Public Private Partnership In Azerbaijan

March 2024
About Azerbaijan

Strategic Location

Due to its unique location and despite being a landlocked country, Azerbaijan is a part of the numerous transport corridors:

Cargo flow through the territory of Azerbaijan consistently grows each year. In 2022, the volume of transit transportation increased by 75%.

Economic overview

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil GDP at current prices, bln US$</th>
<th>Non-oil GDP at current prices, bln US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>38</td>
<td>66%</td>
</tr>
<tr>
<td>2017</td>
<td>41</td>
<td>63%</td>
</tr>
<tr>
<td>2018</td>
<td>47</td>
<td>58%</td>
</tr>
<tr>
<td>2019</td>
<td>48</td>
<td>62%</td>
</tr>
<tr>
<td>2020</td>
<td>43</td>
<td>70%</td>
</tr>
<tr>
<td>2021</td>
<td>55</td>
<td>62%</td>
</tr>
<tr>
<td>2022</td>
<td>79</td>
<td>52%</td>
</tr>
</tbody>
</table>
PPP Law was enacted in Azerbaijan in December 2022

**Law on PPP No. 691-VIQ dated 09.12.2022**

- **Defines** Public-Private Partnerships and objectives
- **Outlines** institutional framework including governance, etc.

**Presidential Decree dated 27.12.2022**

- **Defines** oversight roles of President and Cabinet of Ministers
- **Entails** the adjustment of regulations for the Ministry of Economy

**“Public-Private Partnership” rules In progress**

- **Details** key activities across the PPP life cycle
- ** Defines** key decision rights, timelines
First PPP project in Azerbaijan

Desalination plant

Objective of the project:
• Cover the growing drinking water demand of Baku and the Absheron peninsula
• Diversify the fresh water sources
• Reduce the government’s financial and technical burden from the drinking water supply
• Promote best drinking water supply practices and technology transfer to Azerbaijan

Project description:
• Design, build, operation and management of a seawater desalination plant with an annual capacity of 100 mcm in Sumgayit based on the BOT model

Project duration:
• According to the contract, the duration of the plant construction (including commissioning) is 2.5 years, and after 25 years of operation by the private partner, the plant will be fully transferred to Azerbaijan State Water Resources Agency
Strategic Priorities

Azerbaijan 2030: National Priorities for Socio-Economic Development

1. A steadily growing, competitive economy
2. A dynamic, inclusive society based on social justice
3. Areas of modern innovations and competitive human capital
4. The great return to the territories liberated from occupation
5. A clean environment and country of “green growth”
Potential sectors for PPP projects

**Transportation**
- Roads
- Railways
- Ports

**Healthcare**
- Hospitals
- Laboratories

**Water and Sanitation**
- Wastewater treatment
- Irrigation, collector-drainage system

**Education**
- STP
- Dormitory
- VAT
- Pre-school

**Waste management**
- Integrated waste management system

**Agriculture**
- Establishment of utility facilities for the disposal of dead animals

Compliance with the National Socio-Economic Strategy and other strategic documents
Challenges & Solutions

1. Blurriness on roles and responsibilities
   - Developing regulatory framework, guidelines

2. Capability building and Expertise
   - Arrangement informative sessions with relevant ministries

3. Small/Medium Project Preparation Costs
   - .......

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