

CATALOGUE

OF INVESTMENT PROJECTS IN AZERBAIJAN





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INTRODUCTION

Azerbaijan Investment and Export Promotion Foundation (“AZPROMO”) is a key partner for international investors in exploring business opportunities in Azerbaijan. Established by the Ministry of Economic Development of the Republic of Azerbaijan as a joint public private initiative in 2003, AZPROMO’s main objective is to increase the volume of non-hydrocarbon foreign direct investment in Azerbaijan, as well as to stimulate the strengthening and expansion of the country’s non-hydrocarbon export capacities.

AZPROMO serves as a “one-stop-shop” for international investors possessing an in-depth knowledge of investment opportunities and market features of the country. We advise foreign investors on legal issues related to doing business in Azerbaijan, guide them in their negotiations with all relevant Government agencies and local entrepreneurs, help with logistics, organise trade missions, fairs, business forums and other events in Azerbaijan as well as abroad. Five core pillars of our investment promotion activities include; image building, investment generation, investment facilitation, investor servicing and aftercare, and policy advocacy.

Today, Azerbaijan is one of the most attractive destinations for FDIs in the region. Since the mid 90’s we have doubled our economic potential, enabled and sustained macroeconomic stability and undertook a wide range of economic and regulatory reforms ensuring sustainable business and investment environment. Consequently, the World Bank ‘Doing Business Report 2009’ named Azerbaijan the world’s leading reformer of business regulations and recorded the biggest jump ever in the world ranking of ‘ease of doing business’ (from 97th position to 33rd). Azerbaijan in addition has made significant steps forward to develop human capital as recognised by the UNDP Human Development Report 2010. Our economy is the 55th most competitive economy in the world, according to the Global Competitiveness Report 2011-2012 compiled by World Economic Forum; taking the lead in competitiveness in the CIS region. Moreover, in 2010 Fitch Ratings raised Azerbaijan’s long term credit rating to ‘BBB-’ and short term credit rating to ‘F3’. In 2011 Standard & Poor’s also improved Azerbaijan’s long term credit rating to ‘BBB-’ and short term rating to ‘A3’.

Azerbaijan is a country with a wide range of investment opportunities and is undoubtedly one of the most attractive destinations for foreign direct investments (FDI) in the region. Within the past 15 years, more than 100 bln USD was invested in the Azerbaijani economy, of which more than a half was invested by foreign businesses. We believe there are a number of key positive factors behind our success in attracting FDI. These are years of political stability, rapid economic development together with traditional Azerbaijani hospitality, as well as the presence of abundant resources and a favorable location on the crossroads of Eurasia with the best infrastructure in the region.

Today, we are pleased to share information on potential investment projects in priority areas proposed by different entities from the private and public sectors, in Azerbaijan. AZPROMO encourages and welcomes businesses from other countries to visit Azerbaijan, seize the investment opportunities, and witness the growth of your business with the support and collaboration of APROMO and the wider business community.



Overview

Agriculture is one of the most important sectors of the economy in Azerbaijan, a country that is considered as one the earliest sites of human agricultural activity. The fertile lands, abundance of water and climatic diversity create favourable conditions for a strong agricultural sector. The food-processing sector constitutes an important component of the national economy and accounts for around 7% of national manufacturing output.

The years of fast development in the national economy have led to a rapid growth in consumption and changes in consumer tastes in the food and beverage sector. Being one of the leading producers of agricultural goods in CIS, Azerbaijan seeks to further develop its agriculture and food industry for import substitution as well as for export.

Share of agriculture in GDP:	5.4% (2.8 billion USD)
Agricultural land:	4.7 million ha.
Arable land:	1.8 million ha.
Climatic zones/types:	9 out of 11 existing in the world
Employed population in agriculture:	1.72 million persons (39.7% of total employed population in economy)
Gross output of agriculture:	4.8 billion USD (increased 3.3 times since 2001)
Food production:	2.4 billion USD (increased 2.7 times since 2001)
Main export partners in agri-food industry:	CIS, Central Asia, Middle East, EU
Main exported agri-food products:	fresh fruits and vegetables, sugar, vegetable oil, alcoholic and non-alcoholic beverages

*2010

Advantages:

- NO taxes, except for land tax
- NO customs duties and VAT on specified products and equipments imported for the purpose of using in agri-food production
- Government's subsidies and access to finance
- State Program on the reliable supply of food products to the population for 2008-2015

Mainly developing subsectors

- Dairy products
- Fruits and vegetables
- Viticulture
- Sugar products
- Beverages
- Animal husbandry
- Fisheries
- Apiculture
- Organic oils
- Tea production
- Hazelnuts
- Cereals

More information on www.azpromo.az



AGRICULTURE



Project name	Development of tea-growing
Location	Haftoni village, Lenkoran region, Azerbaijan
Project objectives & description	<p>The project is aimed at the development of tea-growing in southern regions of Azerbaijan. The realization of the project will ensure the opening of new working places and supply the demand of tea in Azerbaijan with local produce.</p> <p>The project considers establishment of 9 hectares tea plantation where ecological pure tea will be produced and packaged.</p>
Project cost	158 000 USD
Proposed financing scheme & share distribution	50% / 50%
Implementation period	2 years
Project payback period	4-5 years
Documents available (business plan, etc.) :	Business plan
Initiator:	“Lenkeran Chay-5”, Lenkeran “Bioflora” LLC



Project name Construction of industrial premises for pedigree, incubator and feed production

Location Shurabad settlement, Turkoba village, Khizi region, Azerbaijan

Project objectives & description Construction of industrial premises under management of “Shurabad Qushchuluq” LLC and “Shurabad Qushchuluq” JSC for the purpose of continuous chicken meat processing and increasing of yearly production up to 7 000 tons untill 2015.

