

## **Charter of the Azerbaijan Science Foundation**

**Approved by the Decree of the President of the Republic of Azerbaijan dated October 15, 2022.**

### **1. General Provisions**

1.1. The Azerbaijan Science Foundation (hereinafter referred to as the Foundation) is a public legal entity that provides targeted funding through grants for fundamental, applied, and experimental research, as well as other scientific activities, in the fields of natural sciences, technology, humanities, and social sciences (hereinafter referred to as the relevant field).

1.2. In its activities, the Foundation adheres to the Constitution of the Republic of Azerbaijan, the laws of the Republic of Azerbaijan, this Charter, other decrees and orders of the President of the Republic of Azerbaijan, resolutions and orders of the Cabinet of Ministers of the Republic of Azerbaijan, as well as other normative legal acts.

1.3. In fulfilling its duties and exercising its rights, the Foundation cooperates with state authorities, local self-governing bodies, international and non-governmental organizations, and other legal and physical entities.

1.4. The Foundation undertakes activities of national and public importance. To achieve the objectives set forth in this Charter, the Foundation may also engage in entrepreneurial activities.

1.5. The Foundation has an independent balance sheet, property, treasury and bank accounts, a seal bearing its name, and associated stamps and letterheads.

1.6. In accordance with the law, the Foundation has the right to enter into transactions, acquire and exercise property and non-property rights in its own name, and to undertake obligations. The Foundation may act as a plaintiff or defendant in court.

1.7. The Foundation is located in Baku.

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### **2. Areas of Activity of the Foundation**

2.1. The Foundation's areas of activity are as follows:

2.1.1. Participate in the formation and implementation of state policy in the relevant field.

2.1.2. Provide targeted funding through grants for fundamental, applied, and experimental research, as well as other scientific activities in the fields of natural sciences, technology,

humanities, and social sciences; promote interest in scientific research, and support projects for organizing scientific events.

2.1.3. Support innovative ideas and activities in science by scientific institutions, organizations, higher education institutions, and other entities, including production enterprises applying modern innovations, as well as physical persons who are citizens of the Republic of Azerbaijan (hereinafter referred to as legal and physical entities engaged in scientific activities).

2.1.4. Ensure the development of the relevant field.

2.1.5. Engage in other activities specified by this Charter.

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### **3. Duties and Rights of the Foundation**

3.1. In accordance with its areas of activity as defined in this Charter, the Foundation fulfills the following duties:

3.1.1. Participate in the preparation and implementation of normative legal acts, development concepts, and targeted programs in the relevant field.

3.1.2. Ensure the fulfillment of obligations undertaken by the Republic of Azerbaijan on issues within the Foundation's authority, as regulated by international agreements of the Republic of Azerbaijan.

3.1.3. Support innovative ideas and projects in fundamental, applied, and socially significant areas by conducting competitions and organizing grant funding for eligible entities.

3.1.4. Take measures to encourage scientific research in Azerbaijan, enhance the study of the country's natural resources, cultural and historical heritage, and improve the efficiency of research conducted in various scientific fields.

3.1.5. Organize activities, including awarding scientists with high achievements, to support international research, study advanced international experience, and organize events aimed at popularizing science.

3.1.6. Define priority scientific directions for each competition, considering the socio-economic and scientific-cultural development trends of the Republic of Azerbaijan.

3.1.7. Organize grant competitions for scientific and scientific-technical activities in accordance with procedures set by the Cabinet of Ministers of the Republic of Azerbaijan, including announcing competitions, specifying the relevant scientific fields, determining project funding amounts, and facilitating electronic submissions.

3.1.8. Guarantee equal participation rights in grant competitions for all legal and physical entities engaged in scientific activities, regardless of ownership or organizational-legal form.

3.1.9. Organize financial monitoring of funded projects.

3.1.10. Register the original expression of ideas in submitted projects as objects of copyright with the Intellectual Property Agency of the Republic of Azerbaijan.

3.1.11. Oversee the proper use of funds allocated as grants.

3.1.12. Collaborate with local and foreign entities offering grants to hold competitions and finance winning scientific research projects.

