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**INSTITUTE for SCIENTIFIC-RESEARCH on
ECONOMIC REFORMS (ISRER)
the Ministry of Economy of the Republic of Azerbaijan**

DIRECTOR
Prof., Dr. Vilayat VALIYEV
(From 2009 until now)

Vilayat Mammad oglu VALIYEV was born on 28 March, 1960, in village Duzkend of Amasiya district of the Armenian Soviet Socialist Republic, a former republic of USSR. In 1977, he finished secondary school and in 1978, he pursued his study at vocational school No.49 located in Sumgait town which graduated with excellent marks in a discipline - electric overhead crane operator. At the same year, he was admitted to the faculty of applied mathematics of Azerbaijan State University (currently Baku State University) and successfully completed his university-level study in 1983. In 1985, he pursued his post-graduate study at the Institute of Problems of Deep Oil and Gas Deposits under the National Academy of Sciences, and then he received his Candidate of Sciences Degree (Ph.D.) (1995-1998). In 1999, he pursued his education at Oklahoma University (USA) on the study of impact of oil and gas revenues to the development of other sectors of the national economy (Dutch disease). From 2000 to 2004, he studied the Internal Law at Baku State University (as an additional qualification in his higher education).

In 1990, he defended a Ph.D. thesis on the subject “Optimal Forecasting of Oil Production and Oil Reserve Growth For the Purpose of Regional Planning of Oil & Gas Production”; then in 2007, he was awarded a Ph.D. degree (Doctor of Economic Sciences) upon defending his doctoral dissertation on the subject the “Economic and Mathematical Modelling for the Process of Hydrocarbon Resources Extraction Under

Risk and Uncertainty”. In 2013, he was conferred the title of Professor in “Econometrics” qualification.

From 1983 until 1992, he began his scientific activity holding positions of a senior laboratory assistant, chief engineer, junior research associate, research associate, senior research associate, leading research associate, senior scientific worker at the Institute of Problems of Deep Oil and Gas Deposits under the National Academy of Sciences. From 1992 to 2003, he has also served as the Head of the Department for Development of Forecasting of Optimization Sector and Oil & Gas Production Industry. In 2003, the Institute of Geology of the National Academy of Sciences was reorganized on the basis of the Institute of Problems of Deep Oil and Gas Deposits of the National Academy of Sciences and the Geological Institutions and since then until 2011 (by holding multiple offices from the beginning of 2009) acted as the director of the “Economic Research of Oil and Gas Issues” department. He is currently a director of the Institute for Scientific-Research on Economic Reforms (ISRER) under the Ministry of Economy and Industry of the Republic of Azerbaijan, a position he has held since February 2009. He has an extensive research experience as a researcher that reflected in his overall research performance and accomplishments. Furthermore, he was able to gain significant scientific achievements in certain periods of his scientific-research activity in some directions.

During the period of 1983-1989, he was able to develop several methods for determination of optimal placement of wells in various modes of non-uniform oil and gas wells development and prediction of oil and gas production; for the first time an economic and mathematical model was developed and implemented on determination of the optimal relations among the geological-geophysical, exploration, exploitation stages of the development of hydrocarbon resources (DHR). The forecast was given on the oil and gas production and extractable potential of oil and gas reserves of all onshore fields of the country, the size distribution of the oil and gas structures in different depths was given in prospective areas, which is very significant for the future work.

During the period of 1990-1995 Dr.VALIYEV conducted research on technical-economic feasibility of oil and gas field development requiring large-scale investment, as well as evaluation of investment project effectiveness in the free market economy in the Republic.