Within the enterprise will be constructed cutting and packaging premises.

Project cost 7.5 mln. USD

Proposed financing scheme 70% - “Shurabad Qushchuluq”

& share distribution 30% - Investor

Implementation period 18 months

Project payback period 5 years

Documents available Business plan, appropriate legal documents

(business plan, etc.) :

Initiator: “Shurabad Qushchuluq” JSC , “Shurabad Qushchuluq” LLC



AGRICULTURE



Project name	Production of combined feed
Location	Khachmaz region, Azerbaijan
Project objectives & description	<p>The project purpose is satisfaction of increasing demand for combined feed in the Northern regions of Azerbaijan.</p> <p>The project considers production of combined feed using existing raw materials (waste products remaining by poultry, meat, apple and tomato processing) in the Northern regions. Rising domestic demand and real customers create favourable conditions for the production of combined feed.</p>
Project cost	1 250 000 USD
Proposed financing scheme	67% - Company
& share distribution	33% - Investor
Implementation period	6 months
Project payback period	3 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Shamil” LLC



Project name	Establishment of rose oil & rose products processing enterprise
Location	Zagatala region, Azerbaijan
Project objectives & description	<p>The aim of the project is to transform the current Zagatala Essential Oils Factory into rose oil products facility in terms of utilizing rose oil to develop high-quality and natural items Cosmetics, flavor enhancer additives, non-alcoholic beverages, souvenirs and fragrant napkins will be manufactured in the enterprise.</p> <p>Main production lines is planned to be 3:</p> <p>1. Cosmetic & flavor enhancer additives line 2. Non-alcoholic beverages line 3. Souvenirs & fragrant napkins line</p> <p>Additionally two assisting lines will be installed: 1) Packaging and handling 2) Glass & PET bottling line</p>
Project cost	4 mln. USD
Proposed financing scheme	Upon negotiation
& share distribution	
Implementation period	2 years
Project payback period	2.5 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Jaliar” firm



AGRICULTURE



Priority investment areas

- * Production and processing of medicinal herbs
- * Greenhouse production
- * Construction of refrigerated storage facilities
- * Production of fertilizers
- * Seed farming
- * Apiculture
- * Aquaculture
- * Production of saffron
- * Establishment of silkworm breeding farm
- * Establishment of mills
- * Floriculture and ornamental plant production
- * Establishment of broiler enterprises
- * Pedigree cattle farms
- * Production of nursing
- * Production of fresh fruits and vegetables (apples, cherries, persimmons, pomegranate, kiwi, hazelnuts, feijoa, tomatoes, grapes, cucumbers, greens, early potatoes, rice, tea leaves, citrus fruits, onions, etc.)
- * Establishment of stock-farm for milk production and processing purposes
- * Development of veterinary services
- * Horticulture



AGRICULTURE

Project name	Caramel Factory
Location	Sumgait city, Azerbaijan
Project objectives & description	<p>The aim of the project is to increase sweets production in Azerbaijan.</p> <p>The project considers establishment of caramel and caramel sweets production unit with export potential.</p>
Project cost	5 mln. USD
Proposed financing scheme	25% - 1 partner / 25% - 2 partner
& share distribution	50% - financing
Implementation period	1 year
Project payback period	30 months
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	“Bismak Food Industry Complex” LLC



Project name	Production of the confectionery products “New Chinar”
Location	Ganja region, Azerbaijan
Project objectives & description	<p>The objective of the project is to restore the production of the new assortments and production of famous “Chinar” sweets.</p> <p>The project considers restoration of sweets production in one of the biggest sweets production plant of Caucasus region. There is a need in obtaining of new equipments for production of confectionary products</p>
Project cost	4.5 - 5 mln. USD
Proposed financing scheme & share distribution	Depends on negotiations
Implementation period	1 year
Project payback period	5 years
Documents available (business plan, etc.) :	Feasibility study
Initiator:	“Ganja Gannadi” JSC



Project name	Creation of a new production line of “Miri Grand” LLC
Location	Aghsu region, Azerbaijan
Project objectives & description	<p>The aim of the project is to increase export of fruit juices to foreign markets.</p> <p>The project considers establishment of a new production line to expand the output.</p> <p>The establishment of new production line will increase annual production from 300 000 decalitres to 450 000 decalitres.</p>
Project cost	750 000 USD
Proposed financing scheme	70% - Investor
& share distribution	30% - Company
Implementation period	2 years
Project payback period	2 years
Documents available (business plan, etc.) :	Feasibility study and Business plan
Initiator:	“Miri Grand” LLC



Project name	Enhancement of hazelnut processing
Location	Baku city, Azerbaijan
Project objectives & description	<p>The project aims at development and enhancement of existing hazelnut processing. It considers establishment and increasing of additional capacity for cake production, purchasing of new equipments and development of entrepreneurship and export potential</p> <p>The production capacity is to be increased up to 150 tons hazelnut and 100 tons cake per month and different types of nut-pastas (cacao, milky and caramel pastas) to be produced and sold in domestic and foreign markets.</p>
Project cost	9 812 500 USD
Proposed financing scheme	62 % - “ELFEM” LLC
& share distribution	38 % - Investor
Implementation period	12 months
Project payback period	4 years
Documents available (business plan, etc.) :	Business plan and other related documents
Initiator:	“ELFEM” LLC



