

## Challenges and opportunities created by COP29 for Azerbaijan

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### Abstract

Armenia's decision<sup>1</sup> not to obstruct Azerbaijan's candidacy for hosting the COP29 UN climate conference opened Azerbaijan's journey towards hosting COP29 and marked a turning point in the regional dynamics. Azerbaijan, perceiving the significant and multistakeholder dialogue platform on climate change, promptly seized the initiative to host COP29. However, amidst this optimism, it's important to note the potential challenges that Azerbaijan might face in hosting COP29, such as logistical issues, the complex task of phasing out fossil fuels, spending on climate change mitigation, the need to harmonize national legislation, the importance of participation in CSOs, and the necessity to uphold human rights. The government of Azerbaijan needs to fully anticipate and consider these challenges, as the focus was primarily on the expected political gains.

This paper presents a meticulous and comprehensive exploration of Azerbaijan's journey towards hosting COP29, delving into the challenges it confronts and the opportunities it stands to gain. The authors' in-depth analysis is valuable for assessing the political dynamics and potential implications of COP29. Among the possible opportunities, hosting COP29 could boost Azerbaijan's international standing, stimulate economic growth through increased tourism and investment, and facilitate knowledge exchange and capacity building on climate change.

**Key words:** COP29, UN climate conference, Azerbaijan, fossil fuels, green economy, growth, tourism, investment

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<sup>1</sup><https://www.reuters.com/world/asia-pacific/armenia-backs-azerbaijan-host-cop29-climate-conference-2023-12-07/>

## Introduction

The 29th International Caspian Oil & Gas<sup>2</sup> and the 12th Caspian International Energy and Green Energy exhibitions are being held within the framework of the "Baku Energy Week" from June 3 to 5, and the Climate Conference of the United Nations Framework Convention on Climate Change<sup>3</sup> (UNFCCC) is being held in Bonn on June 3-13. Along with traditional oil and gas producers and refiners such as BP, SOCAR, TPAO, ADNOC, Aramco, and Nobel Energy, green energy companies such as ACWA Power of Saudi Arabia and MASDAR of the United Arab Emirates also sponsored the event in Baku, while the UNFCCC event in Bonn was attended by 6,000 representatives representing states, companies, international and local NGOs. Although the main discussions in Baku were held on cooperation in the field of traditional energy, Azerbaijan, as the host country of COP29, realized the responsibility of the energy transition and reserved space for green energy discussions. In the run-up to COP29, the mid-year Bonn Climate Conference is seen as an important opportunity for direct engagement with international stakeholders and negotiators. The Bonn Climate Conference, also known as the 60th Meeting of Subsidiary Bodies (SB60), brings together countries that have signed the UNFCCC. The Bonn Climate Conference serves as a crucial midpoint between COP28 in Dubai and COP29 in Azerbaijan, and its outcomes will set the stage for the next stage of global climate negotiations.

Before the Bonn meeting, international organizations such as Human Rights Watch<sup>4</sup> (HRW) and Amnesty International<sup>5</sup>, in the climate negotiations before COP29, have made special statements and recommendations on the importance of paying attention to

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<sup>2</sup> <https://caspianoilgas.az/en/main>

<sup>3</sup> <https://unfccc.int/sb60>

<sup>4</sup> <https://www.hrw.org/news/2024/05/31/focus-rights-pre-cop29-climate-talks>

<sup>5</sup> <https://www.amnesty.org/en/latest/news/2024/05/global-key-climate-meetings-must-fix-broken-pledges-to-safeguard-human-rights/>

human rights (1), phasing out of fossil fuel production (2), ensuring the participation of civil society (3), and helping low-income countries fight climate change (4).

“Bonn will be a key moment for all governments to turn words into action on a full, fair and time-bound fossil fuel phase-out and meaningful civil society participation in climate negotiations,” said Myrto Tilianaki, Senior Environmental advocate at HRW.

“The quantity and quality of climate finance available to date to combat the intensifying climate crisis has been woefully inadequate. This desperately needs to change to keep global warming to within 1.5°C above pre-industrial levels. With each increment of global warming, the needs of those on the frontline of this crisis will multiply, and the harms and costs will escalate. If lower-income countries have any hope of adapting to climate change, it is critical that they can access sufficient, reliable, grants-based financing from high-income emitting countries, as well as other countries in a position to contribute, including high-income fossil fuel producers,” Ann Harrison, Amnesty International’s Climate Policy Advisor, said. Amnesty International also noted the importance of phasing out all fossil fuel production and use and protecting human rights in order to fulfill the commitment to “transition away from fossil fuels” agreed at COP28.

In his speech<sup>6</sup> at the opening ceremony of the 29th International Caspian Oil and Gas and Green Energy exhibitions held on June 4 as part of “Baku Energy Week”, President Ilham Aliyev first touched on the important role played by Azerbaijan's traditional energy sector, the exploitation of Azeri-Chirag-Guneshli and Shah Deniz fields, and the construction of Baku-Tbilisi-Ceyhan oil pipelines in attracting foreign direct investments and talked about very productive relations with investors. He said, “... As a result, BP has remained for thirty years and probably will remain for at least another 30 years as our strategic partner.” Furthermore, recalling that the ground-breaking ceremony of three

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<sup>6</sup> <https://president.az/az/articles/view/66181>

solar and wind power plants with a capacity of 1 gigawatt to be built by the UAE company Masdar will be held and that Masdar commissioned a solar power plant with a capacity of 230 megawatts in October of last year, thereby increasing the renewable energy potential of Azerbaijan to 2 gigawatts, he announced that Azerbaijan's renewable energy potential is targeted at 2 gigawatts. In his speech, he drew attention to the problem of the retreat of the Caspian Sea, which clearly reflects the impact of climate change in Azerbaijan, saying that “by taking on this very responsible duty as the host of COP, we fully realized the advantages and maybe some complications.”

