350 million investment. The implementation of actions in the State Strategy will be funded by using the following sources: Government budget; Non-budgetary funds; Funds of National Entrepreneurship Support Fund; Local budgets; Funds of local departments, enterprises and organizations regardless of the type of ownership; Foreign direct investments; Credits by country banks and grants; Credits, technical and financial assistance by international organizations; Other sources not prohibited by legislation.

In order to ensure effective spending of funds for priority targets, budgets will be prepared within performance based budgeting process. A larger portion of the required funds will be provided at the expense of the restructuration of existing budgets, joint financing initiatives of private sector and different investors.

IMPLEMENTATION, MONITORING AND EVALUATION

Monitoring and Evaluation of the Strategic Road Map

The Strategic Roadmap will be monitored and evaluated to ensure successful implementation through required tools, processes and other

resources. During monitoring and evaluation, focus will be placed on the implementation of core actions, expected results and indicators versus priorities, and also compliance with the completion schedule will be checked. The monitoring and evaluation will be carried out in accordance with procedures based on international methodologies.

The annual activity programs of the work groups will be agreed with the coordination unit and approved by the main executive organization. Representatives of the coordination unit will participate in the quarterly meetings of the work groups.

The main executive organization will submit quarterly work progress reports to the coordination unit at least 10 days prior to the work group's quarterly meeting. By taking into account extensive analysis and evaluation of quarterly reports including discussions held in the quarterly meeting of the working group, the coordination unit will submit quarterly monitoring results and its recommendations for the next period to the main executive organization within 10 days following the meeting date. The coordination unit and the main executive organization will take actions to ensure that the monitoring results and recommendations are taken into consideration by the working group in its daily activities.

LIST OF PRIVILEGED TAXPAYERS AND TERRITORIES



The President of the Republic of Azerbaijan has signed a Decree in connection with the application of the Law "On approval of the list of countries and territories of preferential taxation" dated December 16, 2016, № 454-VQD.

In accordance with the Decree, the head of state has set several tasks in order to ensure the application of the Law of the Republic of Azerbaijan "On Approval of the list of countries and territories of preferential taxation".

Thus, among the tasks set by the head of the state are preparation and submission, by the Cabinet of Ministers of the Republic of Azerbaijan, of proposals for the adjustment of the legal acts of the President of the Republic of Azerbaijan to this Decree as well as ensuring within a period of 3 months that the legal acts of the Cabinet of Ministers are in line with this Decree and reporting to the President of the Republic of Azerbaijan thereon. The Decree also sets forth that the Cabinet of Ministers of the Republic of Azerbaijan shall align the legal acts of central executive power bodies with this Decree, report to the President of the Republic of Azerbaijan thereon within 5 months and resolve other issues arising from this Decree.

Moreover, it is also stipulated in the Decree that the Ministry of Justice of the Republic of Azerbaijan shall ensure adaptation of the legal acts and soft laws of the central executive authorities to this Decree and inform the Cabinet of Ministers of the Republic of Azerbaijan thereon.

Under the Decree, the list of privileged taxation countries and territories has been approved as follows:

1. Andorra
2. Anguilla
3. Antigua and Barbuda
4. Aruba
5. Antilles (the Netherlands)
6. Bahamas
7. Bahrain
8. Bermuda islands
9. British Virgin Islands
10. Belize
11. Barbados
12. Gibraltar
13. Jersey
14. Dominica
15. Hong Kong (China)
16. Cayman Islands
17. Cook Islands
18. Costa Rica
19. Guernsey
20. Grenada

21. Liberia
22. Liechtenstein
23. Maldives
24. Isle of Man
25. Marshall Islands
26. Montserrat
27. Monaco
28. Macao (China)
29. Nauru
30. Niue
31. Panama
32. Palau
33. Seychelles
34. St. Kitts and Nevis
35. Samoa
36. St. Vincent and the Grenadines
37. Saint Lucia
38. Turks and Caicos Islands
39. Vanuatu
40. Virgin Islands (USA)

AMENDMENTS TO THE DECREE OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN "ON CERTAIN ISSUES OF MORTGAGE LENDING IN THE REPUBLIC OF AZERBAIJAN"



On July 13, 2017, the President of the Republic of Azerbaijan signed a decree "On Amending the Decree № 940 of the President of the Republic of Azerbaijan" On Certain Issues of Mortgage Lending in the Republic of Azerbaijan ", dated June 22, 2016.

