

Client Alert

New Public Procurement Restrictions

19 September 2016

On 15 September 2016, the President of Azerbaijan signed a new Decree “*On Additional Measures on Increasing the Efficiency of Executive Authorities and Organizations Funded from the State Budget*” (the “**New Decree**”), which set forth new regulations for public procurement.

In particular, executive authorities of the Republic of Azerbaijan and organizations funded from the State Budget shall phase out the procurement of imported goods (works and services) until 1 January 2018.

There are, however, certain exceptions to this requirement, as set out below:

1. The restrictions set forth above do not apply to the procurement of imported goods (works and services) using funds borrowed from foreign lenders and guaranteed by the State, foreign grants and procurement for the defense and national security purposes, as well as to the procurement of drugs and medical supplies;
2. Where it becomes necessary to procure imported goods (works and services) under contacts concluded before the date of the New Decree (15 September 2016), executive authorities and organizations funded from the State Budget will be required to obtain the consent of the Ministry of Economy of the Republic of Azerbaijan, which is to be granted in consultation with the President of the country;
3. Where it otherwise becomes necessary for executive authorities and organizations funded from the State Budget to procure imported goods (works and services), they will be required to obtain the consent of the Ministry of Economy the Republic of Azerbaijan, which is to be granted in consultation with the President of the country.

The Ministry of Economy the Republic of Azerbaijan will be reporting to the President on the amount of funds spent by executive authorities and organizations funded from the State Budget to procure imported goods (works and services) once every three months.

The full text of the New Decree can be accessed [here](#) (in the Azerbaijani language).

Law stated as of 15 September 2016.

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