In conclusion, Ilham Aliyev said, “We have established a Troika with the UAE and Brazil, the future host of COP30. As a former chair of the Non-Aligned Movement, which consists of 120 countries, we are trying to build bridges between this institution and the European Union. Azerbaijan has signed declarations on strategic partnership with 10 member states of the EU. We are actively working with the Small Island Developing States. We are planning to establish a special fund to support them.”

Hosting COP29 for Azerbaijan was a decision made under the duress of political circumstances in Nagorno Karabakh. In hindsight, the government of Azerbaijan could have benefited from a comprehensive SWOT analysis before undertaking this commitment. This policy paper meticulously classifies the most basic of the difficulties encountered into five groups, providing a thorough analysis, and discusses the challenges and opportunities for the economy of Azerbaijan on the eve of COP29.

## **1st challenge: Phasing out of fossil fuels production.**

Azerbaijan should demonstrate its commitment to the decisions made at COP28 in this regard. This is possible at the cost of a reversal of Azerbaijan's current strategy for the oil and gas sector, which began in 1994. In such a case, only oil and gas production should be reduced in stages, which will affect direct foreign investments in the oil and gas sector (69.9 percent<sup>7</sup> in 2023), which plays an important role in the country's economy, the leading position of oil and gas exports in foreign trade (90.12 percent<sup>8</sup> in 2023), and oil and gas revenues (51.5 percent<sup>9</sup> in 2023), which are important for the formation of state budget revenues. Taking into account the poor access to new export goods and potential financial sources in the non-oil sector, as well as the high role of the oil and gas sector in attracting FDI, and the slow progress of the transition to green energy, the phase-out of fossil fuel production in the near future can lead to an economic disaster for Azerbaijan. Therefore, the Azerbaijani authorities continue the course of "feeding the economy" due to the exploitation of traditional energy resources (oil and gas). So, as can be seen from Ilham Aliyev's speech at the opening ceremony of the 29th International Caspian Oil and Gas and Green Energy exhibitions held within the framework of the "Baku Energy Week", Azerbaijan, the host of COP29, intends to invest in fossil fuels for a long time, as well as to attract investors to green energy projects. Although the liberated Karabakh and East Zangezur economic regions have a high green energy potential, their exploitation is both time-consuming and expensive. According to the evaluation of foreign experts, even if access to the financial resources required for the transition to green energy is ensured, obtaining income from this source will be a matter of the next decade<sup>10</sup>.

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<sup>7</sup> <https://www.stat.gov.az/source/finance/>

<sup>8</sup> [https://customs.gov.az/uploads/foreign/2023/2023\\_12.pdf?v=1705581222](https://customs.gov.az/uploads/foreign/2023/2023_12.pdf?v=1705581222)

<sup>9</sup> [https://sai.gov.az/files/2023\\_icra\\_rey-336563546.pdf](https://sai.gov.az/files/2023_icra_rey-336563546.pdf)

<sup>10</sup> Ibadoghlu, Gubad, Problems and Prospects of Transition to Alternative Energy in Azerbaijan (October 15, 2022). Available at SSRN: <https://ssrn.com/abstract=4249068> or <http://dx.doi.org/10.2139/ssrn.4249068>

Currently, the oil and gas strategy occupies an important place in the economic course of the state of Azerbaijan. For this purpose, on September 14, 2017, the Amended and Restated Agreement<sup>11</sup> on the Joint Development and Production Sharing for the Azeri and Chirag fields and the Deep Water Portion of the Gunashli field in the Azerbaijani sector of the Caspian Sea was signed, and the development of the ACG oil field under the operatorship of BP was extended until 2049. From the start of operation (1997) until the end of this year, more than 4.5 billion barrels of oil are expected to be produced from the ACG field block, and it is planned to produce up to 4 billion barrels of oil over the next 25 years. Within the framework of this Agreement, the main investment "Azeri Central East" (ACE) project is being realized. The \$6 billion ACE project is considered the next stage in the development of the huge ACG field in the Caspian Sea. The platform and facilities of the ACE project have been designed with the capacity to produce up to 100,000 barrels of oil per day. It is predicted<sup>12</sup> that up to 300 million barrels of oil will be produced during the operation period of the project. BP announced<sup>13</sup> the start of oil production from the ACE platform in April 2024. Back on September 14, 2017, at the signing ceremony of the new Agreement on the "Azeri", "Chirag", and "Guneshli" fields, the CEO of BP, Robert Dudley, said in his speech<sup>14</sup> that "by working together over the next 32 years and investing potentially more than \$40 billion in new investments in ACG, we will continue to secure the long-term future of Azerbaijan's oil and gas production."

The Minister of Economy of the Republic of Azerbaijan, Mikayil Jabbarov, in his article published in the Azerbaijan newspaper, states that during 2003-2022, the total volume of investments directed to the country's economy amounted to 310.4 billion US dollars, of which 154.1 billion US dollars were foreign investments. Foreign direct investments (FDI)

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<sup>11</sup> [https://www.bp.com/content/dam/bp/country-sites/en\\_az/azerbaijan/home/pdfs/legalagreements/psas/ea-az-restated-acg-psa.pdf](https://www.bp.com/content/dam/bp/country-sites/en_az/azerbaijan/home/pdfs/legalagreements/psas/ea-az-restated-acg-psa.pdf)

<sup>12</sup> <https://vergiler.az/news/economy/14686.html>

<sup>13</sup> <https://vergiler.az/news/economy/29775.html>

<sup>14</sup> <https://president.az/az/articles/view/25217>

accounted for 100.7 billion US dollars of foreign investments<sup>15</sup>. According to estimates, 82.2 percent of FDI inflows attracted to the country in 2003-2022 were invested in projects related to oil and gas production and sale.

