



AZERBAIJAN:

LEGAL ASPECTS OF INVESTMENT AND PERSPECTIVE DEVELOPMENT OF RENEWABLE ENERGY

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MACROECONOMIC INDICATORS OF AZERBAIJAN REPUBLIC (2016)

GDP

- General: 37,8 billion.\$
- Per capita: 3926,5 \$
- Growth rate: 3.8%

Investments

- General: 14,3 billion. \$
- Local: 4,1 billion. \$
- Foreign: 10,1 billion. \$

Trade

- Goods turnover : 20,6 billion. \$
- Export: 11,4 billion. \$
- Import: 9,2 billion. \$

Other macroeconomic indicators

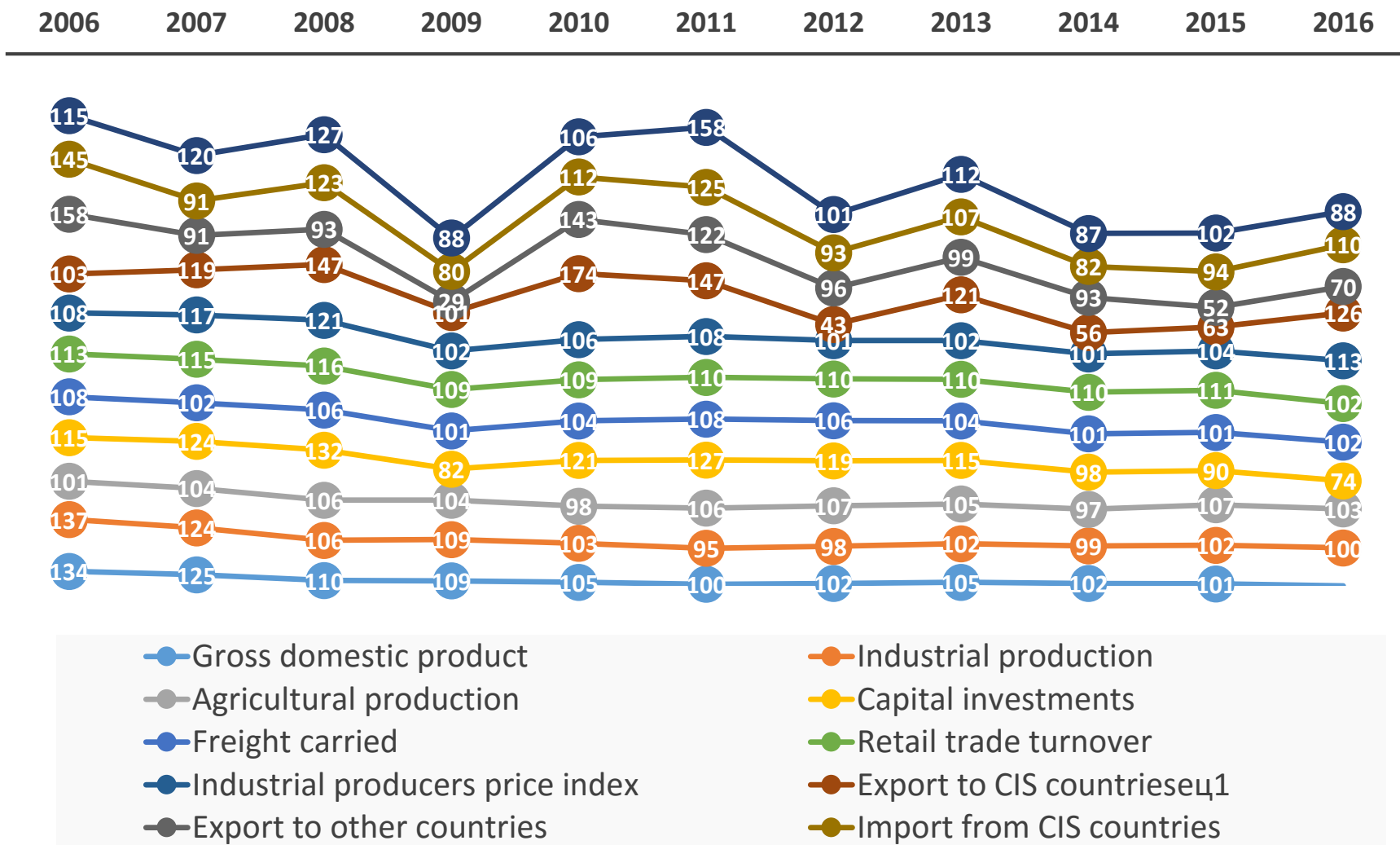
- Inflation: 10,4 %
- strategic currency reserves: 46 billion. \$