Within the framework of this decree, the following amendments are to be made to the "Regulations of Azerbaijan Mortgage Fund" Open Joint Stock Company approved by the Decree № 940 of the President of the Republic of Azerbaijan, dated June 22, 2016:

- Use of the Company's available cash assets only for the following directions:
 - for mortgage lending;
 - for the acquisition of shares (units) of enterprises and government securities;
 - for placing deposits with banks.

Along with this, within the framework of this Decree, a corresponding amendment with the following wording is made to the section "Internal and External Audit" of the Regulations:

- The Company establishes an internal audit service. Internal audit and persons working for this service are independent in their activities and have a right to make an independent assessment and conclusions when exercising their functions.
- Employees of internal audit of the Company must meet the requirements provided for in Article 8 of the Law of the Republic of Azerbaijan "On Internal Audit".
- Main functions of the internal audit service shall be the followings:
 - Carry out an audit of activities of the Company, its structural subdivisions, departments, representative offices and branches, including subsidiaries in accordance with the legislation of the Republic of Azerbaijan and internal rules of the Company;

- Carry out a regular audit of operations in all areas, in order to accurately assess the financial and business activities, as well as the financial position of the Company;

- Inform the Chairman of the Management Board about the results of the internal audit, as well as proposals concerning the elimination of the identified shortcomings;

- Perform other functions stipulated in the Law of the Republic of Azerbaijan "On Internal Audit" and in the Regulations of the Company.

- All relevant departments and employees of the Company are required to submit all necessary documents to persons performing internal audit, upon their request, and to create necessary conditions for the performance of their duties.
- Audit of the Company's financial and economic activities is conducted by decision of the Supervisory Board or the Management Board of the Company.
- The Company has the right to involve an outside auditor for an independent review of its activities.
- It is not allowed to conclude an agreement with the same auditor for a period of more than 3 years consistently.

In addition, the following amendments were made to the procedure of issuing mortgage loans, including preferential mortgage loans from the funds of the "Azerbaijan Mortgage Fund" Open Joint Stock Company approved by the above-mentioned Decree:

- A preferential mortgage loan shall be extended for the purchase of a residential space provided that the accrued value of 1 square meter on the day when a preferential mortgage is issued does not exceed the average market price in the city of Baku, as well as in its settlements and villages and other regions and cities of the country.

- The amount of a preferential mortgage should not be more than 90 percent of the cost of the purchased housing at the time of issuance of the loan, and the amount of the loan, not related to a privileged mortgage, is not more than 85 percent.

Under the Decree, the Cabinet of Ministers of the Republic of Azerbaijan was entrusted with the following tasks:

- Prepare and submit to the President of the Republic of Azerbaijan, within three months, proposals on harmonization of acts of the President of the Republic of Azerbaijan with this Decree;
- Ensure that the regulatory and legal acts of the Cabinet of Ministers of the Republic of Azerbaijan are brought in line with this Decree within three months and inform the President of the Republic of Azerbaijan thereabout;
- Control the harmonization of normative and legal acts of the central executive authorities with this Decree and inform the President of the Republic of Azerbaijan about the progress of the execution of the assignment within five months;

- Resolve other issues arising from this Decree.
- The Ministry of Justice of the Republic of Azerbaijan was entrusted to bring normative and legal acts of the bodies of central executive power and acts of normative character in line with this Decree and inform the Cabinet of Ministers of the Republic of Azerbaijan thereabout.

THE STATE PROGRAM ON DEVELOPMENT OF COTTON GROWING IN THE REPUBLIC OF AZERBAIJAN FOR 2017-2022



The State Program on the development of cotton growing in the Republic of Azerbaijan for 2017-2020 was approved by the decree of the President of the Republic of Azerbaijan dated March 13 July, 2017.

In recent years, the implementation of state programs aimed at promoting efficient use of the country's economic potential and promotion of export-oriented production has accelerated the development of entrepreneurship in the agrarian sector, has created the basis for more efficient use of labor resources and natural resources in the regions, modernization of the infrastructure and increase in employment rate of the population.

The fact that cotton-growing, as one of the strategic and foreign currency generating area of agrarian sector, stands out due to its labour-intensive nature and high yield rates, as well as availability of favorable natural climate conditions and traditions in cotton production in Azerbaijan, the capacity to meet the raw materials demand of the processing industry through domestic production, and export potential for cotton and its end products, makes the development of cotton-growing a necessity.

Current state of cotton-growing in Azerbaijan

The current state of lands, natural climatic conditions, water resources, labor resources and agrotechnical service allow the implementation of cotton-growing in several regions. However, according to official statistics, cotton-growing lands and cotton production has decreased during 1990-2015. Only in 2015, the area of cotton-growing lands amounted to 18.7 thousand hectares, and production was 35.2 thousand tons. However, as a result of substantial actions taken in the field of cotton-growing since 2016, the area of cotton-growing lands increased by 2.7 times to 51.4 thousand hectares and cotton production increased by 2.5 times to 89.4 thousand tons compared to the previous year.