According to the Central Bank of Azerbaijan<sup>16</sup>, the total amount of FDI attracted to the economy of Azerbaijan in 2023 was 6.7 billion dollars, and the specific weight of the oil and gas sector in the structure of FDI was 69.9 percent. Although last year's ratio of oil-gas and non-oil-gas in FDI shows a positive change, whether it will become a sustainable dynamic depends on the strategy of the coming years. However, based on the current situation and established trends, it will not be possible to change the ratio of oil-gas and non-oil-gas in the structure of FDI in the current decade in favor of the latter. Because, in the post-COVID-19 period, when competition is intensifying, the possibility of Azerbaijan's non-oil export-oriented sectors being able to benefit from FDI is low. Therefore, the government of Azerbaijan will continue the course of attracting FDI to the oil sector in order to achieve sustainable growth in the national economy and budget balance, which will raise legitimate questions about the gradual reduction of fossil fuel production for the COP29 host country, and it will not be possible to positively answer such questions without abandoning the current oil and gas strategy. This can be considered an important task for the Azerbaijani government to solve in the medium and long term.

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<sup>15</sup> <https://azpromo.az/az/posts/1656/iqtisadiyyat-naziri-mikayil-cabbarovun-azerbaycan-qezetinde-meqalesi-20102023>

<sup>16</sup> <https://cbar.az/page-41/macroeconomic-indicators>

## **2nd challenge: Increase in spending on climate change mitigation.**

New challenges in this direction require an increase in spending for both national and global purposes. So, on the one hand, Azerbaijan, especially the Caspian Sea, located on the eastern border of the country, is under the negative influence of climate change, on the other hand, it is inevitable to finance the COP29, in which official Baku plays a leading role and to allocate additional funds for solving the problem of low-income countries in accordance with the terms of this high level event. All this requires significant financial contributions from the state of Azerbaijan to reduce the negative impact of climate change and energy transition. The Government of the Azerbaijan must prove its commitment to the release of the negative effects of climate change not only by paying the organizational costs of COP29 but also by allocating additional funds for the financing of preventive measures implemented at the national level, as well as abroad at the global level, and for contributing to the Funds created for this purpose. It is no coincidence that in his speech<sup>17</sup> at the opening ceremony of the 29th International Caspian Oil and Gas and Green Energy exhibitions held on June 4 within the framework of the Baku Energy Week, President Ilham Aliyev drew attention to the problem of the retreat of the Caspian Sea, which clearly reflects the impact of climate change in Azerbaijan, and announced that it is planned to establish a special fund to support Small Island Developing States. If the initiative to support this Fund comes from Azerbaijan, in this case, Azerbaijan must make a serious financial contribution to its formation.

Both important challenges coincide with the period when oil and gas revenues, which form the basis of Azerbaijan's export revenues, are decreasing. So, as a result of lower oil production and lower gas prices, the value-added produced in the oil and gas sector of the Azerbaijani economy decreased by 1.7 percent in 2023, and the GDP growth in the

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<sup>17</sup> <https://president.az/az/articles/view/66181>



country was 1.1 percent. The initial indicators of this year do not promise good prospects either. Please note that in January-April 2024, the volume of exports of goods entering the oil and gas sector amounted to 7 billion 248.6 million dollars, which is 4 billion 149.1 million dollars or 36.4 percent less compared to the same period of 2023. The budget revenues of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) in January-March 2024 were 3,099.0 million dollars, which is 31.1 percent less than the corresponding indicator of the same period of the previous year (4,496.1 million dollars). Furthermore, the budget expenses of SOFAZ during January-March 2024 amounted to 1,885.5 million dollars, which is more than twice as compared to the same indicator of last year (931.8 million dollars). As can be seen, while the budget revenues of SOFAZ decreased by 31.1 percent compared to last year, the budget expenditures increased more than twice.

According to the strategic plan for 2023-2026 of the "Environmental Protection" section of the functional classification of budget expenditures, in order to achieve 6 strategic goals for reducing the negative effects of climate change, protecting biological diversity, assessing the current state of the environment and natural resources in the territories liberated from occupation, for the implementation of 6 programs, 9 sub-programs, and 27 measures, funds in the amount of 210.9 million dollars have been allocated from the state budget of 2023. The comparison of expenditures allocated under the name of "Environmental Protection" for 2023 with the previous year can be seen in Table 1.

Table 1. The amount and level of implementation of state budget expenditures on "Environmental Protection" for 2023, in million dollars

Functional section	2022 Executed	2023				
		Revised	Corrected	Executed	Execution level, in %	Specific weight, in %

Environmental Protection	165.6	218.4	214.8	210.9	98,7	1,0
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Source: The Opinion of the Chamber of Accounts on the execution of the 2023 state budget<sup>18</sup>

From the data in the table, it can be seen that the share of expenditures on "Environmental Protection" in the total executive budget expenditure of 2023 was 1 percent, which means that only 1 dollar of every 100 dollars allocated from the budget last year was spent on environmental protection<sup>19</sup>. For comparison, let me note that in 2022, the state budget expenditures for environmental protection amounted to 0.9 percent. Despite the insignificant weight of these indications in the final budget expenditure, even the approved initial amount of the "Environmental Protection" section of the functional classification for the last year was implemented with a deficit of 2.3 percent or 7.5 million dollars.

According to the information about the special budget funds operating in the field of ecology, which was found in the Opinion of the Chamber of Accounts on the execution of the state budget of 2023, it can be seen that the expenditures of this Fund last year were 11.2 million dollars, and the balance of the Fund at the end of the year was 29.1 million dollars.

However, the structure of expenditures directed in this direction shows<sup>20</sup> that most of the funds allocated for environmental protection expenditures in the 2022 state budget (89 percent) were used for soil cleaning, wastewater collection and treatment measures, and the remaining part was directed to forestry measures (4.9 percent), hydrometeorological

<sup>18</sup> [https://sai.gov.az/files/2023\\_icra\\_rey-336563546.pdf](https://sai.gov.az/files/2023_icra_rey-336563546.pdf)

<sup>19</sup> Ibadoghlu, Gubad, Assessment of Budget Parameters for 2023 and Analysis of Macroeconomic Forecasts (October 1, 2022). Available at SSRN: <https://ssrn.com/abstract=4235336> or <http://dx.doi.org/10.2139/ssrn.4235336>

<sup>20</sup> <https://www.maliyye.gov.az/scripts/pdfjs/web/viewer.html?file=/uploads/static-pages/files/64b149d771786.pdf>

measures (3.1 percent), 2.4 percent to biological richness protection measures (2.4 percent), fishing and hunting measures (0.5 percent), and other services related to environmental protection (0.1 percent). As can be seen from the structure, there are no expenditures aimed at reducing the negative effects of climate change in the expenditures allocated from the Azerbaijan state budget under the name of "Environmental Protection".