Social statistics

- Average monthly salary: 280 \$
- Unemployment: 6.0 %
- Growth of incomes of the population : 4,9 %

MAIN MACROECONOMIC INDICATORS 2006-2016

(as % of the previous year)



INVESTMENT CLIMATE

Hospitable policy

**National treatment
for foreign
investors**

**Absence of
restrictions for any
type of foreign
investment**

**Incentives for
foreign investors**

Guarantees

**Guarantees against
adverse changes in
legislation,
nationalization and
requisition**

**Non-discrimination
policy**

**Guarantees of compensation
for damage and repatriation
of profits**

The developed legislative base

**Laws on investment
activities and
protection of
foreign investments**

**New York (1958)
and
Washington(1965)
Convention**

**46 bilateral investment
treaties and
44 agreements on
avoidance of double
taxation**

Institutional support of Government

**Azerbaijan Export and
Investments Promotion
Foundation
(AZPROMO)**

**Azerbaijan
Investment
Company**

**National
Fund for Entrepren
eurship Support**

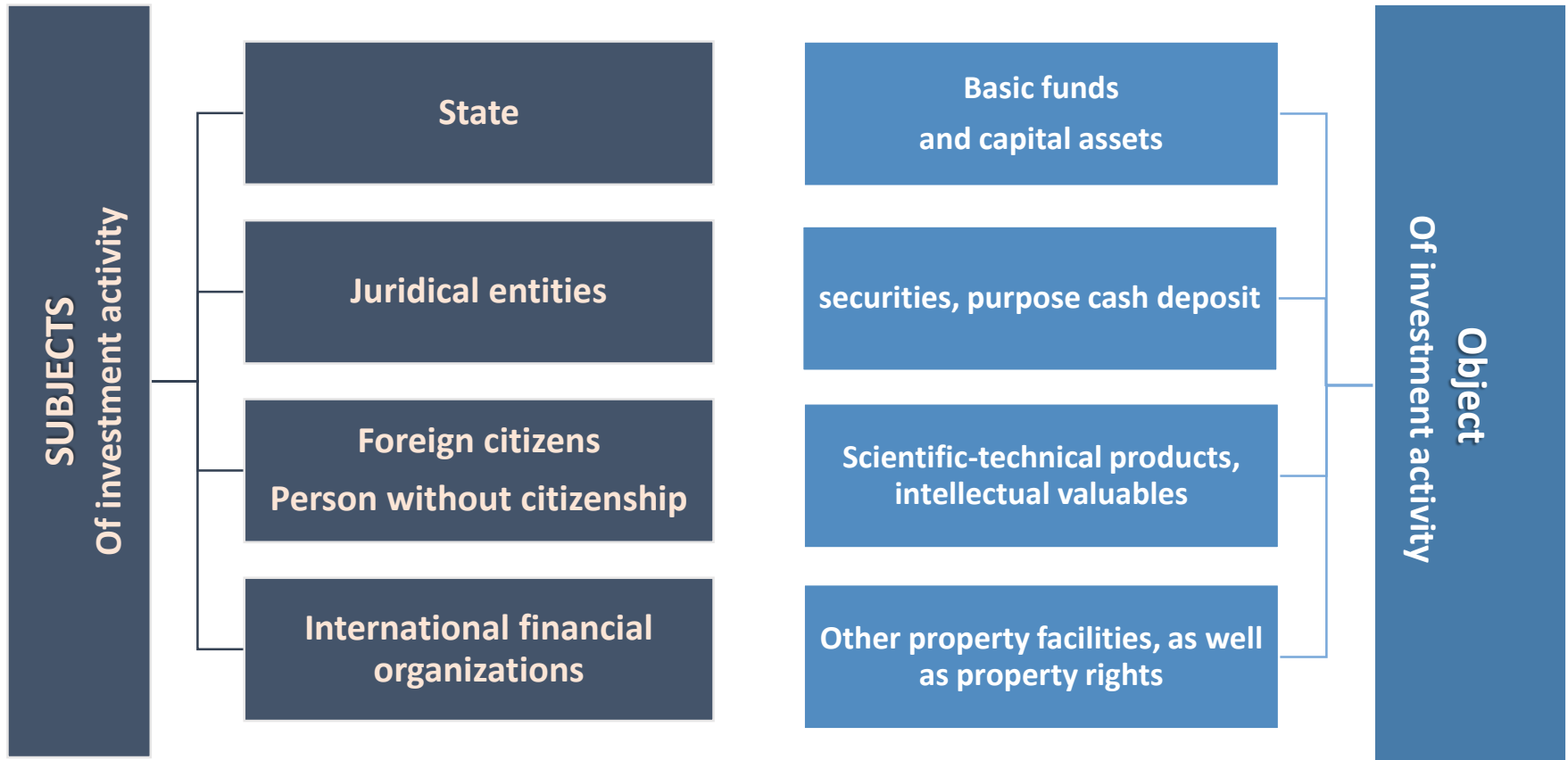
LAW OF THE AZERBAIJAN REPUBLIC «ON PROTECTION OF FOREIGN INVESTMENTS»