3.1.13. Organize the evaluation of submitted projects, select them based on expert evaluations, and receive periodic and final reports on funded projects for assessment.

3.1.14. Conduct public opinion studies on the support and funding of scientific research projects.

3.1.15. Determine the spending directions of the Foundation's funds for grant projects and take necessary measures in this regard.

3.1.16. Enter into agreements with winners of grant competitions on grant usage terms, ensuring their registration and funding projects as one-time payments or in stages.

3.1.17. Disclose information about the results of grant competitions.

3.1.18. Efficiently use the Foundation's resources to attract funding for applied and innovative grant projects.

3.1.19. Participate in the implementation of targeted programs and projects funded by state bodies, international and non-governmental organizations, and other entities.

3.1.20. Support projects for short-term internships in reputable scientific institutions and higher education institutions abroad, and finance the participation of scientists in prestigious international scientific events.

3.1.21. Organize events to popularize science and develop scientific skills, including training sessions, seminars, and other initiatives for scientists and researchers.

3.1.22. Create a public registry of scientific research funded through grants and establish a talent registry for outstanding scientists, including young researchers.

3.1.23. Take measures to suspend funding and recover granted funds if there are violations of contract terms or misuse of funds allocated for grant projects by legal and physical entities engaged in scientific activities, and restrict such entities from participating in the Foundation's competitions and projects for up to three years.

3.1.24. Coordinate the activities of state bodies (institutions), local self-governing bodies, and legal and physical entities in the relevant field.

3.1.25. Organize electronic services in the relevant field in accordance with the "Regulations on the Formation, Maintenance, Integration, and Archiving of State Information Resources and Systems" and the Azerbaijani Presidential Decree No. 263 dated September 12, 2018, on certain measures related to e-government.

3.1.26. Review applications received in connection with the activities of the Foundation in accordance with the laws of Azerbaijan, including "On Appeals of Citizens," "On Administrative Proceedings," and "On Access to Information," and take actions as prescribed by law.

3.1.27. Organize clerical work and reception of citizens in compliance with relevant regulatory legal requirements, and take measures to enhance the additional education and professionalism of the Foundation's employees.

3.1.28. Ensure public awareness of its activities, create a website, post public information required by the "Law on Access to Information" on the website, and ensure the continuous updating of this information.

3.1.29. Organize the Foundation's information support and ensure its security.

3.1.30. Take measures to protect state and commercial secrets, as well as confidentiality.

3.1.31. Ensure the effective use of budget funds, loans, grants, and other financial resources allocated to the Foundation for their intended purposes.

3.1.32. Take measures to improve the structure and operations of the Foundation.

3.1.33. Ensure the implementation of scientific and technical achievements, considering advanced international experience.

3.1.34. Provide proposals regarding the preparation of professional specialists and the development of training programs in the relevant field.

3.1.35. Fulfill other duties assigned by this Charter.

3.2. The Foundation has the following rights to fulfill its duties:

3.2.1. Submit proposals regarding the adoption, amendment, interpretation, suspension, or cancellation of normative legal acts in the relevant field.

3.2.2. Propose Azerbaijan's participation in international agreements in the relevant field.

3.2.3. Cooperate with international organizations and relevant state agencies of foreign countries, as well as study relevant foreign practices for the investigation of international experience applicability.

3.2.4. Engage representatives of the scientific diaspora and prominent foreign scientists in the Foundation's activities (such as setting scientific priorities, project expertise, consultations, etc.) and grant competitions.

3.2.5. Provide recommendations on the selection of modern technologies and technological solutions within the framework of funded grant projects.

3.2.6. Fully or partially finance the creation, modernization, or strengthening of infrastructure for scientific research within projects.

3.2.7. Conduct research on issues related to its activities, and create working groups and commissions.

3.2.8. Request and obtain necessary information (documents) from government bodies, local self-governance bodies, legal and physical persons.

3.2.9. Promote the activities of the Foundation and the significant scientific results of funded grant projects both domestically and internationally, including publishing the results of successful projects in separate collections (books).