Priority investment areas

- * Production of tomato paste
- * Production of fruit juices
- * Packaging and labelling
- * Production of meat and meat products
- * Poultry production
- * Production of dairy products
- * Production of sunflower oil
- * Honey processing and packaging
- * Production of mineral and natural water and packaging
- * Potato processing (production of potato chips, potato flour, etc.)
- * Confectionery production
- * Bakery and floury products
- * Production of frozen fruits and vegetables
- * Nuts processing facility
- * Production of child food
- * Production of olives and olive products
- * Establishment of grape processing manufacture
- * Wine production
- * Canned fruits and vegetables production
- * Production of dried fruit and berries
- * Production of mayonnaise, ketchup and other sauces
- * Production of salt



Overview

Alternative and renewable energy sector is quite new and promising area of the economy. Overall annual energy output in Azerbaijan accounts to 18.7 billion KWt/h. Azerbaijan has a great potential to raise effectiveness of use of the energy resources of the country by involving the following renewable energy sources:

Annual energy output:	18 billion kW
	12% (2.2 billion KWts) of overall electric power output
	8 hydropower stations operating recently
Hydropower	Hydro energy potential of the rivers: 40 billion KWts
	Technical possibility: 16 billion KWts
	Portion of small hydro plants: 5 billion KWts
	Number of rivers in various length: 1200
	Average annual wind speed: 5.8-8.0 m/sec.
	whereas 3 m/sec. is enough for starting production
Wind power	Number of windy days in a year: 245-280 days
	Annual capacity of wind power: 800 MWts
	Estimated electric power from wind energy: 2.4 KWts/h
	Average number of sunny days/hours: more than 250 days/3200 h
Solar energy	Solar energy failing on per 1 sq.m. annually: 1500-2000 KWts
	Nationwide annual waste emission: 2 million tons
Biomass energy	Weighted average of waste emission (in million cubic meters):
	domestic waste: 70
	agricultural waste: 45
	solid waste: 6.5
Geothermal energy	Forecasted resources of geothermal potential: 245 604 cubic meters/24 h

*2010

Advantages:

- High potential and rich resources of alternative and renewable energy
- Government's profound interest in developing the sector
- First in the world 5 MW Hybrid (solar, biogas, wind, thermal) Polygon
- State Strategy on use of Alternative and Renewable energy sources for 2012-2020
- Successfully implemented pilot projects
- Openness to foreign companies

More information on www.azpromo.az



ALTERNATIVE

Project name	Arrangement of an industrial line of solar collectors
Location	Baku city, Azerbaijan
Project objectives & description	<p>The project aim is to become the premier manufacturer of solar systems in Azerbaijan by providing reliable solar systems.</p> <p>It considers establishing a workshop with the possibility of further expansion of capacity, production facilities, storage and small office.</p> <p>The realization of the project will enable to quickly gain market penetration within the first three years and to develop a customer-centric organization based on cutting edge technology.</p> <p>It is considered to deliver solar modules and panels parts to Azerbaijan from abroad, and then full assemble parts into ready product and finally sale and install at sites.</p>
Project cost	2 - 2,5 mln. USD
Proposed financing scheme	Depends on agreement: 51% / 49% ; 80% / 20%
& share distribution	other variants can be discussed
Implementation period	6 - 12 months
Project payback period	3 years
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	"2M Engineering" Ltd.



ALTERNATIVE

Project name	Sumgait Landfill Gas Recovery and Utilization
Location	Sumgait city, Azerbaijan
Project objectives & description	<p>This project is aimed at the reduction of the emission of greenhouse gases from the solid waste at Sumgait Landfill.</p> <p>By the process of combustions the fraction CH₄ of the GOW will be converted into CO₂. The same effect will be by utilization of the gas for power production in nearby industrial firms. Moreover, a specific quantity of fossil fuel will be substituted and emission of greenhouse gas will be reduced.</p>
Project cost	10 mln. USD
Proposed financing scheme	80% - Foreign ; 20% - Local
& share distribution	Share distribution can be changed upon negotiations
Implementation period	2 years
Project payback period	5 - 15 years
Documents available	Feasibility study
(business plan, etc.) :	
Initiator:	"ADES" Azerbaijan-Germany JV



RENEWABLE



Project name	Recycling of Solid-Waste
Location	Sumgait city, Azerbaijan
Project objectives & description	<p>The purpose of the project is reduction of harmful solid-waste's volume and production of new energy source.</p> <p>The project considers recycling of solid-waste in first destination as well as fully recycling in non-hazardous waste polygon.</p> <p>It will be realized by the following steps:</p> <p>Little treatment workshop for cartons, glass, plastics, iron or metals.</p>
Project cost	10 mln. USD
Proposed financing scheme	80% - Foreign ; 20% - Local
& share distribution	Share distribution can be changed upon negotiations
Implementation period	1 year
Project payback period	3 - 5 years
Documents available	Feasibility study
(business plan, etc.) :	
Initiator:	"ADES" Azerbaijan-Germany JV



RENEWABLE



Priority investment areas

- * Production of solar panels
- * Production of wind turbines
- * Establishment of wind farms
- * Production of wind valves
- * Production of windmill blades
- * Production of wind battery charger and converters
- * Production of solar photovoltaic panels
- * Establishment of solar water heaters
- * Production of solar lanterns
- * Production of flat plate collector
- * Production of solar modules



RENEWABLE



Overview

Azerbaijan is not only an attractive destination for international business, but it is also emerging as a new tourism destination. The sphere of the fairylike travels and adventures, active rest in paradise oases and against a background of turquoise waves, contemplate and cognitive trips, the refined tasting of the Eastern dishes – all this Azerbaijan hospitably offers to the people of good will and the tourists from many countries have already begun to travel here.