The Law of the Republic of Azerbaijan No. 1012-IIIQ "On Cotton-growing" of May 11, 2010 sets the legal, organizational and economic basis of cotton-growing, regulates the relationships concerning turnover of raw cotton and cotton products. Moreover, the concessions have played an important role in raising cotton-growing to a new quality level, have attracted interest in investment to this sector and cotton production.

Subsidy in the amount of 0.1 Manat for each kilogram of delivered raw cotton under accordance with the Decree of the President of the Republic of Azerbaijan "On State Support for the Development of Cotton-growing in the Republic of Azerbaijan", dated September 22, 2016, No.2350 as well as increase by the companies of purchase price of raw cotton have served as additional incentive for the development of this field.

Objectives and tasks of the State Program

The objective of the State Program is to meet the demand for cotton products in the country, improve the raw material supply of cotton processing plants, develop the processing industry, increase the export of cotton products, strengthen the state support for cotton-growing and to stimulate the development of this field to increase the employment level of the population in rural areas.

The following tasks shall be implemented to achieve the set goal:

- Implement institutional actions for the development of cotton-growing;

- Improve the regulatory framework that regulates the activities in the cotton-growing and further enhance the scientific support and staffing potential in the cotton industry;
- Improve the cotton-growing infrastructure;
- Support the application of innovative technologies in cotton production and processing;
- Promote domestic and foreign investment in this area;
- Establish effective economic relations between cotton producers and processing enterprises;
- Promote export competitiveness and export of cotton products;
- Increase the level of import substitution of cotton products;
- Support the development of the areas related to the production of these products;
- Development of cooperation in cotton-growing.

Major directions in cotton-growing

- Implementation of relevant measures in the following areas are envisaged to achieve the objectives and task in the field of cotton-growing in Azerbaijan:

- Increasing raw cotton production and ensuring efficiency through the introduction of advanced management practices, intensive cultivation and irrigation technologies;
- Improving the supply of the cotton-growing infrastructure with modern equipment;
- Application of shifting cultivation in cotton production, identification of optimal growing area for cotton in the regions and deepening of specialization; restoration, revamping of existing cotton processing facilities supporting the establishment of new cotton processing facilities through advanced equipment and technologies; Promoting the production of deep processing products, expanding export through new cotton processing products; Taking into account the changes in conjuncture of world cotton market, including the expansion of chemical fibers in the textile industry, strengthening the material and technical basis of cotton seed farms and organizing fiber-free seed production.

Funding sources of the State Program

It is envisaged that execution of the actions under the State Program will be funded by the state budget, extra-budgetary funds, the National Fund for Entrepreneurship Support of the Republic of Azerbaijan, the Azerbaijan Investment Company OJSC, the State Service for Agricultural Projects and Credit Management under the Ministry of Agriculture of the Republic of Azerbaijan, local and foreign investments and other sources not prohibited by the legislation.

Results expected from the implementation of the State Program

Implementation of the State Program will contribute to restoration of cotton-growing tradition in Azerbaijan, reduction of dependence on imports of cotton products, increase of agricultural production potential in rural areas, expansion of export opportunities and additional foreign exchange inflows. At the same time, as a result of the actions taken, cotton production and processing complex will be established based on the wide application of cutting-edge technologies, and the textile industry based on local cotton raw materials will be formed. As a result of the implementation of the State Program, raw cotton production in 2022 will reach 500,000 tons.

AMENDMENTS TO THE LAW “ON THE PUBLIC BUDGET OF THE REPUBLIC OF AZERBAIJAN FOR 2017”



On July 14, 2017, President of the Republic of Azerbaijan issued a Decree № 1180 “on Application of the Law № 754-VQD, dated June 30, 2017, of the Republic of Azerbaijan “on amendments to the Law of the Republic of Azerbaijan “on public budget of the Republic of Azerbaijan for 2017” and “on application of the Law of the Republic of Azerbaijan “on public budget of the Republic of Azerbaijan for 2017”.

