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EU4Environment

Green Economy in Eastern Partner Countries

Towards a Green Economy with EU4Environment in Azerbaijan



EU4Environment
stands in solidarity
with the people of
Ukraine



Solar panels provide
renewable energy
in Gobustan,
Azerbaijan.

Achievements in 2021-2022

Action implemented by:



Since 2019, the EU-funded EU4Environment Programme has been supporting Azerbaijan, along with the other Eastern Partner (EaP) countries, in pursuing a path of green transformation. It helps preserve their natural capital and increase people's environmental well-being by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts. To this end, it integrates into a single strategic framework greener decision making, circular economy, smart environmental regulations, ecosystem protection and knowledge sharing.

In 2021 the Ministers of Environment of the Eastern Partner countries recognised the European Green Deal (EGD) as a benchmark for their national policy design. Since then EU4Environment has built the provisions of the EGD into its activities.

In early 2022, the current work under EU4Environment became known as "EU4Environment – Green Economy". This change was driven by the launch of a new programme under EU4Environment umbrella: "EU4Environment – Water and Data".

This brochure highlights selected achievements under "EU4Environment – Green Economy" in 2021-22, showing tangible results in Azerbaijan and at the regional level.



Greener decision making in Azerbaijan

- An **in-depth course** trained seven civil servants on **green economy**. The **introductory course on green economy** was made available in the Azerbaijani language to strengthen capacity of civil servants and the general public.
- An investment study helped the Vice President’s Office and the Ministry of Ecology and Natural Resources plan for water sector and sustainable infrastructure.
- The **pilot strategic environmental assessment (SEA)** was initiated for the draft master plan for Azerbaijan’s second-largest city Ganja. It was designed to provide the State Committee on Urban Planning and Architecture, and the Ministry of Ecology and Natural Resources, with hands-on learning on the SEA of spatial plans in line with international standards.
- A video on **transboundary environmental impact assessment (EIA)/Espoo Convention** in the Azerbaijani language helped raise national stakeholders’ awareness, and promote the application, of transboundary EIA.

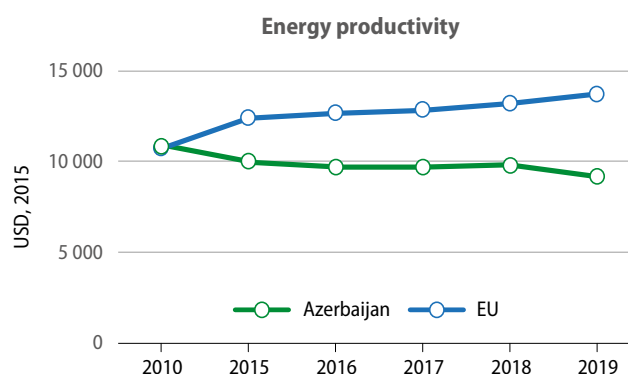
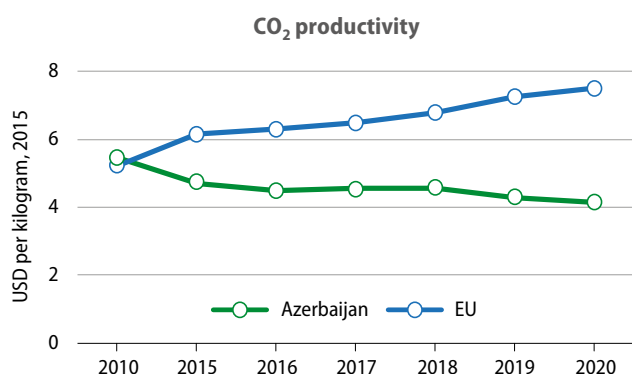
OUR SUCCESS STORY – bringing nature back to the cities and towns of Azerbaijan

Over **70 officials from national and municipal-level authorities** were trained on the practical application of SEA in the field of spatial planning. The workshops increased the country’s institutional capacity for SEA of spatial plans; enabled stakeholders to learn from international good practice, including in the European Union; and helped better prepare for SEA of such strategic documents.

Integrating environmental, health and climate considerations into spatial plans is increasingly a priority in Azerbaijan, and the SEA is uniquely placed for this purpose. The country has equipped planning authorities, particularly the State Committee on Urban Planning and Architecture, with knowledge of procedures and benefits ahead of the pilot SEA project for the master plan of Ganja in 2022.



