



Public Private Partnership In Azerbaijan

2024 Asia Public-Private Partnership Practitioners' Conference

22-23 October 2024

Seoul, Republic of Korea

Contents



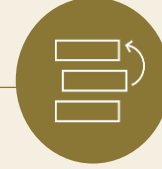
**About
Azerbaijan**

Page: 3-4



**PPP in
Azerbaijan**

Page: 5-7



**The first PPP
project/
PPP pipeline**

Page: 8



**Challenges &
Solutions**

Page: 9



**COP29
Baku,
Azerbaijan**

Page: 10

About Azerbaijan

Why to Invest in Azerbaijan!

Robust and continuously growing economy



Center of the International transport corridor between Europe and Asia

Favorable climatic conditions, that create significant potential in agriculture and renewable energy sectors



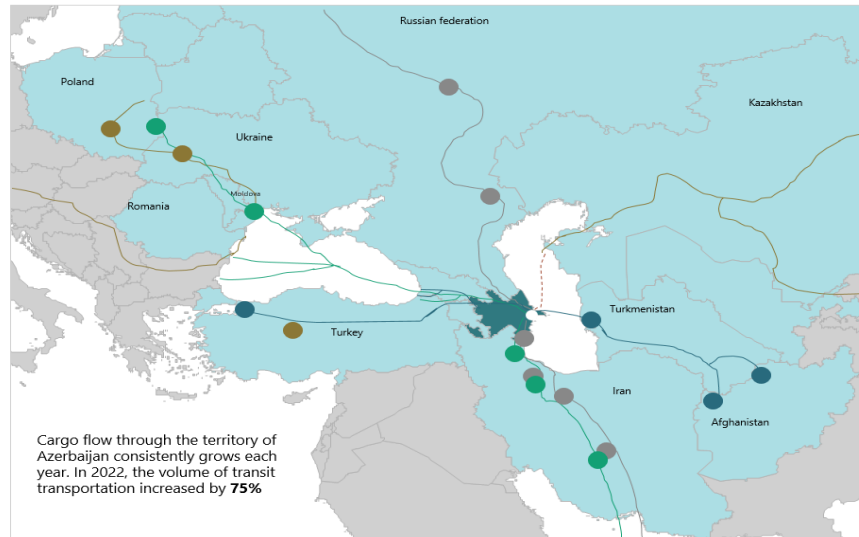
Highly educated and skilled workforce

Liberal Investment Climate and Broad Opportunities












Strategic Location

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



- **South-West transport corridor** (India, Persian Gulf, Iran, Azerbaijan, Georgia, Ukraine, Europe)
- **Trans-Caspian international transport route** (China, Kazakhstan, Azerbaijan, Georgia, Türkiye, Ukraine, Europe)
- **North-South transport corridor** (India, Persian Gulf, Iran, Azerbaijan, Russia, Europe)
- **Lapis-Lazuli transport corridor** (Afghanistan, Turkmenistan, Azerbaijan, Georgia, Türkiye)

Improved Investment Climate

 No discrimination between foreign and domestic investors	 No limits on the amount of foreign capital in companies	 No restrictions on repatriation of profits
 No prior authorization of foreign investment required	 No foreign exchange restrictions	 No technology transfer restrictions
 No local counterpart requirement	 Temporary residence allowed upon investments	 Limited price control

Sustainable development index 73.5

Azerbaijan reached 50th place out of 193 countries in "Sustainable development - 2022" report prepared by United Nations and published by Cambridge University. It is the highest index in the South Caucasus.

The following measures are carried out in order to stimulate investment activity:

• Various tax related benefits and other government payments	• Provision of loans on preferential terms
• Expansion of the mechanism of public-private partnership	• Other measures aimed to stimulate investment activity

Azerbaijan 2030: National Priorities for Socio-Economic Development



Public-Private Partnership (PPP) in Azerbaijan

The Law on PPP enacted in December 2022

- Defines **Public-Private Partnerships** and **objectives**
- Outlines **institutional framework** including **governance**, etc.;
- The Law do not apply to activities in the **oil and gas field and the use of renewable energy sources** in the production of electricity.

The Rule on PPP enacted in March 2024

- **It complements the Law** in detailing roles and responsibilities of stakeholders;
- Details **key activities** across the **PPP life cycle**;
- Defines **key decision rights, timelines**;
- Projects with a potential total value exceeding **30 million AZN (around 18 million USD)**.