According to the above Decree, the following amendments are specified in the Decree № 1180 of the President of the Republic of Azerbaijan “on application of the Law of the Republic of Azerbaijan “on public budget of the Republic of Azerbaijan for 2017”, dated December 27, 2016 (3 Legislative Volume of the Republic of Azerbaijan, 2016, № 12, Article 2098):

In the table in the Section 1, change the following words and figures:

“1.1.	General state services	2 846 898 155,0	2 747 976 896,0	98 921 259,0
1.1.1.	Cost of maintenance of legislative executive authorities	558 339 828,0	460 131 818,0	98 208 010,0
1.1.1.6.	State Service for Labor Inspectorate under the Ministry of Labor and Social Protection of the Republic of Azerbaijan	3 168 639,0	3 168 639,0	
1.1.1.10.	Ministry of Foreign Affairs of the Republic of Azerbaijan	9 963 208,0	9 963 208,0	
1.1.1.25	Ministry of Transport of the Republic of Azerbaijan	2 662 552,0	2 662 552,0	
1.1.1.27.	Ministry of Communication and High Technologies of the Republic of Azerbaijan	2 135 602,0	2 135 602,0	
1.1.1.69.	Improvement of organizational structure of legislative and executive authorities	15 002 000,0	15 002 000,0	
1.1.1.71.	Extra-budgetary expenditures of organizations of legislative and executive authorities financed from public budget	118 970 000,0	118 970 000,0	
1.1.2.	International activity and fees for membership in international organizations	229 069 761,0	229 069 761,0	
1.1.2.2.	Foreign diplomatic missions and consulates of the Republic of Azerbaijan	102 069 761,0	102 069 761,0	
1.3.	Judicial authority, law-enforcement and prosecution office	1 211 568 138,0	1 211 568 138,0	
1.3.4.	Services not included into other categories	174 074 601,0	174 074 601,0	

1.3.4.4.	Extra-budgetary costs of organizations of Judicial authority, law enforcement and prosecution offices financed from public budget	172 447 500,0	172 447 500,0	
1.4.	Education	1 736 052 890,0	1 594 253 852,0 1	141 799 038,0
1.4.1.	Pre-school education	137 786 562,0		137 786 562,0
1.4.3.	Vocational education	23 058 384,0	23 058 384,0	
1.4.3.2.	Ministry of Education of the Republic of Azerbaijan	19 761 873,0	19 761 873,0	
1.4.7.	Other entities and events in the field of education	553 639 783,0	549 627 307,0	4 012 476,0
1.4.7.1.	Ministry of Education of the Republic of Azerbaijan	172 471 717,0	172 471 717,0	
1.4.7.15.	Higher education funded by state order, diagnostic evaluation of knowledge and capacities of teachers in state general education facilities, establishment of vocational education centers and other measures in education	264 876 800,0	264 876 800,0	
1.5	Healthcare	745 381 258,0	522 705 148,0	222 676 110,0
1.5.1.	Polyclinics and ambulatory hospitals	113 927 419,0	56 798 932,0	57 128 487,0
1.5.1.1.	Ministry of Health of the Republic of Azerbaijan	113 927 419,0	56 798 932,0	57 128 487,0
1.5.2.	Hospitals	340 942 713,0	183 553 422,0	157 389 291,0
1.5.2.1.	Ministry of Health of the Republic of Azerbaijan	289 486 830,0	132 097 539,0	157 389 291,0
1.5.3.	Other services in healthcare	2 576 583,0	1 231 250,0	1 345 333,0
1.5.3.1.	Ministry of Health of the Republic of Azerbaijan	2 576 583,0	1 231 250,0	1 345 333,0
1.5.5.	Other services related to healthcare	282 869 078,0	276 056 079,0	6 812 999,0
1.5.5.1.	Ministry of Health of the Republic of Azerbaijan	208 206 192,0	201 393 193,0	6 812 999,0
1.5.5.10.	Extra- budgetary costs of health-related organizations funded from public budget	7 837 500,0	7 837 500,0	
1.6.	Social protection and social security	2 252 992 337,0	2 250 906 612,0	2 085 725,0
1.6.1.	Social protection costs	2 036 029 218,0	2 036 029 218,0	
1.6.1.1.	Ministry of Labor and Social Protection of Population of the Republic of Azerbaijan	564 808 901,0	564 808 901,0	