Pressures remain to decouple economic growth from use of natural resources



Circular economy and new growth opportunities in Azerbaijan

- **The revamped Resource Efficiency and Cleaner Production (RECP) website** helped raise awareness about the efficient use of industrial resources in Azerbaijan.
- The **new RECP clubs** helped promote resource efficiency among manufacturing enterprises. The clubs are hosted at the Sustainable Development and Green Economy Studies Center under State Economy University in Baku and the Center for Sustainable Smart Cities and Regions under Ganja State University.
- The Small Business Development Agency of the Republic of Azerbaijan (SMBDA) expressed its readiness to include RECP topics in the training programmes of regional SME development centres.
- 15 experts benefited from the first RECP trainings, and RECP training materials were made available in Azerbaijani.
- **15 manufacturing enterprises** were visited to identify potential savings and efficiency measures, allowing them to increase productivity and competitiveness.
- Findings from a report on the selection of pilot regions for industrial waste mapping activities informed the involved stakeholders of the methodology, work plan, and selection of regions/enterprises to strengthen **industrial waste management**.
- **Data** collected in **Baku** and **Absheron-Khizi** regions helped analyse the main waste streams and develop the Industrial Waste Maps as a part of circular economy promotion.
- Gap analysis on the draft **packaging waste law** compared laws in Azerbaijan with equivalent EU directives. The recommendations will help bridge gaps and better align the Azerbaijan legal framework with tried and tested practices in the European Union for packaging waste management.
- Recommendations and a Roadmap Report for extended producer responsibility (EPR) for **packaging waste** identified critical issues. The analysis proposed actions to establish the operational EPR scheme for packaging waste. The national workshop on EPR, for about 50 participants, presented the recommendations and proposed steps to implement them.



OUR SUCCESS STORY – EU4Environment supports Azerbaijan in achieving its “green” priorities for 2030

According to the recently approved long-term socio-economic strategy “**Azerbaijan 2030**”, three of five national priorities are directly related to RECP activities:

- building a steadily growing competitive economy
- encouraging increase of competitive human capital and of space for modern innovations
- nurturing a clean environment and national “green growth”.

To support Azerbaijan in achieving these goals, EU4Environment is scaling up RECP among SMEs. It is also building the national capacity to use RECP methodology and circular economy practices.

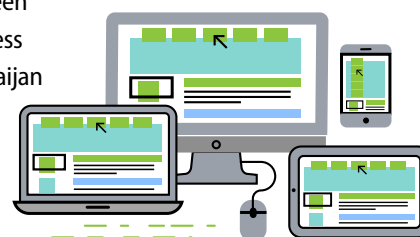
RECP implementation helps achieve the goals of the **National Energy Efficiency Action Plan**, especially through:

- trainings on energy management in industry
- energy audits in industrial subsectors
- assessment of multiple benefits of energy efficiency in industry beyond energy and monetary saving
- trainings for increasing qualifications and capacity for the technical personnel and management of industrial enterprises
- exchange of best practices and best available technologies among industrial enterprises.

Environmental level playing field and monitoring progress at environment-economy nexus in Azerbaijan

- A new **online self-assessment tool** for greening SMEs helped Azerbaijani enterprises assess their environmental performance and provided the SME Development Agency of Azerbaijan with an opportunity to promote green practices.
- Identification of small-scale but replicable investment projects developed under a **green public investment programme** supported water supply in rural and remote areas. The public support programme helps leverage private domestic investments and international co-financing into local projects that bring environmental and socio-economic benefits.

- **36 experts** were trained on green public investment programmes, including legal framework, management tools and selection techniques of investment projects.
- Analysis on the status of the **capital market** as part of work on “Greening debt capital markets in EaP countries and the role for green bonds” helped assess readiness of Azerbaijan to absorb debt capital financing for green investments.



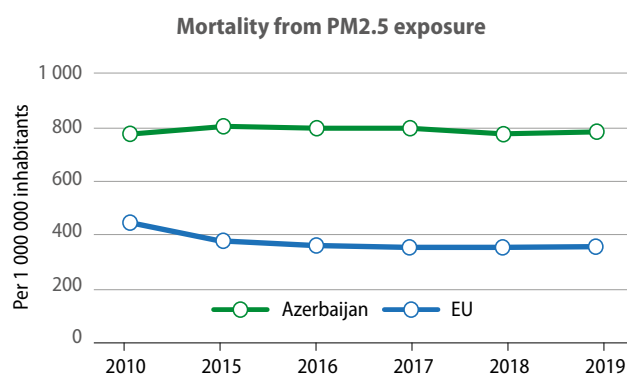
OUR SUCCESS STORY – EU4Environment helps entrepreneurs in Azerbaijan become “greener”

