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EU4Climate

Better Climate Policies for Eastern Partner Countries



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UNDP in Azerbaijan

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Climate policy development and advancing cooperation with the EU in Azerbaijan



- With a population of around 10.3 million people (2022), Azerbaijan contributes only 0.15% of total global greenhouse gas (GHG) emissions, with 6.2 t CO₂e per capita (2019) without land use and forestry (LULUCF) activities, and 5.4 t CO₂e per capita with LULUCF¹.



energy
79.0%



agriculture
14.0%

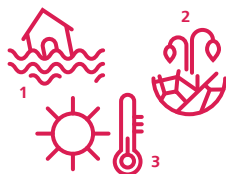
Energy and agriculture are two sectors with the largest GHG emission shares.

The GHG emissions of Azerbaijan decreased between 1990 and 1995 by 37% to a level of about 52 Mio t CO₂eq, which is about the same level as in 2010. Since then, GHG emissions increased by 19% to 61 Mio. t CO₂eq in 2016, while GDP decreased in the same time by 14% caused by a collapse of oil prices. A decoupling of GHG emissions and GDP has not been observed in the period under review, which can be explained by the fossil-based economy.

Azerbaijan committed in its first Nationally Determined Contribution (NDC) to achieve a quantitative target of a 35% GHG emissions' reduction by 2030 compared to 1990. At COP 26 Azerbaijan announced a target of 40% GHG emission reduction by 2050.

- Azerbaijan's NC3 reports an increase in temperatures across the country of 1.3°C in 2010, relative to the average annual temperatures observed in the period 1961-1990. Temperatures in Azerbaijan are projected to rise at a faster rate than the global average, with potential warming of 4.7°C by the 2090s over the 1986-2005 baseline, under the highest emissions pathway (RCP8.5). According to the NC3 by optimistic scenario (RCP 4.5), the amount of water resources of Azerbaijan (together with transboundary water resources) will decrease by 5-10% in 2040 and by 10-15% in 2070 and by pessimistic scenario (RCP 8.5) by 10-15% in 2040 and by 15-25% in 2070 compared to current values. Due to its downstream location in the Kura basin, Azerbaijan is under the influence of high transboundary climate risks. For example, more than 70 percent of the country's water resources are formed in the territory of neighboring countries. Therefore, any adaptation action necessary to be implemented in the country should be linked to transboundary climate risks².

- The physical and geographical characteristics of Azerbaijan make it a highly sensitive country to the adverse effects of climate change. Extreme weather events, such as **flooding (1), drought (2), heat stress (3)** are expected to increase in frequency.



- A changing climate will also significantly impact the coastal zone. **The most vulnerable sectors are agriculture, human health, water resources, forestry and tourism.**



The Azerbaijan's 2030 National Priorities for Socio-Economic Development states that the ecological environment must be balanced with economic growth, ensuring that existing resources are revitalized and water resources are efficiently harnessed. To efficiently meet the energy needs of the country, it is planned to increase the implementation of alternative and renewable energy sources. Meanwhile, environmentally friendly green technologies must be promoted, and the share of alternative and renewable energy sources in primary consumption must be increased while reducing their impact on climate change. Measures to increase the usage of environmentally friendly vehicles can also have a positive impact on the environment and air quality.

The European Union (EU)'s relations with Azerbaijan are based on the EU-Azerbaijan Partnership and Cooperation Agreement in force since 1999, while negotiations on a new bilateral agreement are ongoing. Azerbaijan is also part of the Eastern Partnership initiative and a member of the Organization of Black Sea Economic Cooperation (BSEC). A new Memorandum of Understanding (MoU) on a Strategic Partnership between Azerbaijan and the EU in the energy field was signed in 2022 that allows for enhanced cooperation on their energy partnership. The new MoU supports doubling the capacity of the Southern Gas Corridor as of 2027, reflecting the long-term nature of the energy partnership between the EU and Azerbaijan. The first-ever investment project backed by an E5P grant has been signed and will help to upgrade around 80% of street lighting infrastructure in the city of Ganja and produce significant energy savings.

