

Cabinet of Ministers of Azerbaijan Republic Decree No. 150

26 October 1996,

On Approval of the "Regulation on Regularity of Payment for Water Use in Azerbaijan Republic".

In pursuance of a Decree of the President of Azerbaijan Republic of 14 September 1996 '492, the Cabinet of Ministers of Azerbaijan Republic decrees:

1. To approve the "Statement on Rules of Paid Water Use (attached), prepared by the State Amelioration and Irrigation Committee following the Laws of Azerbaijan Republic "On the Principles of Agrarian Reforms" and "On Amelioration and Irrigation" and agreed with the Ministry of Economy, the Ministry of Finance, the Ministry of Justice and the Ministry of Agriculture:

2. To charge the Ministry of Economy, the Ministry of Finance and the Ministry of Agriculture:

- to ensure, stage-by-stage transition to the paid water use in the country beginning from 1 January 1997;

- to establish, within 15 days, water tariffs individually for each district based on local conditions.

3. The State Amelioration and Irrigation Committee and the Ministry of Finance are to envisage in their financial-economic plans the transition to the paid water use in the country.

4. To entrust the Agrarian-Industrial Department of the Management Office of the Cabinet of Ministers to control the execution of the present Law.

The First Deputy Prime-Minister

A. Rasizade

**Approved by a Decree of the Cabinet of Ministers of Azerbaijan Republic of 26 October 1996,
No 150.**

Regulations on regularity of Payment for Water Use in Azerbaijan Republic

The transition of Azerbaijan Republic economy to the market relations and the appropriate reforms implemented, create conditions for formation of relationships on the self-supporting basis between operational water farm organisations and water users as well as for introducing the paid water use.

The paid water use shall be introduced to use water resources efficiently and thrifty, to improve/technical conditions of hydro-ameliorative systems. The paid water use shall increase economic incentive of Producer and Consumer and enable to recover state expenditures aimed at reliable water supply.

The present Regulations the paid water use has been drawn up based on the Laws of Azerbaijan Republic "On Agrarian Reforms" and "On Amelioration and Irrigation".

The Regulations is the grounds for operational organisations of the State Amelioration and Irrigation Committee of Azerbaijan Republic to carry out activity on self-supporting basis (take over the cost of water taken from water farm systems by tariffs approved).

I. General Provisions

1.1. The Regulations regulates relations related to water use between water producing organisations of the State Amelioration and Irrigation Committee of Azerbaijan Republic and a Consumer (those who use water for watering and their associations) located at the territory of Azerbaijan Republic. The rules provided by the Statement shall be binding for both the Producer and the Consumer.

1.2. The principal responsibility of the Producer is to ensure distribution water for irrigation from water distributors following the limits of water source approved by the State Amelioration and Irrigation Committee and a water use plan, in the volumes and terms provided by an agreement, according to the established quality standards.

1.3. The principal responsibility of the Consumer is to maintain domestic irrigation facilities (systems) in good order, to use water efficiently, to carry out the appropriate agro-technical measures in good time, to prevent deterioration of ameliorative conditions of land.

1.4. If an accident takes place at irrigation systems and facilities, the Consumer should participate in its liquidation together with the Producer. If the accident is provoked by some organisation or person, the caused damaged shall be compensated by the culprit according to the acting legislation.

1.5. When distributing and draining water, both the Producer and the Consumer should without fail follow instructions on operation of ameliorative systems and its facilities, pumping stations, water metering devices, drains, collectors and channels, pipe lines, etc.).

1.6. Water distribution to the Consumer shall be carried out according to model agreement specified in the present Statement.

1.7. The agreement on water distribution: shall be concluded between water organisations (which are directly responsible for water distribution) of the State Amelioration and Irrigation Committee on one part, and water users - on other part.

2. Conditions and Rules of Water Fee Payment

2.1. Water fee consists of expenditures on its taking from water farm facilities (systems), expenses spent for repair and maintenance of inter-farm systems, spillways, collector-drainage networks and hydrotechnical facilities as well as of profit calculated by the established level of profitability.

2.2. Water fee shall be established within the limits fixed by the State, regardless of the form of ownership of Consumers.

Water fee shall be differentiated by regions and districts based on natural-climatic conditions of the territory, its provision with water resources, type of source, technical conditions of watering system, watering technique and method, economic and social conditions of a farm.

2.3. All Consumers using watering systems shall pay water fee according to the established tariff.

2.4. Water tariffs shall be calculated by the State Amelioration and Irrigation Committee individually for each district in agreement with the Ministry of Agriculture, the Ministry of Economy and the Ministry of Finance, in accordance with the established methodic instructions and local conditions.