Azerbaijan has all the necessary ingredients of a tourist-friendly country: hospitable people, rich cultural, historic and religious diversity, beautiful natural scenery, delicious cuisine and exotic foods, and many more. Tourism sector became one of the fastest developing segments of economy with immense potential and opportunities. It is, moreover, assigned an important role in the enunciated aspirations of the government towards diversified economy.

Number of tourists:	1 279 800 (increased 2 times since 2005)
Number of hotels and hotel-type enterprises:	499 (increased 5.4 times since 2001)
Number of beds:	30 793 (increased 3.3 times since 2001)
Number of overnight stays:	1 358 286 (increased 8.5 times since 2001)
Number of tourism enterprises:	126 (increased 7 times since 2001)
Total income of hotels and hotel-types enterprises	132 million USD
Total income of tourism enterprises	24 million USD
Top nationalities visiting Azerbaijan	Russia, Georgia, Turkey, Iran, Kazakhstan, USA, Germany, United Kingdom, France, Italy, China

*2010

Advantages:

- Perfect landscape (sea, forests, mountains, meadows) and rich recreational recourses
- Construction, renovation and expansion of international airports
- Hosting international events such as

EUROVISION 2012, FIFA U-17 WOMEN'S WORLD CUP

- Increasing tourist arrivals
- International standards of hospitality
- State Program on the development of tourism in Azerbaijan

Republic in the years of 2010-2014

Mainly developing subsectors

- cultural and heritage tourism
- recreational tourism
- business tourism
- eco-tourism
- religious tourism
- sport and adventure tourism

More information on www.azpromo.az



Project name	“Shahdag” Winter and Summer tourism complex
Location	Gusar region, Azerbaijan
Project objectives & description	<p>The aim of the project is development of winter sports and tourism in the Republic, arrangement of conditions for high-class rest, both local and foreign tourists.</p> <p>This complex will be situated at the height between 1300m and 2554m above sea level. The area of complex is 2045 hectares. Construction of the Complex will be divided into 4 stages and will extend for 8-10 years in total. During first stage which has already begun it is planned to build necessary communications, engineering structures and 4 - 5 star hotels with total capacity of 638 rooms.</p> <p>Second phase includes expansion of a network of lifts and cultural-sports constructions, mass construction of cottages, summer residences.</p> <p>The third phase will cover creation of new ski tracks and continuation of expansion of a residential zone. There will be one more recreation center with camping for tourists arriving for few days in the East part of the complex.</p>
Project cost	506 mln. USD
Proposed financing scheme & share distribution	<p>70% - Investors</p> <p>30% - Government</p>
Implementation period	6 years
Project payback period	10 years
Documents available (business plan, etc.) :	Master plan
Initiator:	Ministry of Culture and Tourism

Project name	Construction and development of the Naftalan Health and Recreation Centre
Location	Naftalan city, Azerbaijan
Project objectives & description	<p>The aim of the project is development of recreation tourism and business in the regions of Azerbaijan.</p> <p>Project is developed for construction and development of the Naftalan health and recreation centre and provision of health and recreation services.</p> <p>The treatment will be held on the basis of world-famous “Nafta” oil.</p> <p>Different tours will be organized to neighboring regions.</p>
Project cost	12.3 mln. USD
Proposed financing scheme & share distribution	Will be determined upon mutual negotiations
Implementation period	2 years
Project payback period	8 years
Documents available (business plan, etc.) :	Business plan
Initiator:	“Caspian Service” LLC

Project name	Construction of “Qasr” resort
Location	Goy-Gol region, Azerbaijan
Project objectives & description	<p>Project envisages construction of “Qasr” resort, provision of services for tourists and development of tourism industry.</p> <p>The project includes construction of a three-storey recreation house in European castles style.</p> <p>This unique resort will play significant role in the development of both tourism industry and entrepreneurship in the region. Resort will be able to host both local and foreign travelers. The following services will be provided:</p> <ul style="list-style-type: none"> * Catering * Hiking * Horse-riding * Entertainment facilities * Organization of tours
Project cost	11.7 mln. USD
Proposed financing scheme & share distribution	<p>85% - Investor</p> <p>15% - Company</p>
Implementation period	1.5 - 2 years
Project payback period	5 years 10 months
Documents available (business plan, etc.) :	Business plan
Initiator:	“Caspian Service” LLC

Project name	Construction of tourism, sport and resort centre
Location	Khachmaz region, Azerbaijan
Project objectives & description	<p>The project is aimed at development of tourism sector in Khachmaz region and increase of tourists flow into the region.</p> <p>The complex will be constructed in the 200 hectares coastal area surrounded with forest, sulfide springs and mountains. The area is ideal for the development of summer tourism and is included to the list of priority lands for the implementation of the Program on the development of tourism.</p> <p>Following tourism facilities are to be constructed in the complex:</p> <ul style="list-style-type: none"> * Hotel and cottages * Health centre * Concert hall / Entertainment centre * Medical unit * Water sport units * Pools
Project cost	110 mln. USD
Proposed financing scheme & share distribution	109 mln. USD - Investor All partnership opportunities might be discussed
Implementation period	2 years
Project payback period	15 years
Documents available (business plan, etc.) :	Feasibility study
Initiator:	“Khudat-Baliq-l” JSC