1.6.2.	Social security costs	216 863 119,0	214 777 394,0	2 085 725,0
1.7.	Activity in areas not included into culture, art, information, sport and other categories	282 589 235,0	274 812 727,0	7 776 508,0
1.7.4.	Activity not included into other categories	65 296 430,0	64 858 011,0	438 419,0
1.7.4.10.	Financial contributions from public budget	7 036 440,0	6 941 452,0	94 988,0
1.7.4.10.1.	Financial contribution to non-governmental organizations	3 533 240,0	3 438 252,0	94 988,0
1.11.	Industry, construction and minerals	2 521 126 000,0	2 521 126 000,0	
1.11.1.	Construction	2 504 276 000,0	2 504 276 000,0	
1.11.1.1.	State investment (investment costs)	2 501 000 000,0	2 501 000 000,0	
1.12.1.1.	Ministry of Transport of the Republic of Azerbaijan (regulation of the activity of motor transport)	2 185 000,0	2 185 000,0	
1.13.	Economic activity	191 507 755,0	191 507 755,0	
1.13.1.	Economic and commercial activity	135 000 000,0	135 000 000,0	
1.13.1.2.	Meet housing requirement of population of the Republic of Azerbaijan and provide privileged housing to citizens	100 000 000,0	100 000 000,0	
1.13.2.	Other areas of economic activity	55 168 345,0	55 168 345,0	
1.14.	Services not included into main sections	1 542 793 549,0	1 526 908 905,0	15 884 644,0
1.14.1.	Designated budget funds	261 000 000,0	261 000 000,0	
1.14.1.1.	Designated Budget fund "Motor roads"	261 000 000,0	261 000 000,0	
1.14.2.	Reserve funds	300 000 000,0	300 000 000,0	
1.14.2.2.	Reserve fund of the public budget	100 000 000,0	100 000 000,0	
1.14.3.	Other expenditures not included main sections	981 793 549,0	965 908 905,0	15 884 644,0
1.14.3.3.	Expenditures for other services	941 793 549,0	925 908 905,0	15 884 644,0
1.14.3.3.3.	Ministry of Finance of the Republic of Azerbaijan	25 402 330,0	24 100 680,0	1 301 650,0
1.14.3.3.3.1.	Print of specially protected and other documents	11 900 180,0	11 900 180,0	
1.14.3.3.3.3.	Involve experts to identify credit ranking of the Republic of Azerbaijan and assess other works	2 700 500,0	2 700 500,0	

1.14.3.3.3.5.	Enforcement of court decisions, legal aid regarding court processes and other services	6 301 650,0	5 000 000,0	1 301 650,0
1.14.3.3.4.	Extra-budgetary expenditures for services not included the main sections	4 480 000,0	4 480 000,0	
1.14.3.3.7.	Funding of social- economic and other measures	50 000 000,0	50 000 000,0	
1.14.3.3.10.	Social-economic, as well as other measures not considered in local expenditures	11 651 568,0		11 651 568,0”

With the following words and figures:

“1.1.	General state services	2 916 330 479,0	2 817 409 220,0	98 921 259,0
1.1.1.	Cost of maintenance of legislative executive authorities	622 596 552,0	524 388 542,0	98 208 010,0
1.1.1.6.	State Service for Labor Inspectorate under the Ministry of Labor and Social Protection of the Republic of Azerbaijan	3 048 639,0	3 048 639,0	
1.1.1.10.	Ministry of Foreign Affairs of the Republic of Azerbaijan	12 785 330,0	12 785 330,0	
1.1.1.25	Ministry of Transport of the Republic of Azerbaijan	1 285 665,0	1 285 665,0	
1.1.1.27.	Ministry of Communication and High Technologies of the Republic of Azerbaijan	3 512 489,0	3 512 489,0	
1.1.1.69.	Improvement of organizational structure of legislative and executive authorities	13 220 000,0	13 220 000,0	
1.1.1.71.	Extra-budgetary expenditures of organizations of legislative and executive authorities financed from public budget	182 306 602,0	182 306 602,0	
1.1.2.	International activity and fees for membership in international organizations	234 245 361,0	234 245 361,0	