Since 2021 the following climate-related policy documents have been adopted by the government of Azerbaijan:

- The law "On the Use of Renewable Energy Sources in Electricity Generation," was adopted on 31 May 2021 and approved on 12 July 2021.
- Under the EU4Energy programme phase I - adoption of a law on "Rational use of energy resources and energy efficiency", the development of the first "National Action Plan on Energy Efficiency of the Republic of Azerbaijan" and the Roadmap for accelerating the adoption of eco-design and labelling requirements for products using energy.
- The project provided support to MoEnergy on establishing technical norms and standards for energy efficiency in buildings in line with EU and best international standards, such as:
 - Energy efficiency certification system introduced;
 - Assessment of the existing billings standards in Azerbaijan;
 - Draft Rules for energy efficiency certification of buildings;
 - Approximation of the EU legal framework on eco-design and energy labeling;
 - Capacity building among relevant governmental and non-governmental Stakeholders and awareness-raising and communication programme on energy efficiency.
- The "Azerbaijan 2030: National Priorities for Socio-economic Development" was approved on 2 February 2021. The 5th priority is a clean environment and a country of "green growth". Azerbaijan is moving forward on its sustainable energy pathway, with strong support from the EU, including through the EU4Energy Initiative, and from international financing institutions.



- 2014**
- 3rd National Communication
 - National Adaptation Strategy until 2020
 - Biennial Update Report 1 (BUR1)



- 2015**
- INDC 2016-2030
 - COP21 Paris Agreement
 - Pledge to Sustainable Development Agenda 2030



- 2016**
- Strategic Road Map on National Economic Perspectives until 2025



- 2017**
- New EU Framework agreement
 - Ratification of Paris Agreement



- 2018**
- EU-Azerbaijan yearly high level security dialogue launched
 - Biennial Update Report (BUR2)



- 2019**
- EU4Climate launched



- 2020**
- Update of the LEDS 2050 initiated



- 2021**
- Fourth National Communication submitted
 - LEDS 2050 - the draft report is undergoing public consultations



- 2022**
- MRV, CBT and Gender Mainstreaming in Energy and Agriculture reports submitted to the Government

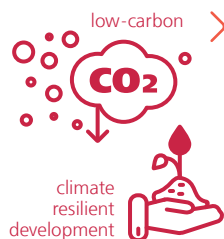


- 2023**
- Updated NDC 2021-2030 submitted to the government for approval
 - Updated LEDS 2050 submitted to the government for approval

¹ Fourth National Communication of Azerbaijan to UNFCCC.

² Third National Communication of Azerbaijan to UNFCCC.

EU4Climate key policy interventions and expected impact

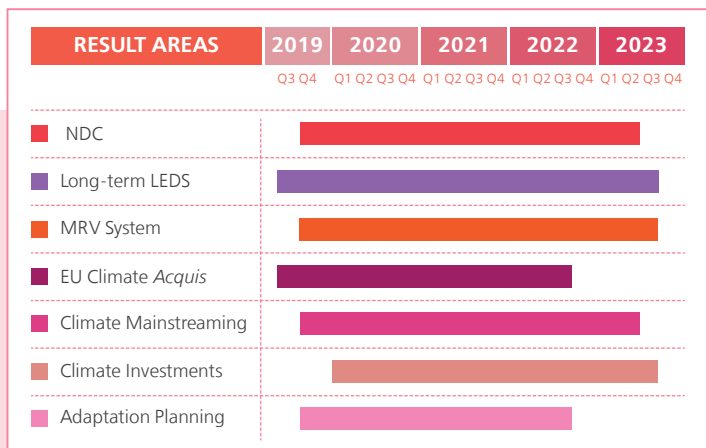


Azerbaijan has already set several policies to pursue low-carbon, climate-resilient development. Another important dimension of the EU4Climate project activities in Azerbaijan is the development of criteria to align Azerbaijan's legislation with EU standards and support the government in developing industry-specific guidelines. The Nationally Determined Contributions developed under the EU4Climate project come to assist the achievement of this goal.