Project name	Construction of tourism resort complex
Location	Vandam village, Gabala region, Azerbaijan
Project objectives & description	<p>The main purpose of the project is development of tourism in Gabala region and increase of tourists flow to the region.</p> <p>Construction of resort complex with different entertainment facilities; organization of hiking, horse-riding and other tours, etc. are envisaged in the project.</p>
Project cost	10.7 mln. USD
Proposed financing scheme	9.7 mln. USD - Investor
& share distribution	1 mln. USD - Company
Implementation period	1 year
Project payback period	8 years
Documents available	Pipeline documents
(business plan, etc.) :	
Initiator:	"Aztranstur" LLC

Project name	Construction of “EDELWEISS residence” — Hotel and Business Centre
Location	Baku city, Azerbaijan
Project objectives & description	<p>The hotel complex will be built with a capacity of 175 lodging units with 3 star and 150 lodging and 50 apartment with 4 star. Conference room, spa centre, aqua-park, restaurant, and shopping centre are planned as well. There will be a wide range of services from housekeeping, shopping and catering up to babysitting, animation programmers, and cultural events, and renting services.</p> <p>There will be several tourism product lines featured at the Hotel complex.</p>
Project cost	150.5 mln. USD
Proposed financing scheme	125.5 mln. USD - Investor
& share distribution	
Implementation period	
Project payback period	10 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Mega Holding” company

Project name	Construction of “Water & Fire” tourism complex
Location	Gilazi settlement, Khizi region, Azerbaijan
Project objectives & description	<p>The main purpose of the project is development of seaside resort area in Khizi region. Construction of resort and tourism center, establishment of recreation area, organization of beach and other types of tourism are considered to implement in 4 development zones:</p> <p><u>Development zone 1:</u> “Beach tourism”. Acceptable beaches, fair water quality. New autonomous development for international tourism.</p> <p><u>Development zone 2:</u> “Nature tourism”. Proximity to the bird resort area. Starting point for exploring the natural beauties of northern Azerbaijan.</p> <p><u>Development zone 3:</u> “Culture tourism”. Proximity to important cultural landmark, “Besh Barmag” (mountain called ‘Five Fingers’).</p> <p><u>Development zone 4:</u> “Event tourism”. Best accessible area; potential airport connection. New autonomous settlement with inherent attractions. Opportunity for short trips from Baku (1 hour) and Sumgait (15 min).</p>
Project cost	200 mln. USD
Proposed financing scheme & share distribution	100% by foreign investor
Project payback period	15 years
Documents available (business plan, etc.) :	Being prepared
Initiator:	Ministry of Culture and Tourism of Azerbaijan

Project name	Construction of SPA-tourism resort “Yaroglan Istisu Resort Centre”
Location	Havzava village, Lenkoran region, Azerbaijan
Project objectives & description	<p>The main purpose of the project is development of tourism in Lenkoran region of Azerbaijan.</p> <p>Construction of tourism SPA and resort center, establishment of recreation area, organization of tourism trips to mountains, etc. are envisaged in the project. Different recreation facilities will be constructed within the resort.</p>
Project cost	10 mln.USD
Proposed financing scheme & share distribution	5 mln. USD - Investor
Implementation period	1 year
Project payback period	7 years
Documents available (business plan, etc.) :	Being prepared
Initiator:	Shabanov Musarza (natural person)

Priority investment areas

- * Construction of 3-4 star hotels
- * (Re-) Construction of tourism complexes
- * Construction of SPA hotels
- * Adventure tourism and recreation
- * Development of infrastructure for recreation zones
- * Development of medicinal, religious, mountainous, winter and sledge, historical, cultural and eco- tourism
- * Development of touristic sites
- * Development of adventure facilities
- * National souvenirs, gifts, copper plates and others



Overview

Azerbaijan is a booming construction market. There are several reasons behind the rapid development of the construction sector in the last few years. The large capital investment in local infrastructure related to oil and gas projects evolved this business area into a very competitive sector with increasing number of strong local and foreign companies able to deliver the highest international standards in construction.

There are currently significant opportunities for construction:

- brand hotels in the capital city and quality hotels in the regions
- tourism complexes
- logistical warehouses,
- production of new types of construction materials,
- development of architectural and engineering services
- introduction of state of the art construction technology

Share in GDP:	7.5% (3.9 billion USD)
Volume of construction work:	5.6 billion USD (increased 3 times since 2005)
Implemented construction work by type:	New construction 72.4%
	Capital repair 18.2%
	Current repair 3.9%
	Other 5.5%
Private companies' share in construction work:	74.9%
Volume of total investments:	8.2 billion USD (increased 17 times since 2001)
Number of issued construction permits:	1, 928

*2010

Advantages:

- Increasing demand in residential construction market
- Growing income of population and concessional loans
- Local production of required construction materials
- Significant industrial, agricultural and transport projects
- Influx of business travelers and foreign tourists causing major demand in hotel sector
- Continuous reforms and strategies to boost the sector