1.1.2.2.	Foreign diplomatic missions and consulates of the Republic of Azerbaijan	103 545 361,0	103 545 361,0	
1.3.	Judicial authority, law-enforcement and prosecution office	1 223 770 473,0	1 223 770 473,0	
1.3.4.	Services not included into other categories	186 276 936,0	186 276 936,0	
1.3.4.4.	Extra-budgetary costs of organizations of Judicial authority, law enforcement and prosecution offices financed from public budget	184 649 835,0	184 649 835,0	
1.4.	Education	1 791 194 875,0	1 616 778 146,0	174 416 729,0
1.4.1.	Pre-school education	170 404 253,0		170 404 253,0
1.4.3.	Vocational education	28 991 718,0	28 991 718,0	
1.4.3.2.	Ministry of Education of the Republic of Azerbaijan	25 695 207,0	25 695 207,0	
1.4.7.	Other entities and events in the field of education	570 230 743,0	566 218 267,0	4 012 476,0
1.4.7.1.	Ministry of Education of the Republic of Azerbaijan	178 662 677,0	178 662 677,0	
1.4.7.15.	Higher education funded by state order, diagnostic evaluation of knowledge and capacities of teachers in state general education facilities, establishment of vocational education centers and other measures in education	275 276 800,0	275 276 800,0	
1.5.	Healthcare	746 713 758,0	524 037 648,0	222 676 110,0
1.5.1.	Polyclinics and ambulatory hospitals	113 698 023,0	56 798 932,0	56 899 091,0
1.5.1.1.	Ministry of Health of the Republic of Azerbaijan	113 927 419,0	56 798 932,0	56 899 091,0
1.5.2.	Hospitals	341 463 130,0	183 553 422,0	157 909 708,0
1.5.2.1.	Ministry of Health of the Republic of Azerbaijan	290 007 247,0	132 097 539,0	157 909 708,0
1.5.3.	Other services in healthcare	5 285 195,0	4 231 250,0	1 053 945,0
1.5.3.1.	Ministry of Health of the Republic of Azerbaijan	2 285 195,0	1 231 250,0	1 053 945,0
1.5.5.	Other services related to healthcare	281 201 945,0	274 388 579,0	6 813 366,0
1.5.5.1.	Ministry of Health of the Republic of Azerbaijan	208 206 559,0	201 393 193,0	6 813 366,0

1.5.5.10.	Extra- budgetary costs of health- related organizations funded from public budget	6 170 000,0	6 170 000,0	
1.6.	Social protection and social security	2 351 992 337,0	2 349 906 612,0	2 085 725,0
1.6.1.	Social protection costs	2 068 029 218,0	2 068 029 218,0	
1.6.1.1.	Ministry of Labor and Social Protection of Population of the Republic of Azerbaijan	596 808 901,0	596 808 901,0	
1.6.2.	Social security costs	283 863 119,0	281 777 394,0	2 085 725,0
1.7.	Activity in areas not included into culture, art, information, sport and other categories	282 494 247,0	274 812 727,0	7 681 520,0
1.7.4.	Activity not included into other categories	65 201 442,0	64 858 011,0	343 431,0
1.7.4.10.	Financial contributions from public budget	6 941 452,0	6 941 452,0	
1.7.4.10.1.	Financial contribution to non-governmental organizations	3 438 252,0	3 438 252,0	
1.11.	Industry, construction and minerals	2 712 126 000,0	2 712 126 000,0	
1.11.1.	Construction	2 695 276 000,0	2 695 276 000,0	
1.11.1.1.	State investment (investment costs)	2 692 000 000,0	2 692 000 000,0	
1.12.1.1.	Ministry of Transport of the Republic of Azerbaijan (regulation of the activity of motor transport)	1 068 080,0	1 068 080,0	
1.13.	Economic activity	793 007 755,0	793 007 755,0	
1.13.1.	Economic and commercial activity	185 000 000,0	185 000 000,0	
1.13.1.2.	Meet housing requirement of population of the Republic of Azerbaijan and provide privileged housing to citizens	150 000 000,0	150 000 000,0	
1.13.2.	Other areas of economic activity	606 668 345,0	606 668 345,0	
1.14.	Services not included into main sections	1 554 279 393,0	1 538 389 452,0	15 889 941,0
1.14.1.	Designated budget funds	297 000 000,0	297 000 000,0	
1.14.1.1.	Designated Budget fund "Motor roads"	297 000 000,0	297 000 000,0	
1.14.2.	Reserve funds	301 500 000,0	301 500 000,0	
1.14.2.2.	Reserve fund of the public budget	101 500 000,0	101 500 000,0	
1.14.3.	Other expenditures not included main sections	955 779 393,0	939 889 452,0	15 889 941,0
1.14.3.3.	Expenditures for other services	915 779 393,0	899 889 452,0	15 889 941,0
1.14.3.3.3.	Ministry of Finance of the Republic of Azerbaijan	37 554 314,0	36 252 664,0	1 301 650,0

1.14.3.3.3.1.	Print of specially protected and other documents	14 402 164,0	14 402 164,0	
1.14.3.3.3.3.	Involve experts to identify credit ranking of the Republic of Azerbaijan and assess other works and maintain information system	7 350 500,0	7 350 500,0	
1.14.3.3.3.5.	Enforcement of court decisions, legal aid regarding court processes and other services	11 301 650,0	10 000 000,0	1 301 650,0
1.14.3.3.4.	Extra-budgetary expenditures for services not included the main sections	6 608 563,0	6 608 563,0	
1.14.3.3.7.	Funding of social- economic and other measures	9 700 000,0	9 700 000,0	
1.14.3.3.10.	Social –economic, as well as other measures not considered in local expenditures	11 656 865,0		11 656 865,0