The recently launched **online self-assessment tool** for SMEs provides tailored advice on resource efficiency and improved environmental performance for enterprises. The tool has about 60 questions that evaluate business performance related to energy management, waste management, water management, green procurement and sustainability. It produces a tailor-made report for each business, outlining actions to improve sustainability. A green action plan and a score in the report can be a starting point for advisers from SMBDA to start greening work with SMEs that have completed the assessment. This work is connected with RECP activities.

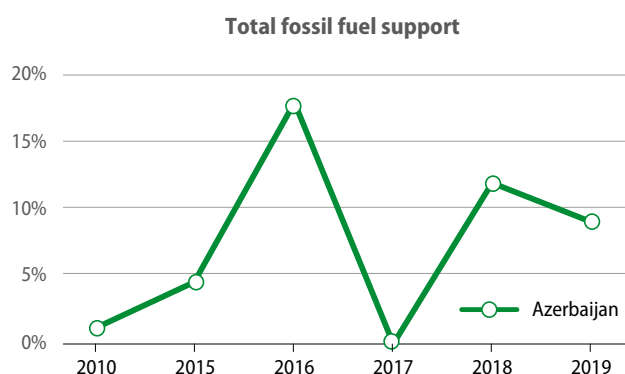
This tool already benefited the 10 pilot companies under the RECP component, showing the positive results. For instance, better understanding among the companies of the need to saving water, electricity and other resources in the light of increasing prices, and identifying areas for further improvement. Its wide promotion is under discussion with the SME Development Agency.



More can be done to improve quality of life



More economic opportunities can be unlocked



Ecosystem services and livelihoods in Azerbaijan

- In 2021, the World Bank joined EU4Environment, in part, to help preserve biodiversity and protect forests in Azerbaijan.
- In 2022, the main focus of EU4Environment in Azerbaijan is advancing the **Emerald Network** and management of its sites, including support to:
 - develop a Road Map to advance establishment of the Emerald Network;
 - develop methodological guidelines to prepare management plans for the Emerald sites;
 - develop management plans for the three selected Emerald sites;
 - build national capacity for further application of the guidelines for preparation of the Emerald Network plans in the three selected sites and for future sites after completion of the programme.
- In 2022, the Program will also focus on:
 - supporting communities in the management of forests and other natural resources through community-driven eco-tourism planning;
 - developing guidelines for ecosystem services assessment;
 - developing national financing and investment plan for natural capital conservation and sustainable utilisation.



DID YOU KNOW? ... that Azerbaijan's biodiversity is distributed in three terrestrial bio-geographical regions? The Steppe Region is the dominant one, but a large part of Alpine Region is in the Great Caucasus range in the north. Meanwhile, the Anatolian Region is in the isolated province Naxcivan, in the south-west. The country is home to 150 habitats, 116 bird types and 90 types of non-avian species.





Highlights of regional activities

- Regional webinars and workshops on **sustainable public procurement** and **eco-labelling** raised awareness on standards to green products and highlighted success stories for nearly **540** registered participants.
- A new SME-targeted **I-GO tool** was presented to EaP countries to enhance knowledge exchange among 70+ practitioners and support RECP application in the EaP and Central Asian countries.
- The regional meeting on **Greening Small and Medium-sized Enterprises in the EaP countries** attracted more than 150 participants, identifying opportunities to strengthen **business competitiveness**. The event showcased developments of RECP and EIPs, as well as the application of industrial waste mapping methodology in EaP countries.
- A leaflet to introduce **EU Single Market for Green Products** and its Product Environmental Footprint tool for industrial enterprises and experts of EaP countries was launched on the occasion of the EU Green Week.
- A monthly series of selected stories was launched to present local manufacturing enterprises undergoing **RECP assessments** in the EaP region under the #GreeningTheIndustry communication campaign.
- The regional analytical study assessed the status of the **EPR schemes** for packaging waste in the EaP countries, with best practice case studies from EU member states.
- During the three regional webinars on building capacity for **EPR**, **180** representatives from EaP countries (with nearly half of them female) exchanged experiences and learnt from examples of EU countries.
- An **English version** of the video on benefits of the **SPP concept** was produced and promoted at EU Green Week.
- The second regional meeting on **environmental compliance assurance**, involving **77 participants** from the OECD and EaP countries, discussed comprehensive environmental enforcement policies and tools to enforce compliance, and the optimal combination of penalties for non-compliance.
- A capacity-building seminar on **information systems**, organised with the Scottish Environment Protection Agency for more than **50 participants**, showcased a range of information systems used by permitting and inspection authorities in Europe. It covered existing low-technology solutions, more advanced systems and potential pitfalls in the development of such systems.