To this end, on the basis of the joint research conducted in the research center of UNOCAL USA in 1992 and in the Pennzoil Company in 1994, with the condition of developing the offshore fields of the country and attracting investment, the economic and mathematical model was created by identifying the perspectives, multiple-choice model of the technical and economic evaluation and Production Sharing Agreement was developed taking into account the current world experience. For the first time, a stochastic model of geological-geophysical, exploration, exploitation stages of DHR was proposed and a stochastic economic and mathematical model was developed to determine optimal relations, possible counterparts of the deterministic parameters which contained certain mistakes and had been used in the former Soviet Union for many years. Also, taking into account sufficient residual oil reserves in the onshore fields of the country which has been used for a long time, a forecast of oil production was given on these fields (entirely), the residual reserves in oil fields were subject to re-investigation, application of the methods increasing the production was evaluated having regard the production levels and features of oil fields. First of all, an economic and mathematical model was developed and investment opportunities were analyzed for wells that have been used for a long time for the selection of an optimal technological variant for drilling new wells.

Dr.VALIYEV conducted research on strategic decision-making in the spheres of Fuel and Energy Complex (FEC), in various circumstances

from 1995 to 2009. For the first time in DHR, more perfect and generalized method was developed which differs with taking into account the income (loss) along with the current possible capital for the risk assessment and management. This method determines the relation of the potential investor to the risk (the level of antipathy) under conditions of uncertainty and risk by setting an objective and adequate assessment of the conditions, which allows the right strategic decisions. Providing the systematic classification of the DHR joint development projects, a new selection method of the preferred projects was presented for the first time under conditions of uncertainty and non-transparency, in the multiple-choice and polyvariant circumstances. Economic and mathematical model was established by taking into account the features of the FEC areas to determine the sectoral optimal tax rates. On the basis of a given model, specially for oil production institutions, a matter of optimization on the maximum tax criteria for the state was formulated and the optimal tax rates were determined. This model plays an important role in the development of determination of tax rates for both existing tax rates and development of Production Sharing Agreement project ("Production Sharing").

Furthermore, since 2009, Dr.VALIYEV has been conducting research and developed mechanisms of decision-making at various levels on enhancing financial and investment opportunities in business, increasing the cooperation between the private sector and the government, optimal tax rates, regional disparities, economic areas and identification of product competitive advantages, investigation of inter-branch relations, social accounting matrix (SAM), creating general equilibrium (CGE) and macro-econometric models.

Dr.VALIYEV has made significant scientific and practical oriented achievements. He has fulfilled various projects for world's such large companies as SOCAR, UNOCAL, BP, Nexant, PA Consulting and Chemonics as well as the international financial institutions such as World Bank, EBRD, ADB, USAID, EU and UNDP as a senior executive, prepared strategic documents, and carried out dozens of local and international events.

At the beginning of 1992, V.VALIYEV was a key member of the working group established at the Institute of Problems of Deep Oil and Gas Deposits under the National Academy of Sciences in connection with the preparation of the Production Sharing Agreement (PSA) for the

joint development of offshore fields (PSA), he conducted assessment and forecasting of operation, financial and economic indicators, preparation of the multi-choice commercial conditions and making compromise decisions. At present, by continuing research work in this direction he has achieved significant results both in the methodological direction and the creation of computer software.

Since 1994, he mastered the local and international criteria-standards of the financial analysis of accounting. The computer software packages on accounting, statistical and financial analysis developed under his direct supervision are currently being used successfully by a number of local Institutions and the Russian Federation.

Dr.VALIYEV was involved as an expert and coordinator to the project entitled “Electricity and Natural Gas Sector Reform” (USAID funded project) implemented in Azerbaijan with the support of the World Bank in 2000-2001, he studied the legal, economic, financial, technical and social aspects of reforms implemented in the electric power and natural gas sector in joint cooperation with other international experts, he made suggestions of great importance for the country. He developed the main provisions on the formation of management contracts of the electricity distribution networks, worked on forming a conceptual framework for the the regulatory environment of the utilities sector. The main provisions of the Order No. 893, as of 25 March 2002, of the President of the Republic of Azerbaijan “On Measures for Strengthening Financial Discipline in the Energy and Water Sectors”, have been developed in accordance with the final report submitted to the government on this project.