*January 15, 1992 № 57
(With changes and additions to the 05.03.2010)*



LAW OF THE AZERBAIJAN REPUBLIC «ON INVESTMENT ACTIVITY»

*January 13, 1995 № 952
(With changes and additions to the 09.10.2007)*



LEGISLATIVE BASE FOR FOREIGN INVESTMENT

- Law «On Utilization Of Energy Resources» (1996) (14.04.2017)
- Law «On power industry» (1998) (as of October 28, 2016)
- Law «Law on Power Engineering» (1998) (as of May 20, 2006)
- Law «About power and thermal plants» (1999)
- Law «On the bowels of the earth» (1998) (as of December 18, 2015)
- About business activity (1992) (as of November 11, 2016)
- About anti-monopoly activity (1993) (as of April 5, 2016)
- On unfair competition (1993) (as of April 3, 2015)
- On natural monopolies (1998) (as of June 2, 2008)
- On public procurement (2001) (as of April 7, 2017)
- On privatization of state-owned property (2000) (20.10.2015)
- On the Implementation of Special Financing for Investment Projects in Connection with Construction and Infrastructure Facilities (2016) and etc.

IMPROVING THE INVESTMENT CLIMATE

Law «About issue of the suspension of inspections in the field of entrepreneurship»

Decree of President of the AR on 26 October 2015 №660 «On additional measures for the application of the law AR «About issue of the suspension of inspections in the field of entrepreneurship» №1410-IVQ on 20 October 2015 and on state regulation of inspections conducted in this sphere»