- The second **capacity-building seminar on joint environmental inspections** with 55 participants from Eastern Partner and OECD countries included a practical exercise where participants brainstormed a joint inspection plan for waste shipments.
- EaP policy makers gained knowledge from the **international compliance network** through trainings and events. These were organised by the EU Network for Implementation and Enforcement of Environmental Law (IMPEL) and the EU Forum of Judges for the Environment (EUFJE). They included “Criteria for the Assessment of Environmental Damage”, “Practical Perspectives on Waste Enforcement Planning and Inspections with a Focus on Forensic and Damages Analysis Relating to Waste Crime” and “Strategies for Verification of Self-monitoring and Reporting on Air Emissions Workshop”.
- Four webinars on **greening public expenditure** for government officials supported design and implementation of green public investment programmes in the EaP countries. The webinars shared experience in managing similar expenditure programmes in the EU countries. These included use of environmental funds in the Czech Republic and Poland and alternative schemes in Austria, Switzerland and the Netherlands. Experts from Denmark, Italy and the international bioenergy sector presented ways of using biodegradable residues for energy purposes. Specialists from Austria, Romania and Slovakia conveyed best practices

on increasing water supply and wastewater treatment in rural and remote areas in their countries.

- The report on **Fossil-Fuel Subsidies in the EU’s Eastern Partner countries** was published in [English](#) and [Russian](#). The data from these analyses are now available in the [OECD database](#) on government support to fossil fuel production and consumption. The report was supplemented by an additional round of **collection of fossil fuel data** and information that focused on fossil fuel support measures put in place by EaP governments in 2020.
- **Policy Highlights on fossil fuel subsidies** in the EaP region were published, covering 2016-20 with a focus on subsidies in 2020.
- Special sessions on **green bonds** were organised during the 2021 Annual [OECD GREEN Action Task Force meeting](#) and the [Sustainable Finance Forum](#) in Eastern Europe, Caucasus and Central Asia. The events shared experience with issuing and using green bonds and provided practical suggestions to newcomers in this market. They also discussed the potential role of **debt capital markets** in financing long-term green infrastructure investments in the region.
- EU4Environment participated in the **communication campaign** “Invest in our Planet” around Earth Day 2022. It contributed articles on “Greening the industrial sector” and “How tracking fossil fuel subsidies can help secure more resources for the green energy transition”.
- The third annual [Regional Assembly](#) assessed EU4Environment progress on greening the EaP economies. It was attended by **110 people**, including high-level participants at the level of state secretary and deputy ministers from the EaP countries.
- **Over 250 000 people** in the region were reached by five national and large-scale communications campaigns on various topics such as zero pollution, waste management, green economy and EU Green Deal promotion.
- The EU4Environment website reached **360 000** people, while social media reached **500 000**.
- EU4Environment [newsletters](#) were sent to more than **600 recipients**.





New Programme in the EU4Environment family launched in 2022

Water Management and Environmental Data

In early 2022, the launch of a new programme – “Water Management and Environmental Data” in the Eastern Partner countries (“EU4Environment – Water and Data”) – reinforced EU4Environment.

The new programme will contribute to improving sustainable water resources management by focusing on the following: strengthened river basin management planning; water allocation; increased stakeholder involvement; promotion of novel approaches to water monitoring, including for COVID-19; progressing the water and health agenda; transboundary cooperation; improved economic soundness of water strategies and policies; and support to finance mobilisation for priority interventions. National-level progress will be focused through multi-stakeholder national policy dialogues in each EaP country.

The new programme will also support strengthening environmental information on waste, land use, agriculture,

air and water quality and improve access to this data for decision makers and citizens.

The identified measures build on, and ensure continuity of, the Shared Environmental Information System Phase II and the EU Water Initiative Plus for Eastern Partnership programmes. These two programmes were instrumental for modernising environmental monitoring and data analysis systems, promoting evidence-based policy making and increasing the partner countries’ alignment with EU and international law, in particular the Water Framework Directive.