3.2.10. Become a member of local, regional, and international organizations.

3.2.11. Provide opinions and suggestions on its areas of activity, conduct analyses and generalizations, and prepare analytical materials.

3.2.12. Engage independent experts and specialists in its activities.

3.2.13. Organize conferences, meetings, seminars, and other events related to its areas of activity.

3.2.14. Nominate its employees for state awards and other prizes and take measures to encourage them.

3.2.15. Take measures to attract investments to the Foundation.

3.2.16. Engage in entrepreneurial activities, establish or participate in business companies.

3.2.17. Provide paid services to state bodies, physical and legal persons in the relevant field based on contracts.

3.2.18. Publish special bulletins and other publications.

3.2.19. Exercise other rights assigned by this Charter.

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## **4. Foundation Management**

4.1. The Foundation applies progressive corporate governance standards in its activities and management.

4.2. The Foundation is managed by a Supervisory Board (hereinafter referred to as the Board) and an Executive Director.

4.3. The Board provides general leadership and oversight of the Foundation.

4.4. The Board consists of 5 (five) members, including its chairman. The President of the Republic of Azerbaijan appoints and dismisses the chairman and other members of the Board.

4.5. The Board operates on a public (unpaid) basis.

4.6. Except in cases specified by this Charter, the Board is independent in making decisions.

4.7. The Board's duties are as follows:

4.7.1. To submit proposals and documents (including the Foundation's financial report and annual activity report) to the President of the Republic of Azerbaijan for exercising the founder's authority.

4.7.2. To determine the development directions, strategic goals, and plans of the Foundation.

4.7.3. To oversee the activities of the Foundation.

4.7.4. With the consent of the President of the Republic of Azerbaijan, to approve the structure, payroll fund, staff limit, and employee salaries (including base salary, salary supplements, bonuses, and other payments) of the Foundation, and to establish an incentive system for employees paid from the Foundation's earnings (excluding funds allocated from the state budget and other state-owned funds).

4.7.5. With the consent of the President of the Republic of Azerbaijan, to decide on establishing or participating in economic societies, as well as creating branches and representative offices of the Foundation.

4.7.6. To approve the Foundation's financial planning and budget.

4.7.7. To oversee and inspect the activities of the Executive Director.

4.7.8. To approve internal regulations related to the Foundation's activities (including conflict of interest rules), as well as the statutes of branches and representative offices, and the charters of economic societies.

4.7.9. To consider and make decisions on the applications of Council members and the Executive Director.

4.7.10. Hear the annual report on the Foundation's activities.

4.7.11. Appoint an external auditor for the Foundation and accept the audit report.

4.7.12. Take actions based on the results of external and other audits.

4.7.13. Announce grant competitions financed by the Foundation, determine the projects declared winners, and publish information on the competition results.

4.7.14. With the consent of the President of the Republic of Azerbaijan, decide on transactions (significant transactions) exceeding 25% of the Foundation's net asset value and transactions with related parties valued at 5% or more of the Foundation's assets.

4.7.15. Perform other duties as defined by this Charter.

4.8. The Chair of the Council convenes and presides over Council meetings at least twice a year. A Council member or the Executive Director of the Foundation may initiate a meeting. The Council meeting is valid if more than half of the members are present. Decisions are made by open voting, with each member having one vote and a simple majority required. In the event of a tie, the vote of the presiding Chair is decisive. Abstentions are not permitted.

4.9. Members of the Council, the Executive Director, and invited persons receive written notice of the location, time, and agenda of the meeting, along with necessary documents, at least three working days in advance.

4.10. The Executive Director may also participate in Council meetings.

4.11. If an agenda item concerns a Council member's interests, they must disclose details and abstain from the discussion and vote on that matter.

4.12. Decisions cannot be made on agenda items or required documents that were not submitted in advance, except with the unanimous consent of all participants.

4.13. The outcome of the Council meeting is formalized in a protocol signed by Council members and the Secretary. If the Secretary cannot attend, the Chair appoints a replacement. The protocol is approved by the Council and sent to the Executive Director.

