

PwC Azerbaijan Times

Issue №6

Overview of this Issue:

- **Amendment to the process of State Procurement**
- **Presidential Decree on establishment of State Agency for Apartment Building under the President of the Republic of Azerbaijan and organization of its activity**



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For any questions related to the information included herein, please contact

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Amendment to the process of State Procurement

The amendments to the Law on State Procurement provides that centralized procurement of food products (except wheat purchased for the purpose of the State Grain Fund of Azerbaijan) on the account of the state budget by state enterprises and organisations shall be carried out by the Ministry of Agriculture of Azerbaijan (the “Ministry”), in accordance with the new Rules, adopted on 11 April 2016. The purposes of these Rules are to stimulate the production of agricultural products, to increase quality of food products in the country, to provide effective use of state means, to serve as a background for increase of social welfare of populations engaged in agriculture in different regions and to determine main procedures and principles of centralized procurement of food products on the account of the state budget, as well as criteria for calculation of value of these products.

Pursuant to the Rules, upon receiving information on their needs for food products from state enterprises and

organisations in a form determined by the Cabinet of Ministers, the Ministry shall release the list of food products considered for procurement and advertisement on price and conditions of procurement on the Ministry’s electronic portal not later than 1 August of each year. Furthermore, the Ministry shall place information on producers of food products on its electronic portal not later than 1 September 2016. Food producers willing to participate in procurement process, whose names have not been placed on the Ministry’s electronic portal, can voluntarily apply to the Ministry or through ASAN Service Centre.

Food products’ procurement and supply Open Joint Stock Company, which has been established by the Presidential Order, will carry out purchase of food products considered for procurement from producers and sellers, and deliver them to state enterprises and organisations.

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Presidential Decree on establishment of State Agency for Apartment Building under the President of the Republic of Azerbaijan and organization of its activity

A new State Agency for Apartment Building (the “Agency”) has been established by the Presidential Decree. The Agency is a central executive power body, responsible for building residential buildings and other construction projects; for providing citizens of Azerbaijan with an opportunity to purchase housings at discounted price and ensuring efficient use of funds allocated for the construction of residential buildings.

A new “MIDA” Limited Liability Company (“MIDA LLC”) should be also established under the State Agency for Apartment Building. In fact, MIDA LLC should act as the State-owned developer, selecting contractors by way of competition in accordance with the Law on State Procurement. The payments for the works done by contractors to be allocated by MIDA LLC and stages of construction works and payment conditions to be determined by the Agency. The contractors will be required to provide to the Agency bank guarantee in the amount equal to the value of the contract signed between MIDA LLC and the contractor.