Mainly developing subsectors

- residential sector
- hotel sector
- office sector
- warehouse sector
- infrastructure

Major infrastructure projects

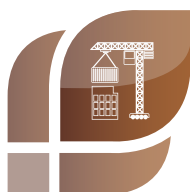
- Baku-Tbilisi-Kars Railway Line
- New Baku International Sea

Trade Port

- New Terminal at Baku

International Airport

More information on www.azpromo.az



CONSTRUCTION



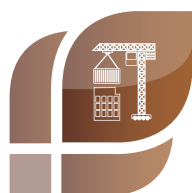
Project name	Baku White City
Location	Baku city, Azerbaijan
Project objectives & description	<p>The aim of the project is to develop one of the greatest urban districts in the region and make the most efficient use of land through optimizing development densities.</p> <p>At the current time, a unique opportunity for the restoration and rationalized use of the Black City area has arisen on an industrial site, which is located directly at the centre of Baku Bay. A site with an area of 221 ha has a chance to be reborn for a new purpose.</p> <p>As lead consultant, the world-renowned engineering and architectural design firm Atkins (UK) performed master planning for the project. Along with specialists from Azerbaijan, Fosters and Partners (UK), and American architectural bureau F+A Architects, were also involved. BWC will accommodate 50 000 residents in 10 districts.</p> <p>BWC will have one of the largest per capita (40000) parking place. Largest mall of the region will be located in BWC. Waterfront line will accommodate 65 meter high observation wheel - twice the current and higher than Roue de Paris.</p>
Project cost	Depends on particular project
Proposed financing scheme & share distribution	Depends on negotiations
Implementation period	Depends on particular project
Project payback period	Depends on particular project
Documents available (business plan, etc.) :	Approved Master Plan
Initiator:	“ADEC” Azerbaijan Development Company



CONSTRUCTION



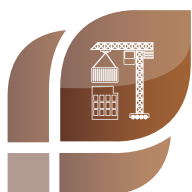
Project name	Tile production factory
Location	Nakhchivan city, Azerbaijan
Project objectives & description	<p>Construction of tile factory with production capacity of 120 000 m² per month. Meeting the need in building materials in Nakhchivan Autonomous Republic and Azerbaijan.</p> <p>Annual production volume is 900 000 m² which is planned for export.</p> <p>There is necessary building of 6800 m² that needs to be equipped.</p> <p>76% of the project cost will be spent on installation of equipment.</p>
Project cost	6.5 mln. EUR
Proposed financing scheme	To be negotiated
& share distribution	
Implementation period	1 year
Project payback period	3 - 4 years
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	“Cahan Holding” Company



CONSTRUCTION



Project name	Building of modern hotel in the centre of Baku
Location	Baku city, Azerbaijan
Project objectives & description	<p>The purpose of the project is to render high quality accommodation services and total satisfaction of expressed or implied guests' needs.</p> <p>Area for building of hotel which is situated in the centre of business activity of Baku is available.</p> <p>The project considers construction of hotel (suite) in the centre of Baku, near the boulevard. Hotel would meet the needs of both locals and visitors to the area and represent complex of services to all forms of business.</p>
Project cost	2-3 mln. USD
Proposed financing scheme	Depends on agreement: Direct investment, long-term cooperation
& share distribution	51% / 49% ; 80% / 20% ; other options can be discussed
Implementation period	1 year
Project payback period	3 years
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	"2M Engineering" Company



CONSTRUCTION

Priority investment areas

- * Production of building finishing materials
- * Production of artificial marble
- * Production of construction materials
- * Production of ceramic coating tiles
- * Production of lime
- * Construction of brick factory
- * Production of construction glass
- * Production of aluminum
- * Construction of logistical warehouses
- * Production of cement and concrete blocks
- * Construction of machinery plants



CONSTRUCTION

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CONSTRUCTION



CONSTRUCTION

Overview

The industry is one of the most developed sectors and major recipient of foreign investments in Azerbaijan. Industrial sectors of Azerbaijan that produce half of the GDP in the country includes mainly energy and related sectors, chemistry, machinery, metallurgy, food industry, light industry and other areas. The main directions of state policy in the field of industry include the modernization and reconstruction of equipment facilities, increasing the competitiveness of national products, introduction of new technologies and know-how, attraction of investments and encouraging the processing industry development.

Share in GDP:	52.6% (27.2 billion USD)
Volume of industrial products:	34.9 billion USD (increased 3 times since 2005)
Structure of production:	Private sector 80.1%
	Public sector 19.9%
	Mining industry 78.9%
Sectoral structure of industry :	Manufacturing industry 15.9%
	Others 5.2%
	5.3 billion USD (increased 5.2 times since 2001)
Volume of total investments:	foreign investments 44.8%
	local investments 55.2%

*2010

Advantages:

- Wide range of raw materials for the development of various industrial sectors
- Active privatization policy and increasing share of private sector in total industrial production
- Historical experience in industry causing formulation of skilled labour force
- Favourable legal framework regulating production and economic activity in industry
- Economic reforms and strategies to stipulate the development of the industrial sector

Mainly developing subsectors

- light industry
- metallurgy
- machinery
- chemical industry

Major industrial projects

- Sumgait Chemical Industrial Park
- Sumgait Techno Park
- Balakhani Eco-Industrial Park