Vision for PPP in Azerbaijan

- Harnessing the power of public-private partnerships to **deliver next-generation projects that advance ESG and digital transformations**;
- **Enhance efficiency**;
- Drive holistic **economic, social, and environmental impacts**.

4 core principles for partnering with the private sector



The rule of law –
protect free competition
and equal rights



**Transparency and
accountability**



**Value for
money**



**Innovation and
efficiency**

Public-Private Partnership (PPP) in Azerbaijan

FORMS OF STATE SUPPORT

- **Organization of the provision of goods, materials, raw materials, equipment** for the implementation of the PPP project;
- **Guarantee of the minimum level of income** of the PPP project;
- **Guarantee of the purchase** of a certain volume of products within the framework of the PPP project;
- **Provision of subsidies and (or) loans, capital investment;**
- **Guarantee regarding the level of regulated prices;**
- **Provision of temporary exclusive rights** on the territory of the republic of azerbaijan or a part of it;
- **Compensation for costs and lost benefits** incurred by the private partner in cases provided for in the PPP agreement.

PPP PIPELINE in Azerbaijan



❖ WE ARE WELCOMING PRIVATE INITIATORS TO START PPP PROJECTS: Potential sectors for PPP projects

- Roads
- Railways
- Ports
- Irrigation, collector drainage system
- Airports
- Energy
- Dormitory
- Vocational education and training
- Pre-school
- Social housing
- Sports facilities
- Data center

First PPP project in Azerbaijan: Sea Water Desalination Plant

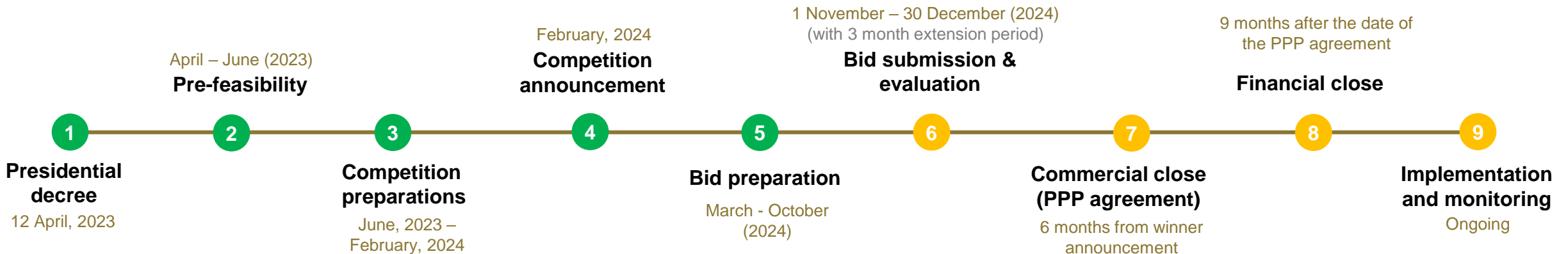
Objective of the project:

- 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 water supply;
- Promote best drinking water supply practices and technology transfer to Azerbaijan.