EU4Climate → EaP → Azerbaijan

- The EU4Climate Programme, funded by the European Union, aims to support the development and implementation of climate-related policies by the Eastern Partnership countries. EU4Climate aims to support Azerbaijan in its commitment to update and enhance the country's NDC, to build national capacities to integrate low-emission and climate-resilient actions into the national development plan as well as align climate change legislation with the EU standards. A robust domestic Measurement, Reporting and Verification (MRV) system will be established to inform the government and the international community of the progress of its NDC implementation. The programme will establish concrete industry-specific guidelines for the implementation of the Paris Agreement across various sectors of the economy, in particular agriculture and energy.

Result areas and timeframe in Azerbaijan



Implementation of EU4Climate activities started in Azerbaijan in the second half of 2019, and laid the foundation for systematic implementation of the requirements of the Paris Agreement and the commitments of Azerbaijan under it.



Future Activities

- Developing of consolidated report on Climate Budget Tagging and integrating Climate Change indicators into National Budget Planning and reporting systems – **July 2023**
- Developing an analysis of the agricultural and irrigation possibilities in the new areas. Possibilities of the development potential of cultivated areas and animal husbandry – **May 2023**
- Development of Financial strategy of LEDS – **September 2023**
- Assessment of carbon market potential for Azerbaijan's long-term low-carbon development based on the NDC and LT-LEDS ambition – **May 2023**
- Initiation of the preparation of the "Assessment of carbon market potential for Azerbaijan's long-term low-carbon development based on the NDC and LT-LEDS ambition"

EU4Climate Azerbaijan: key results achieved in 2022



- 1 Implementation and update of NDCs**
- 2 Development of mid-century long-term LEDS**
- 3 Introduction, when necessary, of robust domestic emissions MRV frameworks and strengthening of the existing ones**
- 4 Alignment with EU Acquis included in bilateral agreements and Energy Community Treaty on Climate Action**
- 5 Mainstreaming climate into other sectors, interinstitutional awareness (on policy and technical level)**
- 6 Climate investments**
- 7 Communication and visibility actions**

1 The NDC report is submitted for the review of the Azerbaijan government. The UNDP Azerbaijan organised two meetings with the Ministry of Environment to identify priority options and to raise awareness of the NDC among the NGO community.

2 The LEDS-2050 of Azerbaijan is under review by the government. The Project Team conducted public consultations for the government representatives on the scope and objective of LEDS and the need for LEDS implementation in Azerbaijan. According to the "Socio-economic development strategy of the Republic of Azerbaijan in 2022-2026" adopted by the Presidential decree in July 2023, the Ministry of Ecology and Natural Resources in close cooperation with different organisations and institutions have to prepare the "State Program on low-carbon development".

3 The Environment Agency Austria (EAA) is supporting the **creation of a robust national MRV system**. The project team started developing the training materials for MRV experts from technical departments of relevant ministries in Azerbaijan. Final Report on improvement of MRV system for the GHG inventory.

4 The final report identifying the necessary updates and/or changes in the legal alignment based on the previous gap analysis was finalized and submitted to the Government of Azerbaijan. The current legislative base and implementing actions of the MRV system in the country to improve the GHG inventory are currently being discussed.

5 Guidelines on **mainstreaming climate change into the priority sectors of energy** and agriculture were developed by analysing the national circumstances in line with strategic documents/roadmaps of the country; The report "Analysis of problems in the agricultural sector in Azerbaijan related to climate change" developed and submitted to the Ministry of Agriculture. The report "Gender and Climate Change integration into the energy policy" was developed and submitted to the Ministry of Energy.

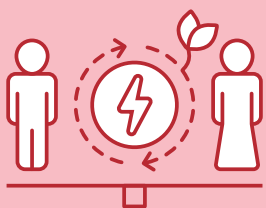
6 The current state budget tagging systems and the state financial institutions were analysed for contributions to capacity building for **climate change mitigation and adaptation**. The **CBT report was adopted by the Ministry of Finance and included in the Budget Guide for Citizens**.

7 An open-air Award Ceremony event was held in the park of Heydar Aliyev Center where the handiworks of the selected participants of the "Ozun Yarat" contest have been displayed and the laureates received valuable prizes.