Ministry of Health

Ministry of Agriculture

**Financial Market
Supervisory Authority**

Central Bank

MES

SAPSSI

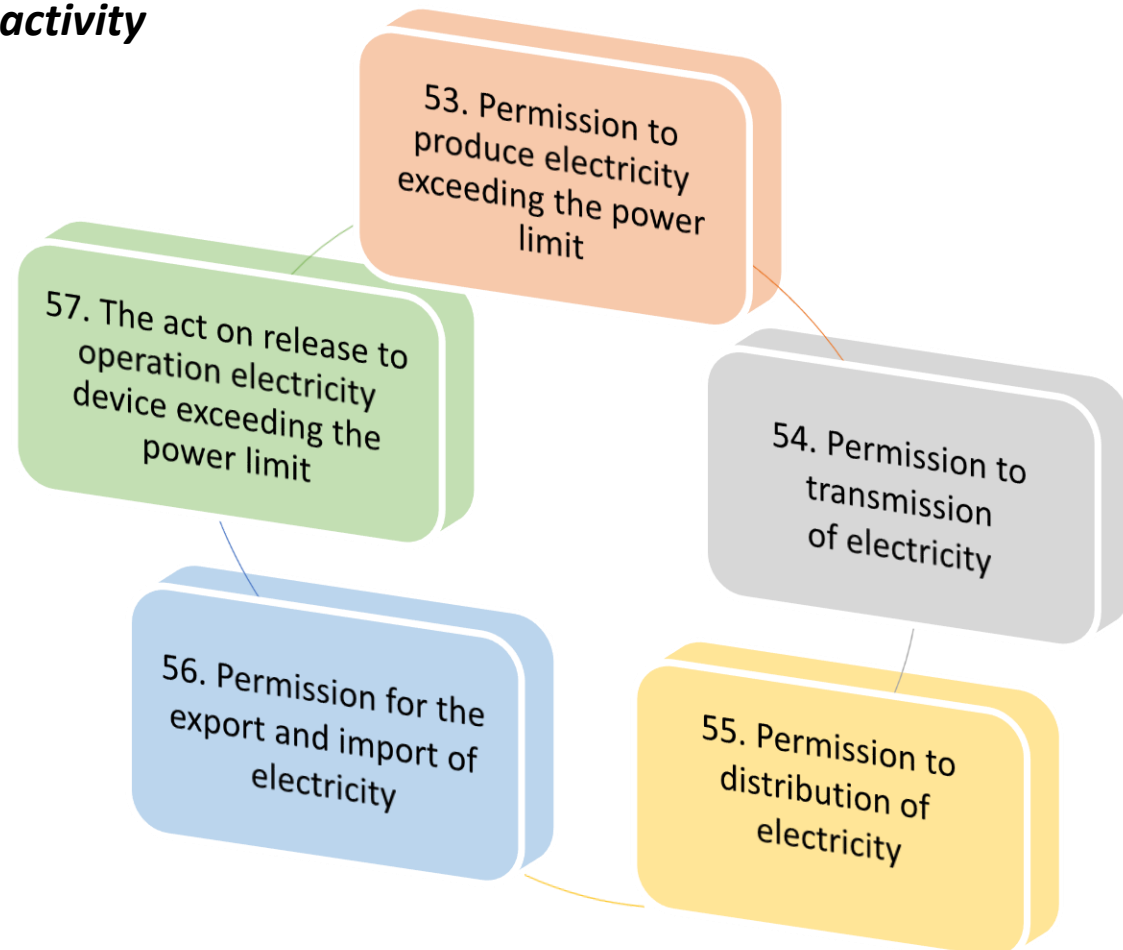
Approved checklist, allowed by facts, creating a serious threat to life and health of people, security of the state and economic interests.

STIMULATE THE DEVELOPMENT OF ENTREPRENEURSHIP

**Laws of the Azerbaijan Republic on 15 March 2016 №176-VQ
«About licenses and permissions»**

***Annex №3 to Laws of the Azerbaijan Republic " About licenses and permissions". List of
permissions and types of business activity***

***Decisions of the Cabinet of
Ministers of the AR on 24
November 2016 № 482 «On
determination of electricity
production and power limits for
the commissioning of electrical
installations»***



