**Decree of the President of the Republic of Azerbaijan "On simplifying the construction permit and occupancy permit procedures for selected construction projects"**

The Government of Azerbaijan is implementing a number of reforms under a holistic approach to promote efficiency, accountability and transparency by furthering capacity building of the business environment, in particular fostering free competition, and minimizing the role of  human intervention in public-private sector engagements. In the framework of these reforms, amendments were made the Urban Planning and Construction Code of the Republic of Azerbaijan, the construction permit procedure was simplified by introducing the “single window” tool and reducing the application processing periods with the ultimate aim of developing the construction sector with an inherent multiplier effect, improving construction procedures and promoting private investment.

Improvement of the business environment in the construction sector has had a positive effect on economic revival, as reforms in this sector was recognized by international institutions. Thus, the World Bank Group’s Doing Business 2019 report ranked Azerbaijan 61st under the “Getting Construction Permit” indicator, progressing 100 positions.

In furtherance of the construction sector’s economic development and reforms, and in reference to the tasks prioritized under the strategic road maps as approved by the Presidential Decree No.1138 of December 6, 2016, and in order to build a holistic, integrated approach to construction permit procedures for selected construction facilities, pursuant to the Constitution of the Republic of Azerbaijan, Article 109, clause 32, **I hereby decree:**

1. To approve th*Regulation on Building Permit for Some Construction Facilities and Occupancy of Construction facilities)*

2. To direct the Cabinet of Ministers of the Republic of Azerbaijan to:

2.1. In accordance with the Regulation approved by Part 1 of this Decree, within two months, to prepare and submit to the President of Azerbaijan Republic proposals on the improvement of the relevant laws of Azerbaijan Republic in connection with the permit for construction and occupancy of the construction site and simplifications provided for in the state control procedures for construction;

2.2. Within two months, to prepare and submit to the President of Azerbaijan Republic proposals on the relevant institutions, on which it is necessary to make additional comments, to the provisions of paragraph 3.5 of this Regulation, in respect of projects of construction facilities not required expert examination, specified in paragraph 1 of the Regulation approved by part 1 of this Decree;

2.3. Within three months, to prepare and submit to the President of Azerbaijan Republic proposals on the permission procedures for the construction and occupancy of buildings of state importance and objects located on the territory of several cities and (or) districts (excluding urban districts) of the administrative territorial unit, including coordination between state bodies and institutions of construction documents and coordination of works;

2.4. develop and submit to the President of the Republic of Azerbaijan, within three months, proposed actions to encourage developers to build garage floors in apartment buildings in Sumgayit, Ganja, Khirdalan and Mingechevir;

2.5. take steps necessary to secure the funding for the establishment of the electronic application system referenced under clause 4 below;

2.6. develop and submit to the President of the Republic of Azerbaijan, within three months, proposed amendments to harmonize the existing Presidential decrees and ordinances with this Decree;

2.7. provide harmonization of the regulatory documents of the Cabinet of Ministers of the Republic of Azerbaijan with this Decree, and report back to the President of the Republic of Azerbaijan;

2.8. monitor the harmonization of the regulatory documents of central governments with this Decree, and report progress to the President of the Republic of Azerbaijan within five months;

2.9. address any other issues as may arise in connection herewith.

3. To direct the State Urban Planning and Architecture Committee of the Republic of Azerbaijan and local governments to:

3.1. ensure compliance with construction and occupancy permit issuance requirements as stipulated under the Urban Planning and Construction Code of the Republic of Azerbaijan and the Regulation approved under clause 1 above, and counter illegitimate documentation requirements;

3.2. provide construction and occupancy permits issued under the Regulation approved under clause 1 above to the State Property Committee of the Republic of Azerbaijan within the timeframe stipulated under the aforementioned Regulation.

4. To direct the State Urban Planning and Architecture Committee of the Republic of Azerbaijan, in conjunction with the State Agency for Civil Services and Social Innovations under the President of the Republic of Azerbaijan, to develop and integrate a nationwide electronic construction permit application system, as part of the integrated urban planning and construction data framework, with the information systems of the other agencies involved in the construction permit process, the Electronic Government and Licenses and Permits web-portals.

5. To direct central and local governments, and municipalities, public legal entities and state-owned legal entities to provide any assistance and access to records and information as may be requested by the State Urban Planning and Architecture Committee of the Republic of Azerbaijan and the State Agency for Civil Services and Social Innovations under the President of the Republic of Azerbaijan in connection with execution of their tasks hereunder.