The implementing partners of “EU4Environment – Water and Data” are Austrian Development Agency (ADA), Environment Agency Austria (UBA), International Office for Water (OiEau) (France), Organisation for Economic Co-operation and Development (OECD) and the United Nations Economic Commission for Europe (UNECE).



“EU4Environment – Water and Data” in a nutshell

Objective: improving people’s well-being and enabling green transformation in line with EU Green Deal and SDGs

Two pillars:

- **Water resources:** support a more sustainable use of freshwater resources
- **Environmental data:** extend and improve the use of sound environmental statistics

Countries: Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine

Duration: 2021-24

Budget: EUR 12.75 million (EU contribution: EUR 12 million)

Implementing partners: ADA, UBA, OiEau, OECD, UNECE

Regional launch event: 9 February 2022

About

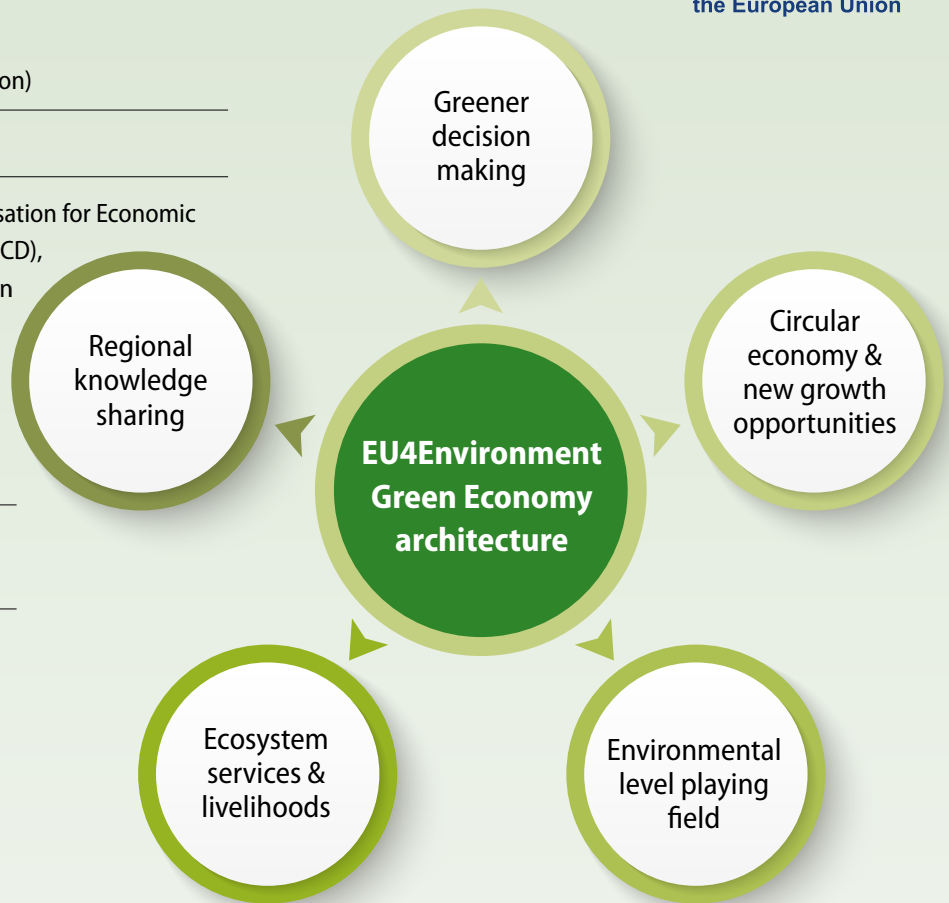
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- **Budget:** about EUR 20 million
(with EUR 19.5 million EU contribution)
- **Duration:** 2019-24
- **Implementing agencies:** Organisation for Economic Co-operation and Development (OECD), United Nations Economic Commission for Europe (UNECE), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO) and the World Bank
- **Overall guidance:**
European Commission
- **Key national partners:** Ministries of Environment and Ministries of Economy



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Contact us:



eu4environment@oecd.org

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Sources: OECD.stat. This profile was prepared with the valuable contribution of the "EU4Environment – Green Economy" and "EU4Environment – Water and Data" Implementing Partners. The valuable support with information collection and verification, provided by Kamran Rzayev (EU4Environment National Coordinator), is particularly acknowledged. The profile was edited by Mark Foss.

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