In the state budget of 2024, it is planned to allocate 221.6 million dollars to the "Environmental Protection" functional section, the structure of which is as shown in Table 2.

Table 2. The expenditures structure of the "Environmental Protection" functional section in 2024

	In dollars	Share, in percent
Environmental Protection	221 689 942.0	100
Soil cleaning, wastewater collection and treatment	185 321 558.0	83.7
Forestry	11 781 623.0	5.7
Land and construction	10 941 178.0	4.9
Hydro meteorological measures	6 504 945.0	2.9
Protection of biological richness	5 991 722.0	2.7
Other services related to environmental protection	227 647.0	0.1

Source: Milli Majlis of the Republic of Azerbaijan<sup>21</sup>

<sup>21</sup> <https://www.meclis.gov.az/news-layihe.php?id=2282&lang=az&par=0>

First of all, let's note that the expenditure structure for the "Environmental Protection" functional section predicted for 2024 does not include expenditures aimed at reducing the negative effects of climate change. Moreover, since 1,732.0 million dollars or 8% more increase than the approved amount is envisaged in the expenditures of the state budget of the Republic of Azerbaijan for 2024, and since the "Environmental Protection" functional department does not have a share of it, the specific weight of expenditures for this item is predicted to be 0.95 percent, decreasing by 0.05 percentage points compared to the performance indicator of the previous year.

In the Opinion of the Chamber of Accounts of the Republic of Azerbaijan to the Draft Law of the Republic of Azerbaijan on Amendments to the Law of the Republic of Azerbaijan on the State Budget of the Republic of Azerbaijan for 2024, according to the revised bill in the middle of the current year, except for two sections of the functional classification of state budget expenditures of 2024, changes are planned for all other sections, and an increase in expenditures for priority areas is predicted with these changes. I would like to regretfully inform you that during the revision of the 2024 budget, the sections "Environmental Protection" and "Housing and Utilities" were excluded, and no changes were planned for them. This shows that "Environmental Protection" was not considered a priority area during the change in the 2024 budget, so the government did not predict an increase in this expenditure section.

The distribution of the funds implemented under the Socio-Economic Development Strategy<sup>22</sup> of the Republic of Azerbaijan in 2022-2026 by Five National Priorities shows that only 67.82 million dollars or 1.63 percent of the 4,173.8 million dollars funds spent until 2024 were allocated to the 5th national priority "A clean environment and country of "green growth". It is the least expenditure among the 5 National Priorities<sup>23</sup>. As can be

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<sup>22</sup> <https://e-qanun.az/framework/50013>

<sup>23</sup> [https://sai.gov.az/files/2023\\_icra\\_rey-336563546.pdf](https://sai.gov.az/files/2023_icra_rey-336563546.pdf)

seen in the 2-year implementation of the strategy, " A clean environment and country of "green growth" is the last among the national priorities for the government of Azerbaijan. However, on the eve of COP29, expenditures in this direction should be expanded and increased. As outlined in the "Socio-economic Development Strategy of the Republic of Azerbaijan for 2022-2026," Azerbaijan aims to increase the share of renewable energy sources in electricity production to 24 percent by 2026 and 30 percent by 2030.

### **3rd challenge: Adapting the legislative and regulatory framework to COP29 requirements.**

The main reason that Azerbaijan has a lot of work to do in this direction is the weak integration of the country into the world economy and the Euro-Atlantic space. So, Azerbaijan and Belarus are among the countries in the Central and Eastern European region that are not members of the World Trade Organization (WTO), have the weakest integration into the Eastern Partnership program of the European Union (EU), and share the last places with Belarus in the section of the Eastern Partnership index of policy convergence with the European Union<sup>24</sup>. Although Belarus aspires to become a member of the WTO, the president of Azerbaijan says that "the time has not yet come". By the way, let me mention that Egypt and the United Arab Emirates, which hosted COP27 and COP28, as well as Brazil, which will host COP30, are members of the WTO.

A similar status in relation to the WTO applies to relations with the EU in Azerbaijan and Belarus. The only exception is that, unlike Belarus, Azerbaijan has signed<sup>25</sup> a Memorandum of Understanding on Strategic Partnership in the field of energy with the EU. The new agreement envisages a substantial increase in the annual volume of gas exported from Azerbaijan to Europe over the next five years. Azerbaijan currently exports around 12 billion cubic meters (bcm) of gas to the EU per year. Under the new agreement, the country is expected to increase its gas exports to the EU within the framework of the Southern Gas Corridor to 20 bcm by 2027<sup>26</sup>. This causes increased gas production, contrary to the decision to reduce fossil fuels gradually adopted at COP28 and to the fossil fuel

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<sup>24</sup> <https://eap-csf.eu/2023-index-dashboard/>

<sup>25</sup> <https://president.az/az/articles/view/56689>

<sup>26</sup> Ibadoghlu, Gubad (2022) What the EU's new gas deal with Azerbaijan could mean for Europe's energy security. LSE European Politics and Policy (EUROPP) blog (03 Aug 2022). <https://blogs.lse.ac.uk/europpblog/2022/08/03/what-the-eus-new-gas-deal-with-azerbaijan-could-mean-for-europes-energy-security/>

non-proliferation treaty<sup>27</sup>. At the same time, since energy cooperation is strategic in the Memorandum of Understanding on Strategic Partnership between the EU and the Republic of Azerbaijan signed in Brussels in November 2006, European integration in other sectors, such as tourism, is slow due to the non-liberalisation market.