An Award Ceremony event for the winners of the #OnlyOneEarth photo contest was held with the participation of senior officials from the MENR, EUD and UNDP. The event dedicated to World Environment Day aimed to help raise awareness about the importance of environmental protection. A documentary video about the major milestones achieved by the project with the EU, UNDP and MENR support in climate change mitigation efforts was compiled and published on social media. Following the video promotion on Facebook launched as a part of our raise-awareness campaign, the video reached 87,296 views.



Integration of Gender in Energy Policy in Azerbaijan

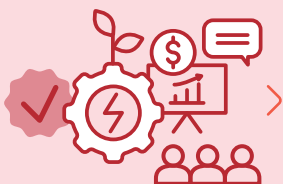


Women and men have different energy needs and use patterns, and gender inequalities can prevent women from accessing modern energy services, limiting their opportunities for economic and social empowerment. By mainstreaming gender issues in the energy sector, it is possible to ensure that energy policies and programmes are inclusive and meet the needs of all members of society, including women and girls.

One of the objectives set by the EU4Climate project in Azerbaijan is mainstreaming “Gender and Climate Change Integration into the Energy Policy” by offering a guide on how to develop and implement climate-friendly and gender-responsive energy policy to contribute to sustainable economic development and ensure that all human beings enjoy prosperous and fulfilling lives.



Women can play a central role in the transition to clean energy as consumers, helping to shift energy consumption - and leading transformative change in the energy industry. Therefore, **expanding energy access and ensuring affordability for the poor and low-income groups, including households headed by women** is one of the recommendations pointed out in the study.



As women devote more time each day to care and housework than men, releasing women's time is a key necessity for women's ability to invest in education, their agency and life choices, and their ability to take up economic opportunities and to participate more broadly in economic, political, and social life. From this perspective, **introducing clean energy sources and advanced technologies for cooking and heating that improve women's health and reduce drudgery** has to be prioritized.

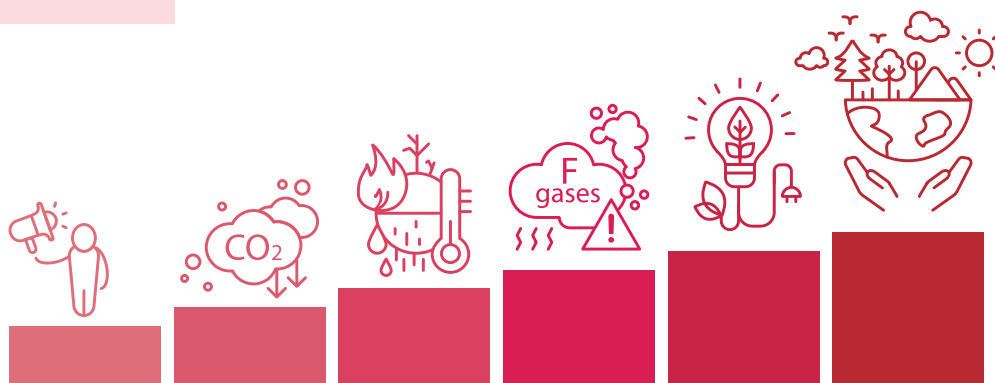


In order to advance women's careers, it is necessary to improve access to employment and financial resources, to invest in women's human and social capital through education, skills development and the creation of valuable professional networks. With this in mind, **maximizing women's employment opportunities in the energy sector** has to be considered.