2.5. It is forbidden to take and use wilfully water from surface and underground sources without agreement of the water farm organisation.

Legal and natural entities infringing this rule shall bear the responsibility according to the acting legislation.

2.6. Accounts on water farm services shall be settled between Producers and Consumers according to the established tariffs.

2.7. In cases of water use exceeding limits provided by agreements concluded between Producer and Consumer, a penalty shall be imposed on the Consumer in the amount of the specified fee calculated according to the approved tariffs.

2.8. Expenses for water distributed to the Consumer additionally without its agreement shall not be recovered.

2.9. The rules of fee to be paid for water used by the users and tenants of land belonging to the Consumer shall be established at its self-supporting units by the Consumer (by itself).

2.10. The recovery of expenditures for water farm services shall be carried out according to general pay rules established by the National Bank of Azerbaijan Republic.

2.11. Persons assigned by Producer and Consumer should keep daily report showing the quantity of water receipt and distribution, approved by signatures of both parties. Once a month the appropriate document shall be drawn up between the Producer and the Consumer based on these reports. The Consumer shall pay monthly (in the form of advance payment) 40 percent of fee for water to be taken; the rest part shall be paid to the 5-th day of the following month.

An additional payment shall be paid by the Consumer for each overdue day in the amount of 0.2 % of the unpaid fee.

2.12. A complain regarding a doubt arisen about proper quantity of distributed water shall be accepted if not more than 10 days passed from the day of determination of the volume of water. If necessary, experts from the relevant meteorological organisations shall be attracted to this work; expenditures for their services shall be incurred by the guilty party. •

3. Conditions and Rules of Water Distribution.

3.1. According to the approved standards, one cubic metre is established as unit of measurement for water.

3.2. Guaranteed water distribution shall be ensured by all organisations of the State Amelioration and Irrigation Committee in the following quantity.

from the rivers of Kura, Araz, their tributaries and the river of Samur - within the bounds of water limits established by agreements concluded by Azerbaijan Republic with the neighbouring countries;

from other rivers of Azerbaijan Republic based on 75 % of guaranteed annual water flow.

3.3. Should supply be less than the level specified in paragraph 3.2., then Producer can (in agreement with Consumer) reduce water limits in accordance with the established order and make changes in water distribution schedule approved by the agreement.

3.4. Quantity of water to be distributed for Consumers shall be established according to water use plan which is agreed with the Ministry of Agriculture and approved by the State Amelioration and Irrigation Committee at the beginning of the year; this quantity shall be shown in the agreement concluded between the parties. Quantity of water to be distributed for Consumers within a month, 10 days and daily shall be established by the Producer according to the Consumers requests based on capacities of water sources and irrigation systems.

3.5. Request on change of the quantity of taken water shall be submitted by the Consumer 10 days before water distribution time approved by the Producer by means of the agreement. Otherwise the Producer shall not give a guarantee regarding the execution of the request.

3.6. The Producer and Consumer shall systematically distribute and receive water for a day within the limits of norm. If water quantity differs from the daily norm level, then water shall be distributed and received according to a dispatcher schedule agreed between the parties.

3.7. In cases if the volume of distributed water for certain period is less or more than the level provided by the agreement, the parties shall be entitled to demand compensation of this difference within the next plan period.

3.8. In case if a possibility arises to distribute more water to the Consumer than it was provided by the agreement, changes related to new terms and conditions shall be made according to an additional agreement between the parties.

3.9. The quantity of water to be distributed to the Consumer shall be determined by control-measuring devices installed at the water distributors by the Producer.

3.10. The Producer shall prepare documents of the control-measuring devices and units installed at the water distributors and submit them to the relevant organisations for attestation.

3.11. The Consumer has the right to check the work of control-measuring devices and units, correctness of indices; to demand extraordinary check-up of these devices and units. Both parties shall supervise over proper operation of control-measuring devices and units.

3.12. The owner of the control-measuring devices and units shall be responsible for their maintenance in good order.

4. Rules of Establishing Tariffs (Prices) for the Volume of Water Distributed by Producer

4.1. Tariffs of water distributed by the Producer, shall be established taking into account expenditures for maintenance of inter-farm system, current repair and over-haul, prices of material-technical and production means (fuel, electric energy, building materials, machinery) etc., increased under inflation conditions, and adding profitability within the limits of 10 %.

5. Rules of Compensation of Damage Resulted from Irrigation Water Shortage

5.1. Damage to Consumers caused by reduction of water in a source because of natural conditions (Paragraph 3.2. and 3.3. of the Statement) shall be compensated by the relevant insurance organisations.

5.2. In a droughty period if there is water shortage, the Producer shall accordingly reduced distribute it to the Consumers based on the principle of equal guarantee.

