



Center for Analysis of
Economic Reforms
and Communication

September 2017

AZERBAIJAN ECONOMIC REFORMS REVIEW



Actions Plan for improving the position of the Republic of Azerbaijan in the report “Doing Business” for 2017–2018



“Actions Plan for improving the position of the Republic of Azerbaijan in the report” Doing Business” for 2017–2018”, developed following the meeting of the State Commission on July 28, 2017, established in connection with “Enhancing the business environment in the Republic of Azerbaijan and further improving the country’s position in international ratings” from July 28, 2017 has been adopted as an integral part of the state policy.

The implementation of targeted and consistent measures to ensure the consistency and effectiveness of the intensive reforms undertaken in recent years in Azerbaijan in the field of entrepreneurship, and the reflection of the achieved results in international ratings are at the center of constant attention as an integral part of state policy. At the same time, it is worth to emphasize the measures implemented as part of the activities of the Commission established by the Order No. 2199, of the President of the Republic of Azerbaijan in connection with "Enhancing the business environment in the Republic of Azerbaijan and further improving the country's position in international ratings" (hereinafter "Commission"), dated July 13, 2016.

Thus, the adoption of the "Action Plan on Improving the Position of the Republic of Azerbaijan in the Doing Business Report for 2017-2018" approved at the meeting of the Commission on July 28, 2017, as a logical result of the implemented measures, will play a positive role in implementing targeted measures for the further increase of business and investment-enabling environment and its attractiveness for local and foreign investors, while also enhancing the competitiveness of the country economy, which in turn can be considered as an integral part of the sustainable state policy in this sphere.

In this case, it should be noted that the implementation of the Action Plan in an effective and complex manner will have a positive impact on the improvement of the indicators of the Republic of Azerbaijan in international rankings, in particular, in the report "Doing Business".

Along with this, for information, we note that in the development of the above-mentioned Action Plan, the Commission, as part of its activities reviewed and analyzed the assessments of five rating agencies on Azerbaijan. At internationally,

these assessments are accepted as the main reports. The assessments include the analysis of data on indicators or sub-indicators from international reports such as the Global Competitiveness Report, the Economic Freedom Index, the Global Opportunities Index, the Global Innovation Report, along with the Doing Business report.

Data presented on the basis of the analysis were grouped into three directions - legislative indicators, indicators of practical and administrative application and macroeconomic indicators, which were followed by categorization in various directions.

Further, the methodologies of international rating agencies in all directions as well as specific weight of each indicator against the background of common indicators were studied. Further, international experience regarding the potential reforms was examined to develop relevant actions plan, which was incorporated into the activities of the Commission.

If you check in more detail, as part of the Actions Plan, it is planned to implement reform activities in 9 directions of "Doing Business" report, which can be grouped as following:

I. Issuance of construction permits

1. Establishing an electronic application system for issuance a construction permit and for this purpose, setting up electronic data interchange between all bodies involved in the process of issuing a construction permit;
2. Implement the system of technical specification through the Technical Council;
3. Improve the procedure for issuing opinions as part of the issuance of construction permit taking into account international experience, and optimize the number of bodies for issuing opinions
4. Fully ensure the issuance of construction permits based on "one window" principle (obtaining technical conditions, opinions of various executive authorities and

project examination from local executive authorities under construction permit issuance procedure) in accordance with the legislation and form the sufficient number of entities that have received a construction permit under this mechanism;

5. Develop the master plan and detailed plans of the territories in the city of Baku, and ensure that data on engineering – communications provision, ecology, geology, sanitary protection, fire safety and other specific cases requiring approvals are reflected in these plans;

6. Study of international experience in the implementation of state supervision of construction and preparation of proposals for improving supervision;

7. Introduce “one window” principle in the process of accepting constructed facility into operation;

8. Organize and conduct seminars and trainings on the application of urban planning and construction legislation for construction entities, as well as representatives of authorities responsible for the issuance of construction permits and the implementation of state supervision of construction.

II. Connection to power supply network

1. Launch the system for obtaining technical specifications through the Technical Council and form a sufficient number of users;

2. Form the electronic application system for obtaining technical specifications;

3. Improve the mechanism for eliminating power outages (establishing a limit of outages, determining the amount of compensation for the consumer and fines for the service provider for power outages);

4. Introduce the Geographic Information System (GIS) when creating a map of energy distribution systems;

5. Conduct analyzes and prepare relevant proposals on optimization of costs for connection to the electricity supply network;

6. Introduce minimum quality standards

applicable by the regulator to the services of electricity suppliers.

III. Registration of property

1. Form the sufficient number of users for use of electronic excerpts system;

2. Accelerate cadastral and electronic records in the city of Baku;

3. Create an appropriate mechanism for executing applications for state registration of rights in an expedited manner within one working day.

IV. Getting loans

1. Establish private credit bureaus and ensure their registration;

2. Form sufficient scope of debtors in private credit bureaus;

3. Ensure the integration of data of retail enterprises and public utilities services to the information database of the credit bureau;

4. Support the process of creating a potential for calculation of credit rating of debtors on the basis of information available in the new private credit bureau;

5. Create a registry of movable property encumbered with collateral, improve the mechanism considering the questions of “Doing Business”.

V. Protect minority investors

1. Analyze and improve legislation taking into consideration of the questions of the “Doing Business”;

2. Organize public events in connection with the explanation of the provisions of legislation relating to the protection of minority investors.

VI. Paying taxes

1. Evaluate changes made to the Tax Code in terms of requirements of “Doing Business” to submit additions and amendments to the Tax Code;

2. Increased use of electronic system in order to reduce the time required for the

payment of taxes;

3. Improve VAT- refund mechanism;
4. Introduce electronic system allowing the refund to taxpayer of overpaid taxes, interests and financial sanctions.

VII. Trading across borders

1. Formation of a sufficient number of users of the green corridor system;
2. Reducing the number of documents required for customs clearance;
3. Full launch of the electronic system of certificates required for conducting export operations through the Azexport.az portal and the formation of a sufficient number of users;
4. Establishment of an electronic payment system for export operations;
5. The right of access to electronic basic servers of organizations authorized to issue documents in order to verify the authenticity of documents (certificate of conformity, certificate of origin, phytosanitary certificate, hygienic certificate, etc.) submitted with the customs declaration;
6. Create opportunities for electronic exchange of the above documents between customs authorities with respect to goods transported through state border crossing points and activities for which the law provides for special permits, opinions and licenses (special permits) from relevant government agencies in the appropriate order.
7. Create opportunities to verify the authenticity of a document certifying the origin of goods (certificates of origin) submitted to customs authorities with a view to obtaining preferential preferences for customs payments (providing access to an electronic database).

VIII. Ensure enforcement of contracts

1. Establish an online system for applying to administrative economic courts and form the sufficient number of users;
2. Make relevant amendments to the legislation on the electronic publication of court decisions;
3. Establish alternative mechanism for settlement of disputes;

4. Re-analyze and improve legislation considering questions in "Doing Business".

IX. Closing businesses

1. Re-analyze and improve economic legislation in the light of questions of "Doing Business".

In the end, we note that in order to ensure effective implementation of this Action Plan by all organizations, time limits have been set, which coincides with the stipulated report of Doing Business "on March 31, 2018. So, the main goal is to complete all the works before the established deadline so that all implemented measures are fully taken into account by the evaluation team "Doing Business".



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