At the same time, according to the Decree, it is planned to add the sub-paragraphs with the following content:

“1.1.2.5	Ministry of Economy of the Republic of Azerbaijan (Trade Representatives in the embassies and consulates of the Republic of Azerbaijan operating abroad)	3 700 000,0	3 700 000,0	
1.5.3.2.	Health facilities of “Azerbaijan Railways” Closed Joint Stock Company	3 000 000,0	3 000 000,0	
1.6.2.7.	State Oil Company of the Republic of Azerbaijan (Subsidy allocated to cover the loss arisen from the sale of natural gas lower than its prime cost in 2016)	250 000 000,0	250 000 000,0	
1.12.1.8.	Ministry of Transport, Communication and High Technologies	1 116 920,0	1 116 920,0	
1.13.2.6.	Ministry of Transport, Communication and High Technologies (Financial contributions allocated to High Technologies Park)	500 000,0	500 000,0	
1.13.2.7.	Costs of feasibility study associated with reforms planned in several public entities	5 000 000,0	5 000 000,0	
1.13.2.8.	Increase of registered capital of Deposit Insurance Fund	546 000 000,0	546 000 000,0	

Among the instructions given within the framework of this Decree, the following instructions are set for the implementation by the Ministry of Economy of the Republic of Azerbaijan under the Decree of the President of the Republic of Azerbaijan No. 1180 of December 27, 2016 "On the application of the Law of the Republic of Azerbaijan" On the State Budget of the Republic of Azerbaijan for 2017 ":

- Prepare within ten days and submit to the President of Azerbaijan of the Republic the proposal on the allocation of funds and objects in the amount of AZN 191.0 million from the undistributed part of the funds provided for public capital investments (investment costs);
- To provide, in coordination with the Ministry of Finance of the Republic of Azerbaijan, the distribution, as well as changes to the distribution of funds provided for the maintenance of trade representatives operating in the embassies and consulates of the Republic of Azerbaijan in foreign countries.

Among these instructions, it is envisaged to ensure access of people to housing within the Decree President of the Republic of Azerbaijan of December 27, 2016 No. 1180 "On the Application of the Law of the Azerbaijan Republic "On the state budget Of the Republic of Azerbaijan for 2017", and allocate AZN 50,0 million to State Agency for Housing Construction under the President of the Republic of Azerbaijan from the undistributed part of the funds envisaged for privileged access of people to housing.

Under the Decree, the Cabinet of Ministers of the Republic of Azerbaijan was given several tasks:

- Prepare and submit within three months to the President of the Republic of Azerbaijan Proposals on harmonizing the laws of the Republic of Azerbaijan and Acts of the President of the Republic of Azerbaijan with the Law Of the Republic of Azerbaijan on Amendments to the Law of Azerbaijan Republic of Azerbaijan on the State Budget for 2017 year".
- Prepare within three months and submit to the President of the Republic of Azerbaijan proposals on bringing the regulatory and legal acts of the Cabinet of Ministers of the Republic of Azerbaijan in line with this Law;
- Keep control of the process of the harmonization of normative and legal acts of central executive authorities with this Law and inform the President of the Republic of Azerbaijan about the progress of the execution of the assignment within five months;
- Resolve other issues arising from this Act and the Decree.

The Ministry of Justice of the Republic of Azerbaijan was instructed to bring the regulatory-Legal acts of the central executive authorities and the acts of normative character in line with the Law of the Republic of Azerbaijan "On Amendments to the Law of the Republic of Azerbaijan "On the State Budget Of the Republic of Azerbaijan for 2017 "and to inform the Cabinet of Ministers of the Republic of Azerbaijan thereabout.

[illegible]

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In mid 90s, as the results of agrarian reforms carried out by the initiative and under leadership of the national leader Heydar Aliyev, farm business has developed in the country with the privatization of lands, which resulted with the formation of new economic relationships in rural areas.

Laws “on basis of agrarian reforms”, “on reform of state owned farms and collective farms” and “on land reform” adopted in 1995 – 1996 years created state, municipal and private land ownerships while also opening opportunities for formation of modern agribusinesses, increase of interest in and responsibility for results of farming activity, as well as prospective development of cooperation.

As part of continuous state policy implemented, the Executive Order of the President of the Republic of Azerbaijan, dated July 14, 2017 envisaged the approval of the “the State Program on Development of Agricultural Cooperation in the Republic of Azerbaijan for 2017-2022 years”.