While the EU is keen on expanding its cooperation with Azerbaijan, the establishment of comprehensive partnership relations between Azerbaijan and its largest trade partner, the EU, has been confined to the energy sector. This has, unfortunately, hindered the process of convergence to European standards in other sectors. The new strategic partnership document to be signed between Azerbaijan and the EU has been discussed many times, and the provisions acceptable to both sides have been agreed upon; however, such a document has not been signed yet.

On December 23, 2019, President Aliyev told journalists in an interview<sup>28</sup> about the results of the year that Azerbaijan was the reason for the non-signing of the agreement with the EU, which began in 2017. Aliyev noted that they did not agree to the proposed issues, one of which was related to trade: "As you know, Azerbaijan is not a member of the WTO. Although we have already concluded discussions with several countries in a bilateral format, I think the time has not yet come. The reason for this is that the main part of our exports is still oil and gas products, and it is not necessary to become a member of the WTO to export these products."

On June 6, 2024, Aliyev said<sup>29</sup> at a meeting with the parliament chairmen of the member countries of the Parliamentary Assembly of Turkic-Speaking States (TÜRKPA), "We are not Europe, in other words, we do not want to join the European family, even if we wanted to, no one would let us in."

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<sup>27</sup> <https://fossilfuel treaty.org/mission-and-history>

<sup>28</sup> <https://president.az/az/articles/view/35325>

<sup>29</sup> <https://president.az/az/articles/view/66200>

Despite this, bilateral projects related to the Water Initiative, Shared Environmental Information System II (SEIS II), EU4Climate, and EU4Environment, especially related to air quality and industrial emissions, have been implemented in Azerbaijan with the support of the EU. These initiatives help to achieve the commitments made in the Paris Agreement and the Sustainable Development Goals (SDGs), which Azerbaijan has joined. Recall that Azerbaijan, which joined the Paris Climate Agreement in 2016, made a voluntary commitment to reduce greenhouse gas (GHG) emissions by 35 percent by 2030 compared to the base year of 1990. After that, during the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) held in Glasgow, United Kingdom, in November 2021, Azerbaijan renewed its voluntary commitments by 2050 by reducing the amount of GHG emissions by 40 percent and declaring the territories liberated from occupation a "net zero emission" (decarbonization) zone<sup>30</sup>.

On February 28 of this year, Azerbaijan announced that it has joined the Global Methane Pledge initiative<sup>31</sup>, which includes voluntary obligations of states to reduce global methane emissions, and thereby expressed readiness to join a joint international effort aimed at reducing global methane emissions by at least 30 percent by 2030 compared to 2020.

Agreements between the Republic of Azerbaijan and the EU on the simplification of visas and the readmission of persons living without permission were signed on November 29, 2013, and February 28, 2014, respectively. Both agreements entered into force on September 1, 2014. However, deep cooperation in this direction has not taken place, currently, ordinary Azerbaijanis do not have the right to travel to Europe, nor Europeans, Americans, Britains to Azerbaijan without a visa. Therefore, one of the factors that make

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<sup>30</sup> [https://minenergy.gov.az/az/beynelxalq-emekdasliq/merler-razilasmasi\\_6064](https://minenergy.gov.az/az/beynelxalq-emekdasliq/merler-razilasmasi_6064)

<sup>31</sup> <https://www.globalmethanepledge.org/>



it difficult for COP29 to be held in Azerbaijan is that the country's tax-customs, visa, and currency legislation is not liberal and does not meet European standards. In this regard, although amendments to the Tax Code and the Customs Code were approved in connection with the 29th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) in the Republic of Azerbaijan, the same approach is not observed in relation to currency and visa legislation. According to the latest amendments to the Tax Code and the Customs Code, the income obtained by non-resident natural persons involved in the provision of goods, performance of works, and provision of services in connection with COP29 within the framework of this activity, as well as royalty income paid to a non-resident legal entity for the use of copyrights on intangible assets, have been exempted from VAT and customs duty on the import of goods from March 1 to December 1, 2024.

According to the amendment<sup>32</sup> to the Law of the Republic of Azerbaijan on Departure from the Country, Arrival to the Country, and Passports, guided by the interstate agreements concluded by the Republic of Azerbaijan, upon the proposal of the President of the Republic of Azerbaijan, the procedure for visa-free (simplified) travel to the territory of the Republic of Azerbaijan based on a personal passport may be determined by the Milli Majlis of the Republic of Azerbaijan. However, neither the president, nor the Milli Majlis, nor the Cabinet of Ministers have taken appropriate steps in this direction. At the same time, in connection with COP29, foreign currency control of resident and non-resident individuals and legal entities should be liberalized, and the rules for bringing foreign currency to the Republic of Azerbaijan and withdrawing it from the Republic of Azerbaijan should also be changed<sup>33</sup>.

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<sup>32</sup> <https://president.az/az/articles/view/5707>

<sup>33</sup> <https://customs.gov.az/az/ferdler-ucun/valyuta-nezareti>

#### **4th challenge: Ensuring the participation of civil society representatives.**

It is not important to have a large number of participants in COP events, in fact, a large number does not mean that the event is going well. The main issue is the composition and gender representation of the participants in different interest groups. So, since 1995, COP events held annually had less than 10,000 participants in the first period. About 40,000 participants were recorded at COP26, held in Glasgow, Britain, around 50,000 at COP27, held in Sharm el-Sheikh, Egypt, and up to 84,000 at COP28, held in Dubai, UAE.

According to the statistical results of the last 3 years, about 75 percent of the participants of the COP event were civil society and business representatives, and 25 percent were government negotiators<sup>34</sup>.

