

(unofficial translation by the Institute of Law and Human Rights)

LAW OF THE REPUBLIC OF AZERBAIJAN

On Public legal entities

Article 1. Scope of the application of the Law

1.1. This Law establishes rules for the creation, operation and organization of public legal entities in accordance with Article 94, Paragraph I, Sub-paragraph 10 of the Constitution of the Republic of Azerbaijan.

1.2. *It is excluded.*

Article 2. Definitions

2.1. Public law - a set of legal norms governing the relations related to the provision of state or public interests.

2.2. Public legal entity - an organization which is not a state or municipal body, engaged in the activities carrying state and (or) public significance, created on behalf of the state and municipality.

Article 3. Activities of a public legal entity

3.1. Public legal entities may engage in entrepreneurial activity only in cases where this activity serves to achieve the goals set at the time of their creation and in their charter and is consistent with these goals.

3.2. A public legal entity may create or participate in commercial companies if so provided for in its charter.

3.3. The profit of the public legal entity can be transferred to the state and local budgets for the purposes not provided for in its charter only by the decision of the founder.

3.4. In the event that a public legal entity provides services and performs legal actions provided for in the Law of the Republic of Azerbaijan "On State Fee", it collects a state fee in the procedure and amount determined by the specified Law.

Article 4. Creation of a public legal entity

4.1. A public legal entity is created on behalf of the state by the body (institution) determined by the relevant executive authority, and on behalf of the municipality by relevant municipal bodies.

4.2. *It is excluded.*

4.3. Subject to peculiarities defined by this Law, other issues related to the creation of a public legal entity are regulated by the Civil Code of the Republic of Azerbaijan.

4.4. A public legal entity acquires the status of the legal entity after being registered by the relevant executive authority in accordance with the procedure established by the Law of the Republic of Azerbaijan "On state registration and state register of legal entities". State registration of a public legal entity created by the relevant executive authority shall be carried out even if the appointment of members of its management bodies has not been completed.

Article 5. Legal capacity of a public legal entity

5.1. A public legal entity possesses civil rights and bears civil duties from the moment of its state registration, and the legal capacity of a public legal entity is terminated from the moment of the completion of its liquidation.

5.2. A public legal entity can only engage in activities provided for in its charter.

5.3. *It is excluded*

5.4. A public legal entity cannot be declared bankrupt.

Article 6. Charter of a public legal entity

6.1. The model charter of a public legal entity in various fields can be established by the relevant executive authority.

6.2. In the charter of a public legal entity, the following is specified:

6.2.1. name, location and indication that it is a public legal entity;

6.2.2. procedure for adopting the charter and making amendments to it;

6.2.3. directions of activity, rights and obligations;

6.2.4. procedure for management;

6.2.5. form and scope of control over the public legal entity;

6.2.6. charter capital;

6.2.7. sources of the formation of property, basis of financial activity, whether the prices of the products (goods, works, services) of a public legal entity are regulated ones;

6.2.8. right to engage in entrepreneurial activity, to create commercial companies or to participate in them (if granted);

6.2.8-1. provision stipulated in Article 6.4 of the Law;

6.2.9. procedure for informing the public about the activities of a public legal entity;

6.2.10. procedure for liquidation and reorganization.

6.3. The charter of a public legal entity created on behalf of the state shall be approved by the body (institution) determined by the relevant executive authority, and the charter of a public legal entity created on behalf of a municipality shall be approved by the relevant municipality.

6.4. Employees of a public legal entity established by the relevant executive authority providing services related to the registration of legal facts (performing legal actions) in the cases provided for in the Law of the Republic of Azerbaijan "On State Fee" shall be treated as civil servants in cases provided for in its charter.

Article 7. Property of a public legal entity

7.1. The charter capital of a public legal entity is formed at the expense of the property transferred by the founder(s).

7.2. The property of a public legal entity can be formed from the charter capital, other property transferred to it by the founders, as well as funds allocated from the state or local budgets, income obtained from work and services performed in accordance with the scope of activity, donations, grants, and funds received from other sources specified in the charter.

7.3. The procedure for exercising the right to possess, use and dispose the property of a public legal entity is established by its charter.

7.4. The state and municipal property respectively transferred to public legal entities shall be used by them only in accordance with the purposes specified in the charter.

7.5. It is excluded

7.6. It is excluded

Article 8. Management

8.1. The procedure for the management of a public legal entity is determined by its charter.

8.2. The following belongs to the powers of the founder of a public legal entity:

8.2.1. approval of the charter and determination of the amount of the charter capital, their change;

8.2.2. establishment of management bodies;

8.2.2-1. appointment and dismissal of heads (members) of management bodies;

8.2.3. determination of the directions of development, approval of annual financial reports;

8.2.4. approval of the structure, the labour compensation fund, the number of employees and the amount of their salary (official salary, supplements to the official salary, bonuses and other payments);

8.2.5. giving consent to the establishment of commercial companies or participation in them, establishment of departments, branches and representative offices;

8.2.6. consenting to the conclusion of a contract in the amount of more than twenty-five percent of the value of net assets (a particularly significant contract), as well as a contract with persons belonging to a public legal entity (when the value of the contract is 5 percent or more of the assets);

8.2.7. adoption of the decision provided for in Article 3.3 of this Law;

8.2.8. reorganization and liquidation of a public legal entity.

8.3. The founder of a public legal entity may delegate the exercise of the powers (part of them) specified in Article 8.2 of this Law to the body (organization, including the public legal entity itself) that he determines.

8.4. Taking into account Article 6.4 of this Law, heads (members) of management bodies shall meet the requirements defined in the Civil Code of the Republic of Azerbaijan.

8.5. Limitation of the right to dispose of the property of a public legal entity under certain conditions may be stipulated in the charter.

Article 9. Reorganization and liquidation of a public legal entity

Issues related to the liquidation and reorganization of a public legal entity are regulated by its charter and the Civil Code of the Republic of Azerbaijan.

Ilham ALIYEV
President of the Republic of Azerbaijan

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