More information on www.azpromo.az



Project name	Manufacture of heating boilers
Location	Baku city, Azerbaijan
Project objectives & description	<p>The aim of the project is to become the premier manufacturer of heating systems in Azerbaijan.</p> <p>It is considered to deliver parts of boilers to Azerbaijan from abroad, then assemble parts into ready product and finally organize sale in Azerbaijan and neighboring countries, such as Russia, Georgia, Kazakhstan, Turkmenistan, etc.</p>
Project cost	2-3 mln. USD
Proposed financing scheme	Depends on agreement:
& share distribution	51% / 49% ; 80% / 20% ; other options can be discussed
Implementation period	1 year
Project payback period	3 years
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	“2M Engineering” Company



Project name	Reconstruction of Sumgait glass works of “Khazar” JSC
Location	Sumgait city, Azerbaijan
Project objectives & description	<p>Development of foreign economic relations and expanding of strategically important field of industry are main goals of the project.</p> <p>The project considers installation of modern glass (float) producing technology instead of depreciated (furko technology) equipment. Products will be export-oriented and replace import. 600 new workplaces will be opened. LDF line with production capacity of 20 mln. sq. m. will be adjusted, high quality product will satisfy domestic market and will be exported to the neighboring countries.</p>
Project cost	92 mln. EUR
Proposed financing scheme	1. Joint venture 2. Leasing
& share distribution	3. Credit against plant’s guarantee
Implementation period	30 months
Project payback period	10 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Khazar” JSC

Project name	Reconstruction of equipment park of “Baku Steel Wire” JSC
Location	Baku city, Azerbaijan
Project objectives & description	<p>The purpose of the project is to restore the activity of existing steel wire enterprise.</p> <p>The project considers rebuilding of existing plant, construction and repair works, installation and exploitation of modern technologies, raw material supplies. Complete technical upgrading and installation of new equipment for steel wire manufacturing would lead to produce and sale about 20,000 tons of steel ropes annually.</p>
Project cost	5 mln. USD
Proposed financing scheme & share distribution	Will be determined upon mutual negotiations
Implementation period	1 - 1.5 year
Project payback period	2 years
Documents available (business plan, etc.) :	Business plan
Initiator:	“Baku Steel Wire” JSC

Project name	Production of energy efficient LED lamps
Location	Ganja city, Azerbaijan
Project objectives & description	<p>The main purpose of the project is to gain the mass production of lighting equipments (lamps) based on new generation of white LEDs.</p> <p>The project considers rebuilding of existing plant, construction and repair works, installation and exploitation of modern technologies. The main products considered for production are white LED lights and mass lighting equipment.</p> <p>Energy efficient LED lamps will be manufacturing with the employment of nano technologies. It is also considered to attract the several Scientific-Research and Design-Constructor Institutes.</p>
Project cost	12.7 mln. USD
Proposed financing scheme	Will be determined upon mutual negotiations
& share distribution	
Implementation period	1 year
Project payback period	2 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Bullur Electronics” JSC

Project name	Organization of modern wheel-type drilling bits manufacturing
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Location	Baku city, Azerbaijan
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Project objectives & description	<p>The project aim is to launch production of wheel-type drilling bits for oil industry that are only imported at present.</p> <p>Rebuilding of existing plant, construction and repair works, installation and exploitation of modern technologies, raw material supplies and human resources development are considered in the project.</p>
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Project cost	3 mln. USD
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Proposed financing scheme	Will be determined upon mutual negotiations
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& share distribution	
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Implementation period	1 year
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Project payback period	2 years
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Documents available	Business plan
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(business plan, etc.) :	
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Initiator:	Ministry of Industry and Energy
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Project name	Reconstruction of lime production plant
Location	Gazakh region, Azerbaijan
Project objectives & description	<p>The purpose of the project is restoring the production of lime for different purposes.</p> <p>The project considers production of lime with the high activity by using latest technology. The lime products will be used in oil, chemical, food and agricultural sectors.</p>
Project cost	12.8 mln. EUR
Proposed financing scheme	70% - Investor
& share distribution	30% - Company
Implementation period	2 years
Project payback period	4 years
Documents available	Being prepared
(business plan, etc.) :	
Initiator:	“Matanat A” Company

Project name	Modernization of glass plant
Location	Khirdalan city, Azerbaijan
Project objectives & description	<p>The project considers purchasing of new glass producing equipments and decreasing the cost of production.</p> <p>It is planned to install saving oven and produce lightweight glass boxes.</p>
Project cost	4.3 mln. USD
Proposed financing scheme	60% - “Caspian Glasses Ltd.”
& share distribution	40% - Investor
Implementation period	1 year
Project payback period	5 years
Documents available	Business plan and other related documents
(business plan, etc.) :	
Initiator:	“Caspian Glasses Ltd.”