Fossil fuel companies, which bear the greatest responsibility for the climate crisis that has harmed millions of people, are also actively participating in recent COP events. So, at COP27 in Sharm el-Sheikh, Egypt, in 2021, at least 636 people associated with the fossil fuel industry were granted access, and at COP28 in Dubai, UAE, at least 2,456 fossil fuel lobbyists were granted access<sup>35</sup>, which represents a 285 percent increase in the number of lobbyists for companies engaged in the production and processing of fossil fuels in one year. Concerns are growing that this dynamic will continue at COP29, hosted by Azerbaijan, and that the number of government negotiators will increase. So, before the Climate Conference of the United Nations Framework Convention on Climate Change<sup>36</sup> held in Bonn, the statements of HRW and Amnesty International organizations include calls for increased attention to human rights and ensuring the participation of civil society

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<sup>34</sup> <https://www.mfat.govt.nz/en/environment/climate-change/working-with-the-world/apply-for-a-cop29-party-overflow-badge/cop-a-brief-explanation>

<sup>35</sup> <https://earth.org/us-lawmakers-deeply-concerned-by-appointment-of-petrostate-azerbaijan-to-host-cop29/>

<sup>36</sup> <https://unfccc.int/sb60>

at COP29. In its latest call, HRW<sup>37</sup> expresses its concern that the Azerbaijani authorities severely curtail freedom of expression and association, swiftly and often brutally disperse peaceful protests, and paralyze the ability of independent non-governmental organizations to work with its restrictive laws, and arbitrarily deny their registration. Such concerns are also raised by other international organizations. There is almost no free media, no real civil society in the country, and only independent individuals barely act as representatives of the press and NGOs.

For almost the past ten years, the situation of civil society has been very difficult in Azerbaijan. Summer 2014 – while Azerbaijan was chairing the Committee of Ministers of the Council of Europe – was characterized by a harsh crackdown on civil society. The crackdown on independent civil society has had a profoundly negative effect on the ability of CSOs and citizen activists to promote the development of open society and democracy in the country<sup>38</sup>.

HRW notes in its statement entitled "Focus on Rights in Pre-COP29 Climate Talks", "A crackdown on independent voices over the past year has resulted in the arrest or sentencing of at least 25 independent journalists and civil society activists on a variety of bogus criminal charges. Almost all remain in pretrial custody."

Politico Europe newspaper writes<sup>39</sup> that the UN's hosting of the prestigious climate negotiations unwittingly draws attention to its foreign influence networks and political persecution. Azerbaijan scored a major diplomatic victory when it won the right to host this year's COP29 UN climate talks. Now it's experiencing the downside of this newfound prestige - heightened scrutiny of the regime's murky foreign influence

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<sup>37</sup> <https://www.hrw.org/news/2024/05/31/focus-rights-pre-cop29-climate-talks>

<sup>38</sup> Ibadoghlu, Gubad, CSOs Policy in Trying Times: Lessons Learned From Azerbaijan (November 30, 2018). Available at SSRN: <https://ssrn.com/abstract=3346243> or <http://dx.doi.org/10.2139/ssrn.3346243>

<sup>39</sup> <https://www.politico.eu/article/good-cop-bad-cop-azerbaijans-climate-charm-offensive-is-backfiring>

peddling, jailing of critics, political crackdowns, and unrepentant fossil fuel dealmaking. It is clear that Azerbaijan will not be able to get rid of the valid criticisms in this field. Because civil society and media institutions in Azerbaijan are politically and financially dependent on the government and operate under strict control.

**5th challenge: The level of logistical and accommodation preparation is not sufficient to meet the needs for COP29.**

Since the period of the special quarantine regime<sup>40</sup> imposed in Azerbaijan since March 2020 due to the COVID-19 pandemic has been repeatedly extended, the country's land borders with neighboring countries (Russia, Iran, and Georgia) have been closed for more than three and half years, until October 1, 2024 . Among these countries, Georgia has a more important position from a logistic point of view for those visiting the South Caucasus from the West. One of the main factors determining this is the development of Georgia's transport and logistics infrastructure in the field of passenger transportation compared to Azerbaijan and the possibility of some of the participants traveling to COP29 coming to Azerbaijan by train and road through Georgia. On the eve of COP29, if the land borders of Azerbaijan are not opened for foreigners, if passenger transportation opportunities are not provided to the country by road and rail transport, then the only and direct means of transport that guests will use to come to Baku will be airplanes. According to the statement of the President of Azerbaijan, Ilham Aliyev, land borders will not be opened for individuals visiting Azerbaijan even on the eve of COP29. So, at the opening ceremony of the International Forum “COP29 and Green Vision for Azerbaijan” held at ADA University on April 23, 2024, Aliyev said<sup>41</sup>, “The decision to keep the land border closed was made because of COVID. We are still formally in the quarantine phase, but at the same time, let's be frank, the decision to keep the borders closed is not only based on that. We now see, after our borders are already closed, the strengthened security in Azerbaijan.”

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<sup>40</sup><https://turan.az/en/politics/the-special-quarantine-regime-in-azerbaijan-has-been-extended-until-october-1>

<sup>41</sup> <https://president.az/az/articles/view/65580>

Let's note that by the Resolution<sup>42</sup> of the Cabinet of Ministers of the Republic of Azerbaijan on additional measures related to the special quarantine regime, until 06:00 on July 1, 2024, in connection with the special quarantine regime applied in the territory of the Republic of Azerbaijan, with the exception of cargo transportation, entry and exit to the territory of the country by land transport has been suspended. This means that COP29 participants can enter the territory of Azerbaijan only by air transport.

According to the State Statistics Committee<sup>43</sup> 69.7 percent of foreigners and stateless persons who came to our country in January-April 2024 used air, 28.9 percent used rail and car, and 1.4 percent used sea transportation. However, in this statement, statistical data on the entry and exit of passengers to and from Azerbaijan by rail and car during the period when the land borders remain closed raises doubts. In order to increase the flow of tourists from the countries and cities that are considered a priority in the Strategic Roadmap<sup>44</sup> for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan approved by the Decree of the President of the Republic of Azerbaijan dated December 6, 2016, it was decided to speed up negotiations with the relevant institutions on the opening of new flight lines and the conclusion of Open Skies Agreements. At the meeting of the Cabinet of Ministers dedicated to the results of the socio-economic development of the first quarter of 2019 and the tasks ahead, Natig Amirov, Aide to the President for Economic Policy And Industrial Issues, said<sup>45</sup>, "Full operation of the license and permits portal should be ensured, measures should be taken in the direction of open sky agreements and attracting new foreign low-budget air transport companies."