In 2002, the World Bank supported project “The Existing Situation in the Electricity and Natural Gas Sector” by was implemented by V.VALIYEV. The current state of electric power and natural gas sector was analyzed systematically (having regard to the specific features of production and transmission and distribution systems), the technical and economic situation was analyzed comprehensively, the aspects of the formation of the regional energy market were investigated. He identified the work needed to be performed for Azerbaijan to get an access to the World Regional Energy Market and made suggestions connected therewith.

Upon the request of the World Bank, VALIYEV rendered a direct aid, provided suggestions and recommendations to the government of

Azerbaijan for the implementation of the required works on the technical and economic feasibility study of the electricity distribution networks management contracts and compilation of the investment plan preparation, formation of the energy market, regulation of energy, water and other infrastructures during the period of 2002-2003.

In connection with temporary suspension of Section 907, Dr.VALIYEV was a member of the international mission of the International Development Agency (USAID) and has developed a program of assistance to the sector for the formation of the state program of US to the FEC sector of the Republic of Azerbaijan on the technical, economic, legal and management assistance.

He acted as a deputy project manager of the “Technical Assistance to the Energy Sector” project implemented by USAID since 2003 and performed well in several projects that are essential for the development of Azerbaijan’s energy sector. Thus, the legal and regulatory framework of the energy sector has been improved, investment priority areas have been identified, conceptual documents on the formation of local and regional energy market have been developed Energy efficiency plan, the heat supply strategy of Azerbaijan have been developed and a pilot project has been successfully conducted in Garachukhur settlement for its implementation, conceptual approaches and other important documents have been prepared on the relevant draft State program and the use of renewable energy sources.

Since 2004, V.Valiyev has been implementing “Forecasting the demand for natural gas and electricity” project within the framework of BP’s “Shah Deniz” Project, estimated the demand levels of all the consumers groups for electricity, natural gas and heat supply. At the same time, the sources of supply for meeting this demand have been examined, the direction of taking the consumption into full account in the country's energy balance has been indicated.

Dr.VALIYEV prepared a road map for the country's energy sector on the project implemented by ADB in 2007. On this basis, the formation of the regulatory environment in the energy sector of Azerbaijan, strategic development and potential investment trends have been identified. Namely, due to the results of this project, ADB implemented the allocations of loans to the Azerbaijan's energy sector.

In recent years, Dr.VALIYEV has performed in projects on macroeconomic modelling and forecasting, identifying regional

inequalities and balanced development, increasing the competitiveness of agriculture, ecological development of agriculture, research on inter-branch relations and impact assessment, innovative development of entrepreneurship, increasing finance and investment projects of the businesses, he has developed models and software packages on these enlisted issues, conducted evaluations, prepared suggestions and recommendations. For the first time the General Equilibrium Model of the Republic of Azerbaijan (AZMOD), Social Accounts Matrix (SAM) has been developed and a number of multiplicative models of the impact analysis have been established on this basis.

Dr.VALIYEV is the author of numerous scientific papers and projects, participant of scientific meetings, highly respected member of the editorial board of scientific publications. So, he is the author of more than 100 articles published in international and local scientific journals, as well as 1 monograph, 1 textbook. He acted in above 100 projects of local and international level as a project manager and performer. He

attended the scientific seminars, symposiums, conferences and forums with presentations in about 50 countries. 16 of scientific research work performed by him have been included into the annual reports of the former Soviet Union and Azerbaijan as the most important result. He has grown 12 scientists on Economics, Mathematics and Engineering.

It is the result of hard work, perfection and learning that he is the head of the newly established Research Centre of the Economic Cooperation Organization (ECO) in Azerbaijan, Deputy Chairman of the Economic Council of the National Academy of Sciences of Azerbaijan, the chairman of the scientific seminar on the specialty of "Econometrics" of the defence council operating within the Baku State University.

He is the chief editor of the ECO "Economy" magazine, as well as the member of the editorial staff of "Azerbaijan Oil Industry" (Azerbaijan), "Economic, social and theoretical scientific journal" (Moldova), "Information Society Problems" (Azerbaijan), "Economics and Management" (Russia).