5.3. If the Producer, without good reasons, distribute water to the Consumer in the volume, less than provided by an agreement, and the scheduled water distribution is breached, the damage shall be determined by a Commission established by the specialists concerned in these works. A document regarding this shall be drawn up and handed to the concerned organisations for execution.

5.4. The cost of the volume of water supplied in addition to plan by request of the Consumer and with agreement of the Producer, shall be paid by the Consumer at 1, 2 rate.

5.5. At refusal to receive of water in the volume specified in the agreement, the Consumer shall inform the Producer on this in writing 7 days before. Otherwise the Consumer shall pay to 50 % of cost of water . to be supplied.

5.6. If the volume of water supplied to the Consumer is not used effectively, is discharged to drain channels, collector-drainage networks, etc., (except technological waste by furrows), the Consumer should recover the cost of unused water at threefold rate.

5.7. If water is taken by the Consumer from the source without permission of the Producer, the volume of this water shall be paid at fivefold rate and the Consumer is to be punished according to the established rules.

5.8. Other commitments not contradicting the present Statement should be shown in a mutual agreement to be concluded between the parties.

5.9. Disputes which might arise from relationship between the Producer and the Consumer shall be settled in accordance with the civil-legal and the economic legislation.

6. Agreement between the State Amelioration and Irrigation Committee Organizations and Water Users

" ____ " _____ 199 _

(Title of water supply organisation)

hereinafter referred to as "Executor", represented by _____

_____, on one part,
(Position, surname, name, patronymic)

and _____

(Title of water user organisation)

hereinafter referred to as "Customer",

represented by _____
(position surname, name, patronymic)

on other part on _____ 199 ____ enter hereby into

agreement on distribution and receipt of water for watering of areas under crops in accordance with the Law of Azerbaijan Republic "On the Principles of Agrarian Reforms".

I. The Contractor undertakes

1.1. To supply the customer with ____ min cubic metres of water for watering annually (for a period of the agreement) from water distributors according to schedule, based on the limits of water resources and water use plan approved by the State Amelioration and Irrigation Committee.

1.2. To keep in repair in-farm irrigation systems and their hydrotechnical structures being at its balance

Remark: Watering norms, the volumes and terms of supplied water could be changed in connection with meteorological conditions in both party's agreement.

II. The Customer undertakes

2.1. To keep in repair in-farm irrigation systems and their hydrotechnical structures being at its balance.

2.2. To ensure the efficient and thrifty use of water for irrigation, to carry out agro-technical measures, to prevent land deterioration.

2.3. To pay water cost at rate of _____ manat per one cubic metre of water distributed from water distributor.

Remark: a) Cases of supply the Customer with water in addition to the level provided by the agreement shall be registered in special documents specifying reasons for this.

b) Cost of each cubic metre taken over the level provided by the agreement should be recovered at 1.2. rate.

c) Should the Customer refuse from supplied water, it should inform on this the Contractor at least 7 days before.

d) In connection with inflation, price of one cubic metre of water specified in the agreement, could change monthly within a year, according to currency exchange rate of the National Bank.

III. Mutual Settling Accounts on the Agreement

3.1. Accounts on water shall be kept by the Customer monthly and formalised by the appropriate document between the Contractor and the Customer.

3.2. The Customer shall pay 40 % of the cost of taken water monthly in the form of advance, the rest part shall be paid to the 5-th day of next month.

Remark: for each day of the overdue amount a penalty in the amount of 12 % shall be imposed on the Customer.

IV. The Responsibility of the Parties

4.1. If the commitments specified in the present agreement are not executed or are executed improperly, the Performer and Customer shall bear the responsibility according to the acting laws of Azerbaijan Republic.

5. All claims related to the present agreement shall be settled by the court.

6. The agreement has been done in triplicate, one of them is retained at the Contractor, the other - at Customer; the third - one shall be sent by the Contractor to the _____ bank.

7. Validity of the Agreement and legal addresses of the parties

7.1. Validity of the Agreement:

Starts from "_____" 1997

Expires "_____" 1997

7.2. Legal addresses and accounts of the Parties

Contractor

Customer

Name of crops	Irrigated area, ha	Watering cubic m.ha	norm, 0:I:II:III:IV:	Including	Quantity of water distributed, thou- sand cubic m.
1. Cotton					
2. Tobacco					
3. Wheat					
4. Melon field crops					
5. Fodder crops					
including:					
a) old clover					
b) fresh clover					
c) corn					
d) beet					
e) natural meadows					
6. Perennial plantations					
including					
a) vineyards					
b) mixed orchards					
7. Other crops					
Total					
Water distributed for Customer, by months					
Total:					