TARIFFS FOR ELECTRICITY

Decision № 17 on 28 November 2016

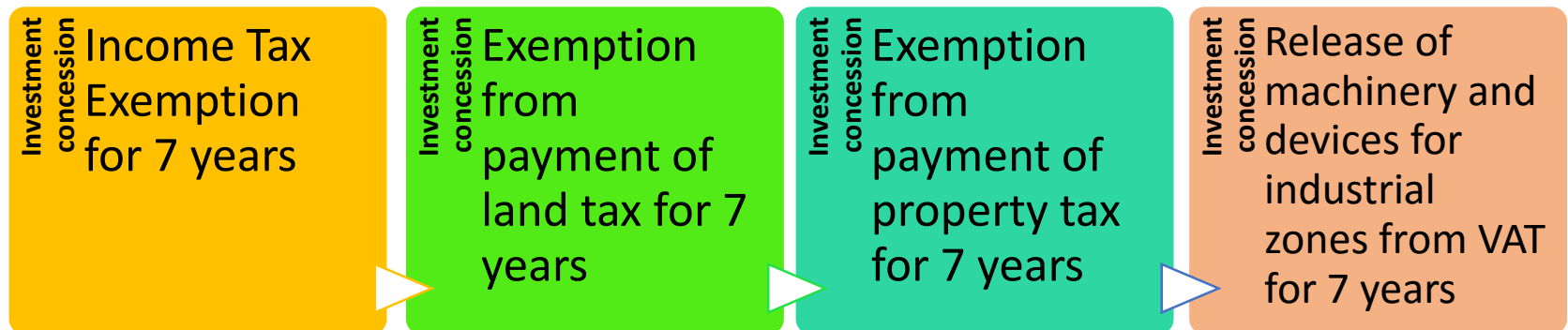
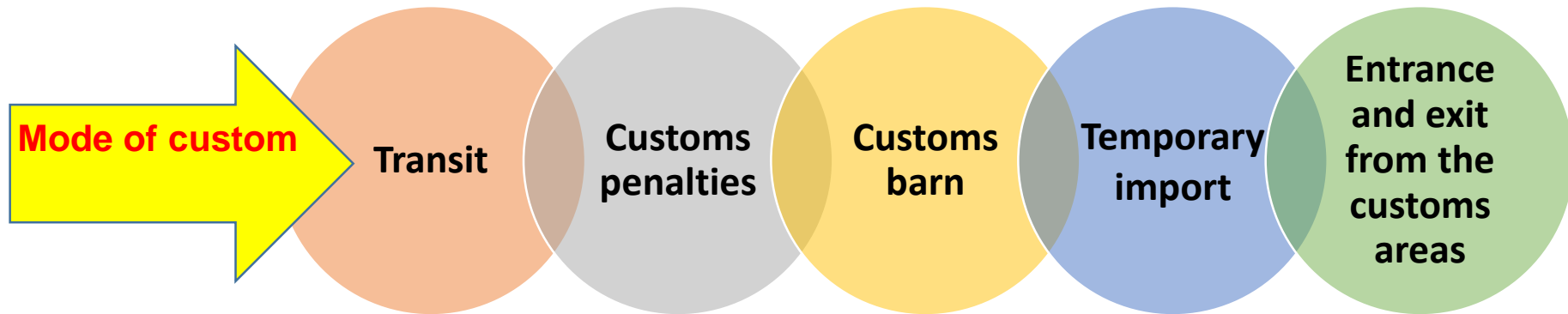
«About Regulation of the electricity tariffs within the Republic»

No	Services	Tariffs (inc VAT) kopeck/ EUR cent KWh)
1.	Purchase from the producers	
1.1.	Small private hydro	5,0 / 2,4
1.2.	Wind energy	5,5 / 2,7
1.3.	Other RE sources	5,7 / 2,8
2.	Wholesale price	5,7 / 2,8
2.1.	Energy supply realized directly from the 35KV and 110 KV lines, having stable load demand within a day, chemical and aluminum industries with average demand not less than 5 million KWh per month for production purposes, steel smelting production enterprises based on mining ore	
2.1.1.	Daytime (08.00- 22.00)	5,8 / 2,9
2.1.2.	Nighttime (22.00- 08.00)	2,8 / 1,4
3.	Transit price	0,2 / 0,1
4.	Retail prices	
4.1.	Residential	
4.1.1.	For the part of the monthly consumption volume below 300 KWh (300 KWh included)	7,0 / 3,5
4.1.2.	For the part of the monthly consumption volume more than 300 KWh	11,0 / 5,5
4.2.	Nonresidential	9,0 / 4,5

INVESTMENT PROMOTION

- On the establishment of Boards of Appeal at central and local executive bodies
- Decree «On additional measures related to investment promotion» on 18 January 2016
- Decree “On additional measures to promote the non-oil export” on 1 March 2016
- Decree on 20 April 2016 «Rules For Issue of Investment Promotion Certificate»
- Decree on 13 July 2016 about creation of «Commission to ensure the sustainability of the recently achieved rapid development»
- Decree on 20 April 2016 about creation of «Center for Analyses of Economic Reforms and Communications»
- Decree on 6 December 2016 approved «Strategic road maps for the national economy and main economic sectors»

REFORMS IN THE TAX AND CUSTOMS SPHERE



REGULATION OF INVESTMENTS BY MULTILATERAL AND BILATERAL INTERNATIONAL TREATIES

Joining the international agreements:

- The Convention on the Settlement of Investment Disputes between States and Nationals of Other States,
- The Convention Establishing the Multilateral Investment Guarantee Agency,
- Convention on the Recognition and Enforcement of Foreign Arbitral Awards,
- CIS Convention on Protection of Investor Rights and etc.