4.14. The Council Chair appoints a Secretary from among non-member staff, and the Secretary reports to the Chair.

4.15. The duties of the Secretary are as follows:

4.15.1. Organize Council meetings.

- 4.15.2. Fulfill the duty specified in clause 4.9 of this Charter.
- 4.15.3. Prepare and submit the protocol of the meetings for Council members to sign.
- 4.15.4. Prepare draft decisions for the Chair's review and approval.
- 4.15.5. Ensure the appropriate distribution of decisions.
- 4.16. The duties of the Council Chair are as follows:
  - 4.16.1. Organize and lead the Council's work and cancel decisions made by themselves or the Executive Director that violate laws.
  - 4.16.2. Set the agenda, convene, and preside over meetings.
  - 4.16.3. Invite other persons to the meeting at the initiative of any Council member or the Executive Director.
  - 4.16.4. Perform other actions related to organizing Council activities.
- 4.17. When the Chair is temporarily unavailable, their powers are delegated to a designated Council member.
- 4.18. The duties of Council members are as follows:
  - 4.18.1. Participate in addressing matters within the Council's authority.
  - 4.18.2. Familiarize themselves in advance with the meeting agenda and relevant materials.
  - 4.18.3. Express opinions on decisions to be made by the Council.
  - 4.18.4. Submit proposals for considering issues within the Council's competence at Council meetings.
  - 4.18.5. Familiarize themselves with the Council's decisions, meeting minutes, and other documents.
- 4.19. Council members must approach issues considered at Council meetings impartially, avoid actions or statements that could tarnish the Council member's name, and fulfill other requirements set forth in Article 49 of the Civil Code of the Republic of Azerbaijan.
- 4.20. The Foundation's Executive Director, appointed and dismissed by the President of the Republic of Azerbaijan, manages the Foundation's current operations.
- 4.21. The Executive Director has one deputy, appointed and dismissed by the Council upon the



Executive Director's recommendation. When the Executive Director is temporarily unavailable, their deputy performs their duties based on an appropriate order.

4.22. The Executive Director and their deputy must avoid actions or statements that could damage their reputation and must comply with other requirements established by Article 49 of the Civil Code of the Republic of Azerbaijan.

4.23.1. Organize the Foundation's operations, oversee its current activities, and represent the Foundation.

4.23.2. Ensure the implementation of accepted acts related to the Foundation's operational areas, verify them, and exercise control over them.

4.23.3. Implement the decisions of the Council.

4.23.4. Submit proposals and documents to the Council to fulfill the duties specified in this Charter.

4.23.5. Oversee the implementation of the Foundation's strategic goals, plans, and budget.

4.23.6. Inform the Council of current and operational issues.

4.23.7. Take actions necessary to resolve issues set forth in sub-clauses 3.1.1 and 3.2.1 of this Charter.

4.23.8. Make decisions on transactions involving affiliated persons valued up to 5% of the Foundation's assets.

4.23.9. Approve the structure of the Foundation's apparatus and other structural divisions, staff schedule, and expenditure estimates within the established structure, payroll foundation, and staff limits.

4.23.10. Ensure the proper use of funds as set out in sub-clause 3.1.31 of this Charter.

4.23.11. Ensure the use of the Foundation's property for purposes specified in this Charter.

4.23.12. Take necessary measures to protect state secrets and confidentiality, as well as other legally protected information, within the Foundation's activity areas.

4.23.13. Organize the payment of salaries, bonuses, and other remuneration to the Foundation's employees within the salary foundation.

4.23.14. Issue internal directives and orders required for the organization of the Foundation's operations.

4.23.15. Conduct transactions on behalf of the Foundation, sign contracts, and ensure their fulfillment within the authority established by this Charter.

4.23.16. Make decisions regarding the appointment and dismissal of employees of the Foundation, its departments, branches, and representations (and only the heads in subsidiaries) as well as disciplinary and incentive measures, excluding cases specified by this Charter.

4.23.17. Cancel their own decisions or those of the Foundation's structural divisions' officials if they are contrary to the law.