Priority investment areas

- * Waste processing facilities
- * Production of aluminum shape
- * Production of polyvinylchloride pipes and components
- * Production of polypropylene sacks
- * Production of plastic bags and nylon sacks
- * Production of polyurethane sponge
- * Production of spring beds
- * Production of fiber boards
- * Establishment of woodworking enterprise
- * Production of spare parts for agricultural equipment
- * Production of oil-field equipment
- * Production of electric equipment
- * Production of polymer materials
- * Production of precious metals
- * Production of communal services equipment
- * Production of medical equipment
- * Production of throwaway tares





Project name	Development of carpet-making in regions
Location	Guba region, Azerbaijan
Project objectives & description	<p>The purpose of the project is expansion of carpet-making in Northern regions of Azerbaijan and opening of new work places.</p> <p>The project considers production of products with export potential for developing of handicraft and carpet-making art and demonstrating in the World markets. Establishment of show rooms and galleries also will be implemented within the project.</p>
Project cost	306 600 USD
Proposed financing scheme	105 000 USD - “Gadim Guba”
& share distribution	201 000 USD - Investor
Implementation period	1 year
Project payback period	5 years
Documents available	Business plan
(business plan, etc.) :	
Initiator:	“Gadim Guba” LLC





Project name	Expansion of carpet production
Location	Ismayilli region, Azerbaijan
Project objectives & description	<p>The objective of the project is expansion of carpet production and increasing the range of goods.</p> <p>As a result of project's implementation, new equipments will be installed and the capacity of production will be increased from 370 sq. m. to 450 sq. m.</p> <p>New types of carpets will be sold generally to the foreign tourists.</p>
Project cost	57 000 USD
Proposed financing scheme	70% - Investor
& share distribution	30% - Company
Implementation period	1 year
Project payback period	2 years
Documents available (business plan, etc.) :	Feasibility study and Business plan
Initiator:	"Khoshbext Khalcha" SE

Priority investment areas

- * Production of furniture
- * Production of protective clothing
- * Carpet weaving
- * Shoes production
- * Production of underwear
- * Establishment of clothing (including uniform) manufacture
- * Establishment of wool processing manufacture
- * Production of leather
- * Production of nursery nappies
- * Establishment of weaving mill

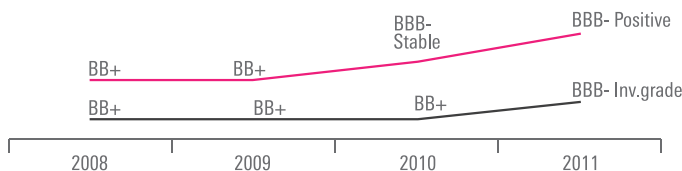


Overview

Finance & Banking

Despite major financial downgrade & economic recession, the Azerbaijani banking system kept their credibility maintaining their stable portfolio and revenue growth. The banks continued to expand their structural networks and improve customer access to financial services. Some of them have operations in Tbilisi, Moscow, London, Paris, Frankfurt-Mein, St. Petersburg and New York. One of the Russian major banks, Bank VTB entered the market in 2009 and expanded business to substantial extent with millions of dollars portfolio. The international rating agencies positively assessed Azerbaijan's financial performance.

— FitchRatings
— Standard & Pools



Insurance

Insurance market is one of the most dynamic sectors of the Azerbaijani financial market. It should be noted that since 1993 Azerbaijan is an associate member of international system of automobile owners' liability insurance - 'Green Card' and cargo transporters' liability insurance 'TIR Carnet'. Periodic increase to the minimum charter capital of insurance companies is aimed at consolidation of the market.

Capital markets

The securities market of Azerbaijan is regulated by provisions of the Civil Code and a number of presidential decrees, resolutions of the Cabinet of Ministers, and acts of the State Committee for Securities established at the end of 1998, which is authorized to regulate activities on the securities market.

The Baku Stock Exchange (BSE) was established in October 2000 which includes lead local financial institutions and banks and Istanbul Stock Exchange. BSE is providing trading, depository, clearing, and consultancy services. The instruments currently traded on the stock exchange are stocks, corporate bonds, government bonds and bills, Notes and Repo. The BSE has a fully automated trading platform providing remote access for the members of the exchange. Trading on the BSE occurs via trading sessions in real time regime.

Number of banks	44
Total profit from banking activity	\$300 mln. (increased 10 times since 2003)
Total assets of banks	\$13.6 bln
Foreign investments in banking system	\$ 262.1 mln
Foreign capital	accounted for 28% of the total bank assets
Number of insurance companies	27
Types of insurance products	35 (9 mandatory, 26 voluntary)

Revenues of insurance companies	\$ 258.5 mln
Total aggregate capital of insurers	\$ 234.7 mln
Total insurance premiums	\$ 226.1 mln
Corporate securities market	\$ 497.5 mln
Volume of transactions	\$ 340 mln
Total corporate securities market	\$ 906.8 mln

*2010

More information on www.azpromo.az

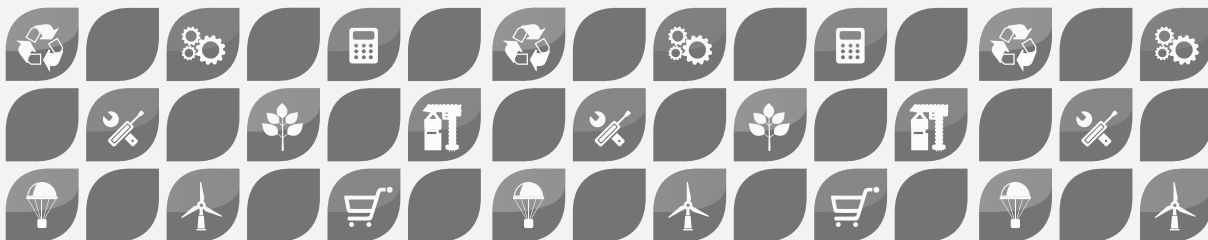


The logo for Facebook Finance, featuring the blue Facebook 'f' icon with a white calculator icon inside it, followed by the word 'FINANCE' in a light blue, sans-serif, all-caps font.

For notes

For notes

For notes



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