Cooperation with international organizations:

- EBRD, ADB, WB, IDB, IFC,
- UNIDO, UNECE, UNCTAD, UNDP
- EU, ECB, OSCE, OIC, CIS
- IEA, IRENA, WEC
- KfW, JICA, KOICA, TICA

RES PROJECTS

Small Hydro Power Plants (SHPP)

SHPP «Taxta korpu», 25 MW



SHPP «Ismayilli», 1.6 MW



SHPP «Goychay», 3 MW



SHPP «Arpachay», 20.5 MW



RES PROJECTS

Wind Power Plants (WPP)

WPP at polygon«Gobustan»	2,7 MW
WPP «Pirakushkul» (southern)	80 MW
WPP «Yeni Yashma»	50 MW
WPP «Khizi» (Shurabad)	48 MW
WPP «Mushviq»	8 MW
WPP «Khizi» (Sitalchay)	5,3 MW



RES PROJECTS

Solar Power Plants (SPP)

"Gobustan" SPP (1.8 MW)



"Nakhchivan" SPP (20 MW)



"Suraxani" SPP (2.8 MW)



"Pirallahi" SPP (2.8 MW)



USING SOLAR PANELS TO IMPROVE ENERGY EFFICIENCY ON SOCIAL BUILDINGS

Children's Clinic №16
(25 KW elect., 40 KW thermal)



High school at Bina № 149
(60 KW thermal)



High school № 166
(32 KW elect., 60 KW thermal)



High school № 239
(5 KW elect., 3 KW thermal)



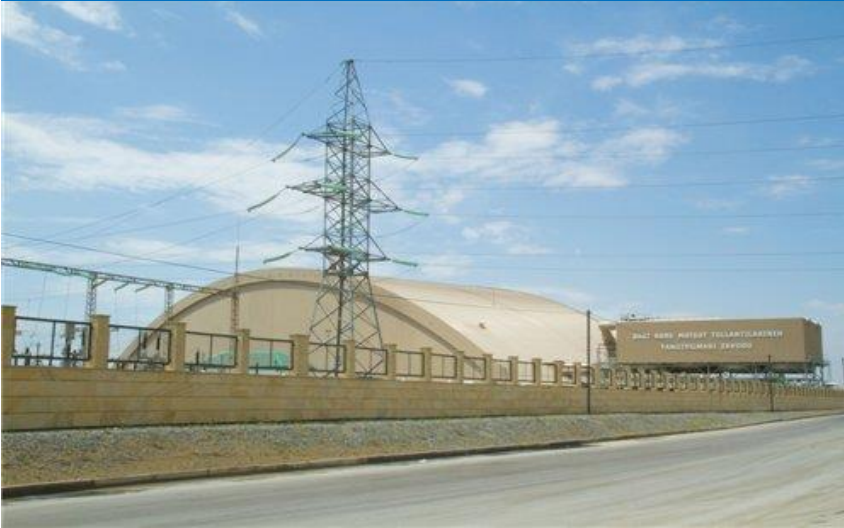
High school № 320
(25 KW elect., 40 KW thermal)



Sports Complex
(6x50 KW elect., 6x135 KW thermal)



Thermal power plant on household waste (37 MW)



Solar panel factory "Azguntex" (line 75 MW)



"Samukh" agro-energy complex (14 MW)



Wind PP 5 MW

Solar PP 5 MW

Biomass 2 MW

Geothermal 2 MW

PROJECTS UP TO 2020 (TOTAL 420 MVT)

№	Type of plant	Project title	Capacity, MW
			electricity
1	WPP	Wind Power Plants - total	350
1.1		Absheron-Khizi WPP*	70
1.2		Absheron-Garadagh WPP**	55
1.3		Shurabad (Khizi) WPP	55
1.4		Lokbatan WPP	25
1.5		Khizi WPP	145
2	SPP	Solar Power Plants- total	50
2.1		Siyazan SPPP	30
2.2		Absheron-Khizi SPP*	10
2.3		Absheron-Garadagh SPP**	10
3	Biomass PP	Biomass PP- total	20
3.1		Samukh Biomass Cogeneration Plant	1.1
3.2		Samukh Biomass Cogeneration Plant	2.2
3.3		Aghjabedi Biomass PP	4.5
3.4		Siyazan Biomass Cogeneration Plant	3.0
3.5		Oghuz Biomass PP	2.2
3.6		Imishli Biomass PP	2.0
3.7		Bilasovar Biomass PP	3.0
3.8		Aghjabedi Biomass PP	2.0



**THANKS FOR
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**The State Agency on Alternative and
Renewable Energy Sources of the
Republic of Azerbaijan**

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