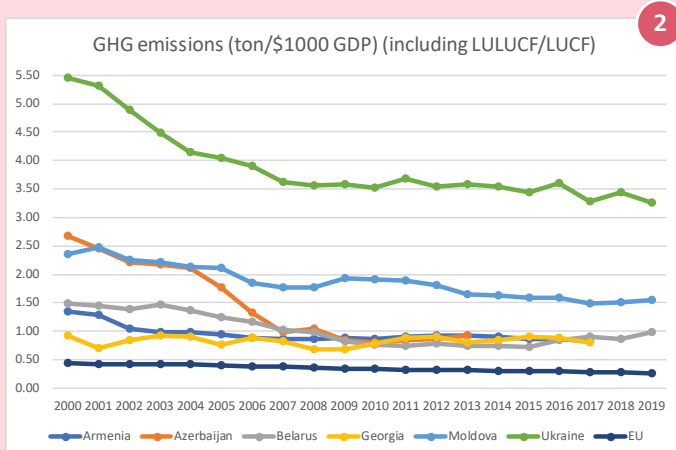
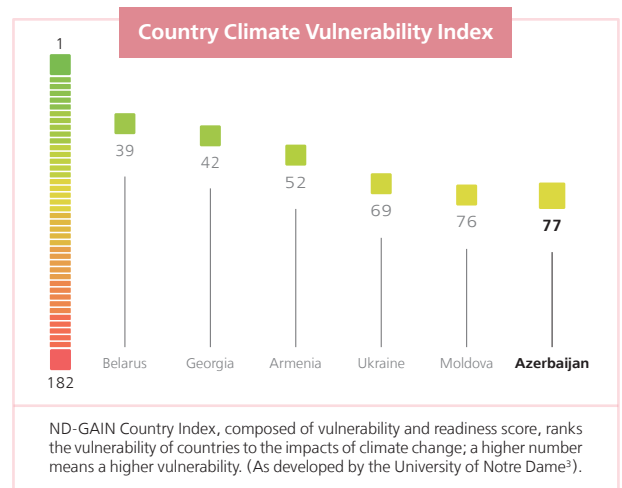
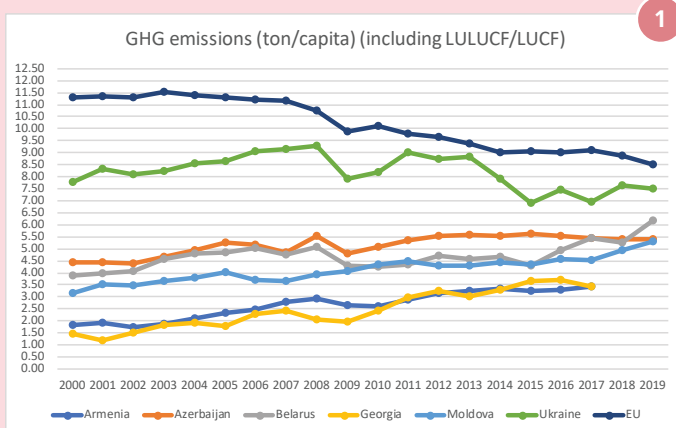
EU4Climate's study will help to better integrate gender into the following aspects of policy development:

- **Poverty-related impacts:** reduced energy expenditure by households
- **Women's empowerment:** reduced time spent by women on household chores
- **Health:** decrease in the number of workdays lost by women and men due to bad health; improved quality of health services, especially maternal health and children's health services, in dispensaries, clinics, and hospitals
- **Environment:** reduction in indoor air pollution levels; climate change reduction and mitigation measures to reduce women's vulnerability and benefit both women and men



➤ The **EU4Climate Programme** helps governments in the six EU Eastern Partner countries to take action against climate change. It supports countries in implementing the Paris Agreement and improving climate policies and legislation. EU4Climate assists the EaP countries to integrate the low-emissions and climate resilience objectives into development policies and plans, to improve and consolidate climate policies and legislative alignment. Its ambition is to limit climate change impact on citizens' lives and make them more resilient to it.

The Programme builds on important achievements of past cooperation programmes, such as the EU's ClimaEast Programme, which supported Climate Change Mitigation and Adaptation in Neighbourhood East and was completed in 2017. EU4Climate directly contributes to the targets of the Joint Staff Working Document "Recovery, resilience and reform: post 2020 Eastern Partnership priorities", adopted in July 2021. The scope of the Programme was defined in cooperation with all partner countries. The Initiative is implemented by the United Nations Development Programme. The European Commission provides the overall policy direction.



Partner Countries:

Armenia, Azerbaijan, Belarus⁴, Georgia, Republic of Moldova, Ukraine



Duration:

2019-2023



Budget:

EUR 8.8 million
(EU contribution: EUR 8 million)



Implementing Partner:

United Nations Development Programme (UNDP)



Overall direction:

European Commission

³ <https://gain.nd.edu/our-work/country-index/rankings/>

⁴ Participation of Belarus in the EU4Climate was suspended as of 24.02.2022 until further notice



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