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<sup>42</sup> <https://e-qanun.az/framework/45911>

<sup>43</sup> <https://www.stat.gov.az/news/index.php?lang=az&id=5883>

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[https://azertag.az/store/files/Strateji\\_yol\\_xeritesi/Logistika\\_v%C9%99\\_ticar%C9%99tin\\_ink%C5%9Faf%C4%B1na\\_dair\\_Strateji\\_Yol\\_X%C9%99rit%C9%99si.pdf](https://azertag.az/store/files/Strateji_yol_xeritesi/Logistika_v%C9%99_ticar%C9%99tin_ink%C5%9Faf%C4%B1na_dair_Strateji_Yol_X%C9%99rit%C9%99si.pdf)

<sup>45</sup> <https://president.az/az/articles/view/32912>

However, only on April 6, 2016, the Air Transport Agreement<sup>46</sup> was signed between the Government of the Republic of Azerbaijan and the Government of the United States of America, which happened before the adoption of the Strategic Roadmap for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan. During the past 7 years since the adoption of the Strategic Roadmap, no significant steps have been taken in this direction.

According to experts<sup>47</sup> the non-opening of Azerbaijan's airspace is considered to be one of the factors hindering the conclusion of an agreement between the European Union (EU) and Azerbaijan. Back in 2021, Azerbaijani officials declared that 90 percent of the draft agreement expected to be concluded with the EU had been agreed upon and would be signed "in the coming months". According to expectations, the negotiations in this direction should be completed in 2022 and the new agreement should be signed in the same year. In the negotiations on the draft agreement to be signed between Azerbaijan and the European Union, which began in 2017, the parties said that the negotiations<sup>48</sup> on the open skies agreement between the EU and Azerbaijan were also continuing successfully. However, so far neither a new strategic cooperation covering comprehensive cooperation nor a separate open skies agreement has been agreed between the EU and Azerbaijan. Due to this and the monopoly position of Azerbaijan Airlines (AZAL), the arrival of new foreign low-budget air transport companies, especially from Europe, to Azerbaijan is difficult. So, from the low-cost budget airlines belonging to the member states of the European Union (Ryanair, EasyJet, WizzAir, Jet2, Norwegian Air, Vueling, Transavia), only WizzAir can fly to Azerbaijan. WizzAir's

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<sup>46</sup> <https://president.az/az/articles/view/20146>

<sup>47</sup> <https://www.bbc.com/azeri/azerbaijan-57944700>

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[https://azertag.az/xeber/azerbaycan\\_ile\\_avropa\\_ittifaqi\\_arasinda\\_imzalanacaq\\_sazisin\\_layihesi\\_uzre\\_dan\\_isiqlarin\\_gedisi\\_muzakire\\_olunub-1101041](https://azertag.az/xeber/azerbaycan_ile_avropa_ittifaqi_arasinda_imzalanacaq_sazisin_layihesi_uzre_dan_isiqlarin_gedisi_muzakire_olunub-1101041)

activity in Azerbaijan is related to the special relationship between the authorities of Azerbaijan and Hungary.

While AZAL, which has a dominant position in the provision of a number of services in the air transport market of Azerbaijan, works on expanding its route network, the newly opened routes are seasonal in nature and are connected with charter flights to Turkish recreation areas and cities with a dense population of Azerbaijanis in Russia. Furthermore, this year AZAL opened new routes to Romania and Bulgarian capitals, but this is not a daily flight but twice a week. Istanbul, Antalya, Moscow, Dubai, and Tbilisi are in the top five in the list of cities where AZAL carries out the most international flights<sup>49</sup>.

Analyzes and evaluations based on the data of the State Statistics Committee (SSC) show that in connection with COP29, difficulties are expected in the field of accommodation of around 40,000 participants who will visit Azerbaijan. So, according to the statement of the SSC.<sup>50</sup> There are 809 hotels and hotel-type facilities operating in Azerbaijan and 303 in Baku. The number of rooms in 303 hotels and hotel-type facilities in Baku is 14,205, and the number of places is 25,980. According to the SSC, the number of people accommodated in hotels and hotel-type facilities in Baku in 2023 was 1,194,500, which means that an average of 3,272 people stayed in hotels per day. The number of employees working in hotels and hotel-type facilities located in Baku is 5,994 people, which is less than 7 times the expected number of guests at COP29.

According to the latest statement of the SSC, the number of overnight stays in hotels and hotel-type facilities in January-March 2024 increased by 41.9 percent compared to the same period of 2023 and reached 779,400<sup>51</sup>. 64.7 percent of the total number of overnight

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<sup>49</sup> <https://portal.azal.az/az/airline/news/060502024/>

<sup>50</sup> <https://www.stat.gov.az/source/tourism/>

<sup>51</sup> <https://www.stat.gov.az/news/index.php?lang=az&id=5859>



stays were recorded in hotels and hotel-type facilities in Baku. The number of overnight stays in hotels by the citizens of the Republic of Azerbaijan increased by 44.2 percent compared to the corresponding period of 2023 and reached 346,000, which is 44.4 percent of the total overnight stays. As can be seen, local residents who visit Baku city in connection with their business trips and travels also have a significant special share among those who spend the night in these hotels.

Out of 303 hotels in Baku, only 115 offers were posted on the website<sup>52</sup> created for accommodation at COP29. In this list, Park Residences by Sea Breeze Resort and Athletes Village are marked with the best offer designation. Among the hotels on the list, the price of one night at The Ritz-Carlton Baku starts from 5,078 USD, Ivy Garden Hotel Baku from 2,235 USD, Fairmont Baku, Flame Towers from 2,205 USD, JW Marriott Absheron Baku 1,764 from USD, The Merchant Baku from 1,538 USD, Dinamo Hotel Baku from 1,527 USD, Excelsior Hotel & Spa Baku from 1,211 USD.