6. To direct the Presidential Administration of the Republic of Azerbaijan to coordinate the process of establishing the electronic construction permit system and integration thereof with other digital platforms by the State Urban Planning and Architecture Committee of the Republic of Azerbaijan and the State Agency for Civil Services and Social Innovations under the President of the Republic of Azerbaijan.

7. To direct the Ministry of Justice of the Republic of Azerbaijan to harmonize the regulatory documents and documents of regulatory nature of central governments with this Decree, and report back to the Cabinet of Ministers of the Republic of Azerbaijan.

**Ilham ALIYEV,**
**President of the Republic of Azerbaijan**

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| BakuDecember 28, 2018№ 460 |

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|   | Approved by the Presidential DecreeNo.460 of December 28, 2018 |

**Construction and Occupancy permit Regulation for someconstruction facilities**

**1. General provisions**

1.1. This Regulation has been developed pursuant to the Urban Planning and Construction Code of the Republic of Azerbaijan (hereinafter referred to as the Code), Article 75.11, and provides guidance on the procedures and timelines for designing construction facilities (hereinafter referred to as construction  facilities) requiring a permit but not subject to a mandatory review under the Code, Article 89.1 (except Article 89.1.5), issuance of construction permits, construction supervision, and  occupancy permits by the State Urban Planning and Architecture Committee of the Republic of Azerbaijan (hereinafter referred to as the Committee) and local governments (hereinafter collectively referred to as permitting agencies) under the Presidential Decree No.695, sub-clause 4.7-1.2 of September 4, 2012.

1.2. The purpose of this Regulation is to improve the characteristics and timeframes of different procedures required of corporate and individual developers and relevant agencies, to better the construction sector’s business environment, and to streamline its corporate governance practices.

1.3. Provisions hereof shall not apply to construction and occupancy permits issued by the Cabinet of Ministers of the Republic of Azerbaijan and the State Housing Development Agency of the Republic of Azerbaijan.

1.4. Terms and definitions used herein shall have the meanings ascribed to them under Article 3 of the Code.

1.5. Construction permits shall be issued hereunder for construction, overhaul, reconstruction, restoration or demolition works.

1.6. Except as otherwise provided under the urban planning and construction laws, developers shall not be subject to any additional procedures or documentation and payment requirements other than those stipulated hereunder for construction and occupancy permits.

**2. Project design**

2.1. Duly licensed businesses or individuals (hereinafter referred to as designers), or, if duly licensed, developers shall prepare project designs. When outsourcing the project design, the developer shall enter into a contract with the designer under Article 48 of the Code.

2.2. The designer is responsible for developing of the construction project in accordance with the requirements of urban development and construction regulations, as well as the environmental, sanitary and hygiene, fire safety requirements, as well as the reports of the conducted engineering and search activities.

2.3. If all sections of a construction project as stipulated under Article 83 of the Code need to be prepared, the designer may sub-contract development of individual sections to another duly licensed designer.

2.4. Project design shall be developed based on the developer’s terms of reference in line with the existing laws, urban planning and constructions regulations and laws of the Republic of Azerbaijan. The designer shall comply with the design-related provisions of Articles 48.3.1 and 48.3.3 of the Code.

2.5. Each sheet of the final project design shall be signed (for individuals), and sealed or stamped by the designer and developer, if they are legal entities. For the purposes of development and approval of a project design, the designer or developer shall not be required to obtain reviews from any government agencies, including a review or approval of the surveyor report for design purposes, as well as technical requirements for utility supply lines and associated documents from utility companies. Any difference between the parameters outlined in the project design approved by the developer in accordance with the provisions hereof and the parameters specified in the project’s terms of reference shall not constitute grounds for obligatory modification of the project design or the terms of reference.

**3. Application for construction permit and “single window” processing**

3.1. Developers shall apply for a construction permit to the permitting agency in electronic or written form via the ‘single window’ in line with Article 75 of the Code. The application shall clearly identify the type or types of construction (construction, reconstruction, restoration, overhaul or demolition). The date the application is received by the permitting agency shall start the countdown of the construction permit proceedings.

