

## Decree of the President of the Republic of Azerbaijan on Additional Measures to Increase Transparency and Accountability in Extractive Industries

Special attention is always attached to transparency and accountability in the Republic of Azerbaijan as important factors for sustainable operation and development of state-of-the-art government system. Notable results have been achieved in this field, at the same time, the measures to expand introduction of information-communication technologies in public administration, ensure broader transparency in access to information and increase public participation and to strengthen cooperation with civil society organizations are being continued up to the date.

Greater value is attached to enhanced transparency and accountability, as well as the internationally accepted principles within the framework of sustainable strategy for the fight against corruption and closer cooperation with specialized international organizations.

Ensuring the promotion of higher transparency in extractive industry, Azerbaijan joined the Extractive Industries Transparency Initiative, becoming the first ever country with full membership status at this Initiative and published all related reports periodically. The achievement of transparency in extractive industry and measures for improvement of public services in the country received high international appreciation, and Azerbaijan was awarded the UN Public Services Award and Extractive Industries Transparency Initiative Award in 2009.

Azerbaijan supports all international efforts to ensure transparency and accountability in extractive industry regardless of its membership in any international initiatives, and it is dedicated to continue with the implementation of international standards.

Being guided by Article 109.32 of the Constitution of the Republic of Azerbaijan, re-emphasizing the loyalty of Azerbaijan to the international transparency and accountability principles in extractive industry, in order to maintain management of revenues generated from natural resources for the welfare of country citizens, I adopt:

1. Transparency and accountability standards in extractive industry should be further introduced based on the following international principles:
  - 1.1. Management of revenues generated from natural resources for increased welfare of country citizens and national interests shall be the sovereign power of state;
  - 1.2. Introduction of lean practices for use of revenues generated from natural resources is a key enabler for poverty reduction and sustainable economic development;

- 1.3. Transparency and accountability standards should be promoted in the performance of government bodies, private sector and social relations;
  - 1.4. The state should be accountable to citizens for management of revenues generated from extractive industries;
  - 1.5. Increase of transparency should be achieved with strict compliance with contracts and laws;
  - 1.6. All efforts should be taken to strengthen transparency, as well as public finance management and accountability in public and private institutions involved in extractive industry;
  - 1.7. Financial transparency standards of the country should be applicable to all companies operating in extractive industry;
  - 1.8. All stakeholders including public bodies, companies operating in extractive industry, international organizations, financial institutions, investors and non-governmental organizations should participate in introduction of transparency.
2. In order to ensure transparency and accountability in extractive industry in the Republic of Azerbaijan, “Commission for Transparency in Extractive Industries” (hereinafter referred to as “Commission”) should be established with the following composition:

Chairman of the Commission

Shahmar Movsumov – Executive Director of the State Oil Fund of the Republic of Azerbaijan

Sahib Alakbarov – Deputy Minister of Taxes of the Republic of Azerbaijan

Emin Huseynov – Deputy Minister of Finances of the Republic of Azerbaijan

Sahil Babyev – Deputy Minister of Economy of the Republic of Azerbaijan

Rauf Hajiyev – Deputy Minister of Ecology and Natural Resources of the Republic of Azerbaijan

Yusif Yusifov – Deputy Head of State Statistics Committee of the Republic of Azerbaijan

3. Creation of the Secretariat of the Commission for the arrangement of daily activities of the Commission and carrying out Secretariat function was assigned to the State Oil Fund of the Republic of Azerbaijan.
4. Commission should be tasked:
  - 4.1. To exercise supervision of compliance with international principles provided in paragraphs from 1.1 to 1.8 of this Decree;

- 4.2. In order to ensure transparency in the extractive industry in the Republic of Azerbaijan, to coordinate activities among the government agencies and other institutions participating in the process of forming respective government policies;
- 4.3. To specify the form and terms of submission of reports based on international standards on revenues of government generated from utilization of natural resources, as well as on payments made to public budget by local and foreign companies operating in the extractive industry of the Republic of Azerbaijan;
- 4.4. To ensure appointment of independent and specialized audit company for collection and inspection of reports;
- 4.5. To design summary report based on collected information as per the report template and ensure their disclosure to public on a periodical basis;
- 4.6. To cooperate with non-governmental organizations, private sector representatives and independent experts in all phases of the process of building transparency;
- 4.7. To provide proposals on improvement of normative-legal acts on building transparency in the extractive industry of the Republic of Azerbaijan.
5. The Cabinet of Ministers of the Republic of Azerbaijan should
  - 5.1. Approve the Statute of the Commission agreed by the President of the Republic of Azerbaijan within two months;
  - 5.2. Prepare proposals on harmonization of the acts of the President of the Republic of Azerbaijan within six months and submit them to the President of the Republic of Azerbaijan;
  - 5.3. Ensure the harmonization of the normative legal acts of the Cabinet of Ministers with this Decree and notify the President of the Republic of Azerbaijan in this regard;
  - 5.4. Keep under control the harmonization of the normative-legal acts of central executive authorities with this Decree and notify the President of the Republic of Azerbaijan the execution of it within six months in this regard;
  - 5.5. Resolve other issues arisen from this Decree.
6. Relevant state agencies and enterprises of the Republic of Azerbaijan, as well as foreign companies operating in extractive industry in the Republic of Azerbaijan should be recommended to submit their reports related to utilization of natural resources in form and within terms as defined in paragraph 4.3 of this Decree to the Commission.
7. The Ministry of Justice of the Republic of Azerbaijan should ensure harmonization of the normative-legal acts of central executive authorities and acts with normative value with this Decree and notify the Cabinet of Minister of the Republic of Azerbaijan in this regard.

Ilham Aliyev

President of the Republic of Azerbaijan

Baku city, 5 April 2017

The official internet site of the President of Azerbaijan

<https://en.president.az/>