



# State Oil Fund of the Republic of Azerbaijan



## Full Member

The State Oil Fund of the Republic of Azerbaijan (SOFAZ), established in December 1999 by the Presidential Decree is a sovereign wealth fund of Azerbaijan, which accumulates and preserves the nation's oil and gas revenues for future generations. SOFAZ is structured as an extra-budgetary fund and functions as a legal entity separate from the government or central bank.

## Goals and objectives

The fundamental mission of SOFAZ is to ensure intergenerational equality with regard to the country's oil wealth and to accumulate and safeguard the oil revenues for generations to come.

SOFAZ's main objectives are the preservation of macroeconomic stability in the country, decreasing dependence on hydrocarbons, ensuring intergenerational equality and financing major social and infrastructure projects that benefit the society and support socio-economic progress.

## Governance

SOFAZ's activities are overseen by a Supervisory Board headed by the Prime Minister. The Board reviews and evaluates SOFAZ's draft annual budget, annual report and financial statements, along with an audit report. Members of the Supervisory Board are approved by the President of the Republic of Azerbaijan.

SOFAZ's day-to-day activities are managed by the Executive Director appointed by the President of the Republic of Azerbaijan.

## Investment strategy

SOFAZ's investment portfolio is managed in accordance with the "Rules on managing the foreign currency assets of SOFAZ" ("Investment Guidelines") and the Investment Policy approved by Presidential Decrees on an annual basis. SOFAZ's investment strategy is aimed at maximizing long-term risk-adjusted returns.

The Investment policy defines the objectives, forecasted size, currency composition, strategic asset allocation, benchmarks and risk limits for SOFAZ's investment portfolio. SOFAZ's current investment portfolio comprises investments in fixed income and money market instruments, equities, real estate and gold.

### **Transparency and Accountability**

Since its inception, transparency and accountability have been the key principles in SOFAZ's operations. Regular auditing of SOFAZ's financial statements by a reputable international audit firm is used as the primary safeguard to ensure the transparency of SOFAZ's operations.

SOFAZ received the 2007 United Nations Public Service Award for Improving Transparency, Accountability and Responsiveness in Public Service. SOFAZ is the first governmental agency among organizations of the Eastern Europe and CIS countries to receive the UNPSA.

In addition, SOFAZ has reached the 4th place among 60 sovereign wealth funds in the fourth edition of Sovereign Wealth Fund Transparency and Accountability scoreboard published by Peterson Institute for International Economics in 2016.

SOFAZ has also been included to the list of 100 most significant, resilient, and impactful asset owners and public executives of 2018. In this globally recognized list, SOFAZ has been ranked 10th amongst the hundred most impactful public investors.

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[Member website](#)