3.2. The application shall be supported with:

3.2.1. a copy of documentary proof of ownership, rent or use allowing construction on the lot;

3.2.2. hard (if applicable) and soft copy of the project design (1 copy each);

3.2.3. for corporate developers, a copy of the state company registry extract, for individual developers, a copy of the ID.

3.3. The permitting agency shall review the completeness of the documents within 2 (two) business days and if they are incomplete, notify the applicant to take appropriate actions to complete the documents via courier or registered mail, and describe the legal consequences of failure to complete the documents. The applicant shall be made aware of all deficiencies also. The developer shall complete the documents within not more than 10 (ten) days from the notice. The construction permit timeframe shall be suspended for the duration of that period. It shall resume upon the developer’s submission of completed documents.

3.4. The Committee shall, within 5 (five) business days from submission of complete documents for a construction permit, opine on the conformance of the project design with the urban planning documents in line with Article 75.4 of the Code. If the construction permit is issued by a local government, the Committee shall provide its opinion based on the permitting agency’s request. The opinion on conformance of the project design to urban planning documents shall specify whether the project design complies with such urban planning documents. If, when the construction permit is issued by  a local government, the Committee does not provide an opinion during such timeframe, the local government, presuming no objection, shall consider the project design to conform to the urban planning documents.

3.5. The day the opinion on conformance of the project design to urban planning document is provided, the permitting agency shall:

3.5.1. request the Ministry of Ecology and Natural Resources, the Ministry of Healthcare (from health and hygience standpoint) and the Ministry of Emergency Management (for fire safety purposes) to provide their respective opinions in line with Article 75.4 of the Code;

3.5.2. apply to ASAN Communal or ASAN Service centers  or small and medium business houses (hereinafter referred to as SMB houses) for technical conditions for provision of utility supply lines from utility companies.

3.6. The request specified under sub-clause 3.5.1 above shall be responded to within 5 (five) days. Otherwise, the permitting agency shall act on the basis of ‘silence is consent’ and the project design shall be deemed agreed upon with the body that failed to provide an opinion as requested.

3.7. ASAN Communal or ASAN Service centers, or SMB houses shall, in line with sub-clause 3.5.2 hereof, within 10 (ten) days from receipt of the application obtain technical conditions from utility companies and furnish them to the permitting agency. The permitting agency shall, in areas not covered by ASAN Communal or ASAN Service centers or SMB houses, until they have a jurisdiction in such areas, obtain the technical conditions directly from utility companies within 10 (ten) days in line with Article 84.1 of the Code.

3.8. The permitting agency shall, based on the opinions provided under clauses 3.4 and 3.6 above (inclusing cases when silence is consent) and technical conditions obtained under clause 3.7 above, within 15 (fifteen) business days, including the time required to verify completeness of the documents, decide to grant or reject the construction permit.

3.9. If the construction permited is granted, the permitting agency shall, within not more than 1 (one) business day, provide a hard or soft copy of the permit, and a copy of the project to the developer, and the permit shall be deemed a dispensation to commence construction. If the construction permit includes additional conditions identified and enumerated by the Cabinet of Ministers, the permitting agency shall, within not more than 2 (two) business days from fulfillment of such conditions, issue a special mark to the developer. In this case, the special mark shall be the basis for commencement of construction works. The copy of the construction permit issued to the developer shall be signed and sealed by the agency’s authorized official.

3.10. The Committee shall post the details of the construction permit on the State Construction Registry’s web-site, an element of the integrated information system, within 3 (three) business days. If the construction permit is issued by a local government, the details of the construction permit shall be submitted to the Committee within 3 (three) business days for inclusion in the State Construction Registry.

3.11. If an existing building needs to be demolished to allow for construction of a new one, the demolition works may only commence after a construction permit has been obtained. Until such a permit is obtained, the existing building may only be demolished if a separate demolition permit has been obtained.

3.12. If a construction permit covers construction of more than one individual buildings (including construction of a new building following demolition of an existing one), the construction permit shall individually specify each building, and the timeline and phases of construction for each of such buildings.

**4. Preparation for construction**

4.1. If a construction permit has been issued, the developer shall conduct the construction works in line with the urban planning and construction laws, and the project design.