4.23.18. Form advisory committees and working groups within the Foundation's activity areas.

4.23.19. Ensure the maintenance of office work and archival activities within the Foundation.

4.23.20. Ensure the reception of citizens and the review of their appeals within the Foundation.

4.23.21. Make decisions on all other issues not within the Council's authority.

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## **5. The Foundation's Charter Capital, Assets, and Financial Activities**

5.1. The Foundation's charter capital is 4,157,866.0 (four million one hundred fifty-seven thousand eight hundred sixty-six) manats.

5.2. The Foundation's assets consist of its charter capital, property provided by the founder, funds allocated from the state budget, income from its activities, donations, grants, investments, and other funds not prohibited by law.

5.3. The Foundation may use its assets solely for purposes specified in this Charter. In relation to state property on its balance sheet, the Foundation exercises its powers in accordance with the procedure established by the Decree No. 586 of the President of the Republic of Azerbaijan dated June 6, 2007, on "Improving the Preservation and Efficient Use of State Property."

5.4. The Foundation has the right to independently manage funds obtained from the activities of the Foundation, its departments, branches, representations, subsidiaries, and other subordinated entities, after paying taxes and other mandatory payments as required by law.

5.5. The prices of the Foundation's products (goods, works, services) are not subject to regulated prices (tariffs).

5.6. The value of all grants given in material form to the Foundation may not exceed 35% of the total allocations from state orders for the financial year.

5.7. The Foundation's profit may only be transferred to the state budget for purposes not specified in this Charter by decision of the President of the Republic of Azerbaijan.

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## **6. Forms and Scope of Supervision of the Foundation's Activities**

6.1. The Foundation's activities are supervised by the President of the Republic of Azerbaijan, as well as by the Council and the Executive Director in accordance with this Charter.

6.2. An annual report on the Foundation's activities is submitted to the President of the Republic of Azerbaijan.

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## **7. Accounting and Reporting at the Foundation**

7.1. The Foundation maintains accounting records, prepares, submits, and publishes financial statements in accordance with the Law of the Republic of Azerbaijan on "Accounting" for public legal entities.

7.2. The Foundation prepares and submits statistical reports in accordance with the Law of the Republic of Azerbaijan on "Official Statistics."

7.3. The Foundation ensures the audit of the financial and economic activities of its departments, branches, representations, subsidiaries, and other subordinate entities.

7.4. The Foundation engages an external auditor for an independent audit of its activities.

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## **8. Liquidation and Reorganization of the Foundation**

The liquidation and reorganization of the Foundation are carried out by the President of the Republic of Azerbaijan.

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**Decree of the President of the Republic of Azerbaijan on Approving the Composition of the Supervisory Board of the Public Legal Entity "Azerbaijan Science Foundation" and Amending the Decree No. 2818 of April 19, 2017, on Approving the New Composition of the Board of Trustees of the Science Development Foundation under the President of the Republic of Azerbaijan**

Guided by paragraph 32 of Article 109 of the Constitution of the Republic of Azerbaijan, I hereby decree:

1. The following composition of the Supervisory Board of the public legal entity "Azerbaijan Science Foundation" shall be approved:  
**Chairman of the Supervisory Board**
  - Head of the Department for Humanitarian Policy, Diaspora, Multiculturalism, and Religious Affairs of the Presidential Administration of the Republic of Azerbaijan**Members of the Supervisory Board**
  - Minister of Science and Education of the Republic of Azerbaijan
  - Minister of Digital Development and Transport of the Republic of Azerbaijan
  - President of the Azerbaijan National Academy of Sciences
  - Chairman of the Supreme Attestation Commission under the President of the Republic of Azerbaijan
2. Section 1 of the Decree No. 2818 of the President of the Republic of Azerbaijan dated April 19, 2017, "On Approving the New Composition of the Board of Trustees of the Science Development Foundation under the President of the Republic of Azerbaijan" (Collection of Legislation of the Republic of Azerbaijan, 2017, No. 4, Article 597) shall be annulled.

Ilham Aliyev

President of the Republic of Azerbaijan

Baku, October 15, 2022