Under this Order, the following tasks are planned by the Ministry of Agriculture of the Republic of Azerbaijan:

- Ensure creation of the structural unit dealing with the development of agricultural cooperation in view of the staff number in the administration of the Ministry;
- Carry out systemic and complex measures considering the experience of countries gained successful results in the field of the agricultural cooperatives business;
- Ensure preparation of model regulations of agricultural cooperatives and their unions.

In addition, the Ministry of Agriculture is commissioned to coordinate measures planned under the State Program, which has been approved by this Order. Meanwhile, the Ministry should Report to the President of the Republic of Azerbaijan twice a year on the progress in the implementation of the State Program as specified by the Presidential Order.

According to the Order, Administration of the President of the Republic of Azerbaijan shall exercise overall supervision on the implementation of the State Program, whereas the Cabinet of Ministers shall be responsible for resolution other issues arising from this Order.

AMENDMENTS TO THE HOUSING CODE OF THE REPUBLIC OF AZERBAIJAN



President of the Republic of Azerbaijan issued a Decree on introduction of the Law № 739-VQD of the Republic of Azerbaijan “on Amendments to the Housing Code of the Republic of Azerbaijan”, dated June 13, 2017 and amendments to the Decree № 153 of the President of the Republic of Azerbaijan “on introduction of the Law of Republic of Azerbaijan “on approval, entry into force of the Housing Code of the Republic of Azerbaijan and associated legal regulatory issues”, dated August 27, 2009.

According to the Decree, the Cabinet of Ministers of the Republic of Azerbaijan shall be commissioned with carrying out of the following tasks:

- To submit to the President of the Republic of Azerbaijan proposals in respect of harmonizing the effective legislation of the Republic of Azerbaijan and the acts of the President of the Republic of Azerbaijan with the Law of the Republic of Azerbaijan “on amendments to the Housing Code” within three-months period;
- Elaborate and present to the President of the Republic of Azerbaijan within three- months period the draft law determining the liability for breach of the Housing Code of the Republic of Azerbaijan, particularly the provisions associated with the setup and operation of housing-construction cooperatives and the selection of the type of management of multi-storied buildings;
- Determine the rule of managing the multistoried buildings within three- months period, subject to consent of the President of the Republic of Azerbaijan, as specified by the relevant Article of the Housing Code of the Republic of Azerbaijan;
- Ensure harmonization of the normative legal acts of the Cabinet of Ministers of the Republic of Azerbaijan with the Law “on amendments to the Housing Code of the Republic of Azerbaijan” within three- months period and inform the President of the Republic of Azerbaijan thereabout;

- Keep under control the harmonization of the normative legal acts of central executive authorities with this Law and report to the President of the Republic of Azerbaijan on its implementation within five- months period;

- Resolve other issues arising from this Law.

According to the Decree, the Ministry of Justice shall harmonize the normative legal acts of central executive authorities and the normative acts of other character with the Law of the Republic of Azerbaijan “on amendments to the Housing Code of the Republic of Azerbaijan” and report to the Cabinet of Ministers of the Republic of Azerbaijan.

The Rule determined by this Decree shall also cover the following issues:

- Determine fee for residential space and utility services (including establishing the difference between residential and non-residential spaces);
- Transfer of voting rights of area owners (residents) of multistoried buildings to adopt a decision on an issue within the management of multistoried buildings to another area owner (resident) of that building;
- In order to ensure urgent resolution of any problems to be arising in management of multistoried building, create and use a reserve fund based on the part of the fee collected for residential space;
- Obtain advance agreement of area owners (residents) of a multistoried building with conclusion of contracts (including labor contracts) between managing party and third parties within the management of multistoried building;

- Current and capital repair of multistoried building by managing party, as well as repair by owner (resident) in the area under his/her ownership;
- Regular reporting by managing party to area owners (residents) of multistoried building;
- Material responsibility for the managing party and area owner (resident) for failure in fulfillment or insufficient fulfillment of duties.

Tasks assigned to the Ministry of Economy of the Republic of Azerbaijan shall be the followings:

- Exercise regular control on compliance of the managing party with the requirements of the Housing Code of the Republic of Azerbaijan, particularly the provisions associated with the setup and operation of housing-construction cooperatives and the selection of the type of management of multi-storied buildings;
- Ensure that contracts on management of multistoried buildings signed with area owners (residents) are signed again once the rule on management of multistoried buildings become effective;
- Investigate requests received regarding the issues indicated in relevant paragraphs of this Decree and take necessary measures;
- Report to the President of the Republic of Azerbaijan on actions taken.



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