

Approved by the Decision of the Board of the
Ministry of Finance of the Republic of Azerbaijan
No. Q-06 dated May 22, 2017.

**Regulations on methodology for calculating the amount of cooperation assistance
and guarantee obligations of the contract concluded within the “Build-Operate-
Transfer” model**

1. General Provision

1.1. These regulations were prepared in line with the implementation of the article 3.16 of the “Rules on establishing terms of execution of investment projects by investors with respect to construction and infrastructure facilities based on "Build-Operate-Transfer" model, requirements to investors depending on the types of construction and infrastructure facilities, specifications and terms of agreements, and ways of determination of the value of goods and services to be produced through investment” approved by the Decree of the President of the Republic of Azerbaijan dated December 7, 2016 and determines the methodology for calculating the amount of funds envisaged for the authorized body in the state budget each year for financing cooperation assistance and guarantee obligations on signed agreements in accordance with the Law of the Republic of Azerbaijan “On Budget System” pursuant to Articles 2.0.5 and 7.2 of the Law of the Republic of Azerbaijan “On the implementation of special financing for investment projects in connection with construction and infrastructure facilities”.

2. Terms and Definitions

2.1. The terms and definitions used in this Regulation have the following meanings:

2.1.2. authorized body - the Ministry of Economy of the Azerbaijan Republic;

2.1.3. investor – resident and non-resident legal entities, branches and/or permanent representatives carrying out investment activities in accordance with the Law of the Republic of Azerbaijan "On investment activities";

2.1.4. cooperation assistance - financial assistance provided by the authorized body, determined by agreement of the parties, taking into account the service fees paid by

consumers and losses of the investor in cases where it is impossible for consumers to fully or partially reimburse the costs incurred by the investor in the investment project;

2.1.5. guarantee obligation - an obligation undertaken by the authorized body in accordance with the Civil Code of the Republic of Azerbaijan to purchase goods and services produced by the investor to a certain extent;

3. Calculation of cooperation assistance and guarantee obligation

3.1. When calculating the amount of cooperation assistance provided for the authorized body in the next year's state budget, the total amount of cooperation assistance determined by the authorized body under agreements with investors during the current year shall be taken as a basis.

3.2. The average monthly amount of the guarantee obligation is determined by dividing the amount of the guarantee obligation under the contracts concluded by the authorized body during the 6 months of the current year by the number of those months. The amount of the annual guarantee obligation is calculated in accordance with the amount of the established average monthly guarantee obligation.

3.3. In accordance with Article 11.8 of the Law of the Republic of Azerbaijan "On Budget System", the authorized body shall provide to the Ministry information on the amounts of cooperation assistance and guarantee obligation calculated in accordance with paragraphs 3.1 and 3.2 of this Regulation by 1 July to be considered in the draft state budget for the next budget year.

3.4. The authorized body shall attach substantiating materials on estimations and calculations to the information submitted in accordance with paragraph 3.3 of this Regulation.

3.5. The amount of cooperation assistance and guarantee obligation specified in accordance with paragraph 3.4 of this Regulation shall be included in the draft state budget for the next budget year.