4.2. The developer shall complete preparation works in line with Article 86 of the Code in order to commence construction. To this end, the developer, prior to commencing construction, shall fence in the construction site and install an information board in at a clearly visible location. Pursuant to Article 86.1 of the Code, the board shall specify:

4.2.1. the permitting agency;

4.2.2. a copy of the construction permit, or, a copy of the special mark, if applicable under Article 75.7 of the Code;

4.2.3. purpose, developer, designer and contractor for the building;

4.2.4. commencement and completion dates;

4.2.5. number of the building’s floors, sizes and exterior view.

4.3. Additional security arrangments shall be provided in and outside the site prior to commencement of construction works.

4.4. Conditions, instructions and additional provisions stipulated in the construction permit shall be fulfilled prior to commencement of construction works.

4.5. No activities, other than engineering and search activities, may be carried out at the construction site, including demolition of an existing building before a construction permit has been obtained.

4.6. The developer shall start a State Construction Control Log in line with the Regulation for State Construction Control approved by Presidential Decree No.349 of November 17, 2014. The Log shall be started based on the documents to be submitted by the developer 10 (ten) days before commencement of construction and installation works to the State Construction Inspectorate of the State Agency for Construction Safety Control in line with the Regulation for State Construction Control.

4.7. No State Construction Control Log shall be required for construction of one and two-storey catering, trade, social-purpose buildings with an area of space of a single floor of not more than 150 sqm, and the total volume of construction of not more than 1200 cubic meters, and span length of not more than 6 meters, as well as buildings identified under Articles 89.1.1, 89.1.3 and 89.1.7 of the Code. Construction may not be commenced for any buildings other than those specified in this clause without starting the State Construction Control Log.

**5. State control of construction**

5.1. Objective of construction control is to enforce compliance of the building with the urban and construction regulations.

5.2. State control of construction shall be carried out under the Regulation for State Construction Control pursuant to Article 97 of the Code.

5.3. State control of construction shall be carried out by the State Agency for Construction Safety Control (hereinafter referred to as the Agency) of the Ministry of Emergency Management of the Republic of Azerbaijan, and the State Construction Inspectorate (hereinafter referred to as the Inspectorate) of the State Agency for Construction Safety Control.

5.4. The state body responsible for construction control shall, except as otherwise provided under Articles 89.1.2, 89.1.4 and 89.1.6 of the Code, exercise state control over other buildings specified herein only at the foundation stage.

5.5. Once such construction and installation works have been completed, an occupancy protocol shall be prepared that confirms that such works were carried out in compliance with the urban planning and construction regulations and the project design, and that the state control of construction has been completed. The protocol shall be signed by the authorized representatives of the developer, contractor, designer and the Inspectorate, and the Agency shall present the protocol to the developer within 1 (one) day.

**6. Occupancy permit for completed buildings**

6.1. Issuance of the occupancy permit shall serve as a confirmation of compliance of the completed building or a part thereof with the urban planning and constructin regulations, and its fitness for use as per its designation.

6.2. The permitting agency shall issue the occupancy permit via the “single window”.

6.3. The developer shall apply to the permitting agency for an occupancy permit in accordance with Article 102 of the Code.

6.4. The permitting agency shall, within 10 (ten) days from submission of the application for an occupancy permit, grant or reject such permit. The occupancy permit shall be issued in a standard format, signed and sealed by the permitting agency’s authorized official.

6.5. No fee shall be charged to the developer for issuance of an occupancy permit.

6.6. If a construction permit covers construction of more than one individual buildings (including construction of a new building following demolition of an existing one) under clause 3.12 hereof, at the developer’s request, the occupancy protocol of the building and the occupancy permit for each completed individual building may be issued separately.

6.7. After an occupancy permit has been issued for a building, the Committee shall post this information on the State Construction Registry’s web-site within 3 (three) business days. If the occupancy permit is issued by a local government, the permitting agency shall inform the Committee to this effect within 5 (five) business days for inclusion in the State Construction Registry.

**7. Registration of ownership**

7.1. The permitting agency shall, within 5 (five) business days from issuing a construction permit for construciton of a new building (including construction of a new building following demolition of an existing one), provide a hard or soft copy of the construction permit, the architectural design part of the project design and the developer’s details, and, within 5 (five) business days from issuance of the occupancy permit, a copy of the occupancy permit for buildings requiring a permit, to the body managing the state registry of real estate.

7.2. Registration of ownership rights to a building shall be governed by the applicable law and shall not constitute an integral part of the construction permit procedures.

7.3. The body managing the state registry of real estate may not request the owner of the building to re-submit the documents provided under clause 7.1 above.