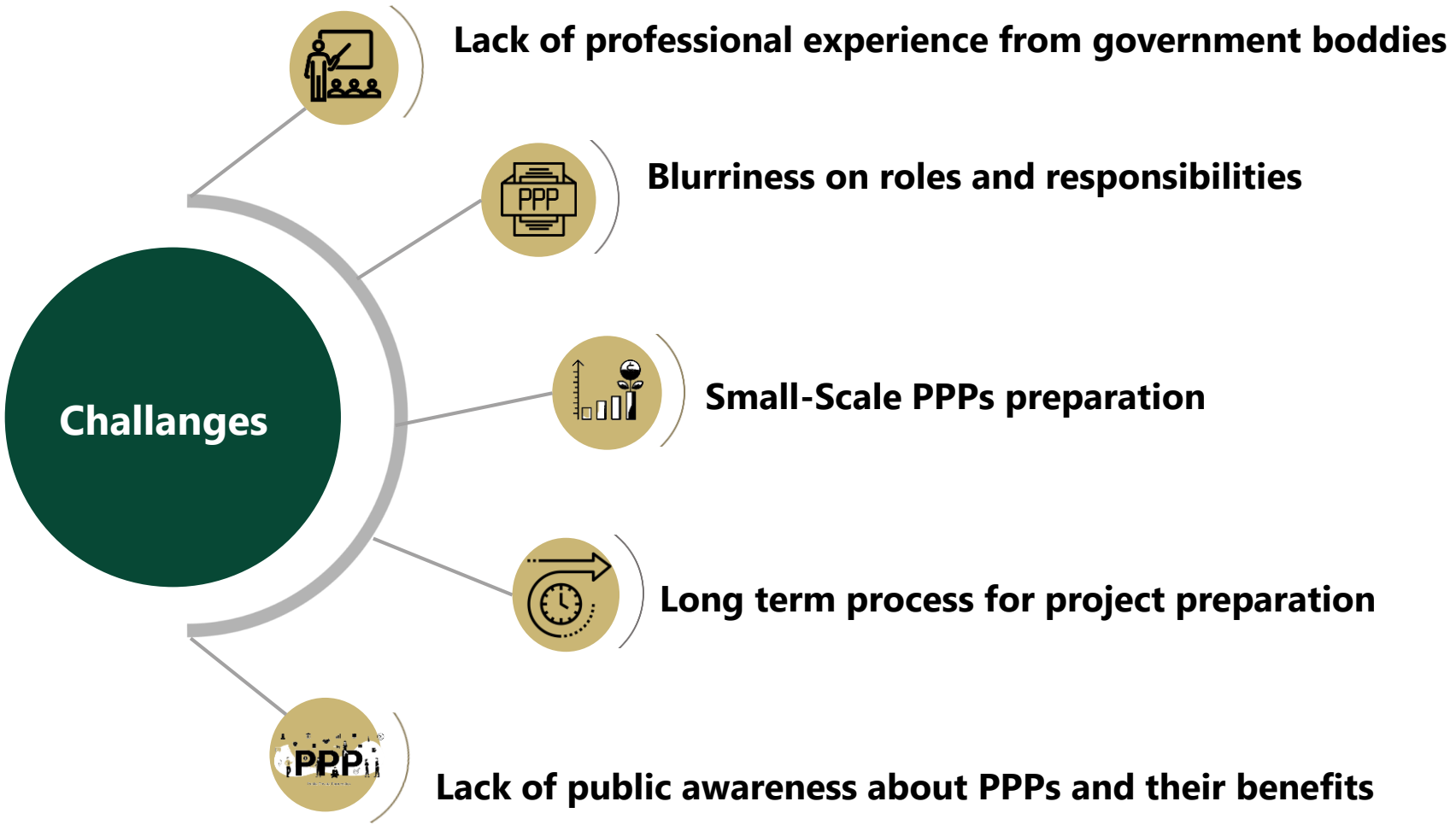
Project description: BOT model, with an annual capacity of **100** million cubic meter;

Project duration: **27.5 years** (plant construction 2.5 years, operation 25 years);

Private partner selection: Project proposals will be evaluated based on **financial (60%)** and **technical (40%)** criteria.



Challenges & Solutions



2024 United Nations Climate Change Conference: COP29, Baku, AZERBAIJAN In Solidarity for a Green World



The Climate Finance Action Fund (CFAF): It is planned to collect 1 billion dollars through the Fund from countries that mainly use oil, gas, and coal.

Key aspects of the CFAF include:

- 1.Climate Resilience and Adaptation:** The fund focuses on projects that enhance the resilience of communities affected by climate change;
 - 2.Green Energy Investments:** the promotion of renewable energy projects, including solar, wind, and clean hydrogen technologies;
 - 3.Innovative Financial Solutions:** innovative financing mechanisms, including public-private partnerships, carbon credits, and green bonds,
 - 4.Support for Developing Countries:** The CFAF prioritizes the needs of developing nations, particularly in Africa, Southeast Asia, and Latin America, which face the brunt of climate change but have limited financial resources to address it
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PPP events:

1. Advancing on sustainable finance and strategies for climate resilience through PPP projects and the role of the private sector in addressing climate change
2. The Role of Public-Private Partnerships (PPP's) in Water Resources Management



MINISTRY OF ECONOMY
OF THE REPUBLIC OF AZERBAIJAN

THANK YOU!

Public-Private Partnership in Azerbaijan

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