Apparently, on the eve of COP29, which will be hosted by Azerbaijan, statistical data and price observations show that not only are there not enough hotels and hotel-type facilities in Baku to accommodate around 40,000 guests but also it is not profitable for ordinary participants to spend the night there since the prices in some of them are too high. Preliminary calculations show that the daily actual number of people accommodated in hotels and hotel-type facilities serving the city of Baku should be increased at least 13 times from the current 3,272 people in order to solve the problem of accommodation for COP29 participants. This seems very ambitious but is not realistic in the next 6 months. Currently, Sea Breeze Resort is undergoing rapid and extensive construction to increase

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<sup>52</sup> <https://cop29-accommodation.bnetwork.com/index.aspx?DateFrom=11/11/2024&DateTo=22/11/2024&NbRooms=1&NbTwins=1&CategoryType=hotel>

the number of new apartment buildings. However, please note that it takes at least 1 hour to reach the Olympic Stadium from Sea Breeze Resort by public transport.

According to the SSC<sup>53</sup>, the number of travel agents and tour operators who play an important role in obtaining the services of hotels and hotel-type facilities is also insufficient. So, their number decreased from 432 units in 2019 to 240 units in 2022. This can be explained by the fact that during the COVID-19 pandemic, half of the travel agents and tour operators stopped their activities due to the weak financial support of the state under the stimulus package.

As you can see, one of the important issues facing the Azerbaijani government on the eve of COP29 is to eliminate existing problems in the field of transport and logistics, hotels and travel agents, increase their capacity, and improve the quality of their services. However, despite less than 6 months left for the implementation of a prestigious event such as COP29, still, neither the Milli Majlis (parliament) nor the Cabinet of Ministers have started the discussions with the participation of the bodies implementing the state policy and the private companies representing the interest groups in order to solve the transport-logistics and hotel-accommodation problems.

The challenges faced by Azerbaijan as the host before COP29 show that preparations for this event, especially the organization of logistical issues, the harmonization of the legislative and regulatory framework with international requirements, and especially the application of the easy visa, should be accelerated. Manipulation opportunities of hotel, guest accommodation, and logistics companies for the sake of making a lot of profit in the short term should be limited, especially the upper limit of hotel prices should be regulated. It is known from previous experiences that the UNFCCC provides a limited amount of financial support to the host countries, the sponsorship of private companies

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<sup>53</sup> <https://www.stat.gov.az/source/tourism/>

and the grant assistance of international donor organizations do not have a significant weight, and even in such cases, the main costs are covered by the host country from state resources. Therefore, Azerbaijan should allocate a significant budget for financing the expenses of COP29. The total cost to the UK government for the COP26 conference in Glasgow, Scotland, in 2021 was estimated to be around \$ 400 million, most of which was spent by the UK government from the national budget. According to preliminary estimates, Azerbaijan's direct and indirect expenses as the host of COP29 will exceed \$ 1 billion, which is more than 4.3 percent of its expenses in the 2024 state budget. This includes infrastructure, hotel, transport, logistics, communication, security, and other expenses. The COP29 budget may also vary depending on the number of participants. The government of Azerbaijan has not yet announced how much money it will spend on the COP29 event, and the 2024 state budget does not include an expenditure item for financing this event.

Despite the commitments of Azerbaijan, the COP29 team should spend funds on the implementation of initiatives in the direction of expanding the financial capabilities of the Loss and Damage Fund<sup>54</sup>. Furthermore, the government of Azerbaijan has already announced its intention to establish a fund to establish relations with and assist the small island developing states (SIDS) in Pacific Ocean. All this allows us to predict that the state expenditures related to COP29 will be significantly higher during the period when Azerbaijan's resource incomes are decreasing. So, according to information as of June 1, SOFAZ received<sup>55</sup> oil revenue of 2,617.2 million US dollars from the ACG field in the first 5 months of 2024, which is 395.8 million dollars less compared to the same period last year. In the comparable period, revenues from the sale of gas and condensate on the Shah Deniz field decreased by 691.8 million US dollars. Thus, in January-May 2024, compared to January-May 2023, the income of SOFAZ from oil-gas and condensate revenues

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<sup>54</sup> <https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat>

<sup>55</sup> <https://oilfund.az/fund/press-room/news-archive/1616>

decreased by 1,087.5 million US dollars, which was mainly due to the decrease of gas revenues by more than 4 times during that period. Hence, in the first 5 months of this year, Azerbaijan's oil-gas and condensate revenues decreased by an average of 7.15 million US dollars, and an average of 217.5 million US dollars per month.

However, despite the excessive cost, Azerbaijan can potentially increase investments in the alternative energy sector and attract tourists to the country by hosting the COP event in the long term. So, it is safe to say that hosting the COP can be a huge financial commitment for each country; however, it can also bring benefits in terms of demonstrating international cooperation, investment and climate leadership and presenting the current government<sup>56</sup> as a member of the modern world.

Some analytical publications evaluate<sup>57</sup> such events hosted by Azerbaijan as a corruption project and an opportunity for lobbying for the interests of the authorities. Before COP29, the Climate Change Conference<sup>58</sup> of the United Nations Framework Convention on Climate Change (UNFCCC) held in Bonn on June 03-13, 2024, showed international attention<sup>59</sup> has been paid to the imprisonment of regime critics in Azerbaijan, political persecution, and continuous oil and gas trade deals. Statements<sup>60</sup>, calls<sup>61</sup>, and actions<sup>62</sup> of lawmakers<sup>63</sup> and international human rights and environmental organizations before and while Bonn meeting have shown that the concerns shared by the media in advance

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<sup>56</sup> [https://crudeaccountability.org/wp-content/uploads/The\\_Empty\\_Bucket\\_report\\_web.pdf](https://crudeaccountability.org/wp-content/uploads/The_Empty_Bucket_report_web.pdf)

<sup>57</sup> Ibadoghlu, Gubad, Corrupt and Flashy Events Disguised as Modernization in Azerbaijan (September 13, 2019). Available at SSRN: <https://ssrn.com/abstract=3489634> or <http://dx.doi.org/10.2139/ssrn.3489634>

<sup>58</sup> <https://unfccc.int/sb60>

<sup>59</sup> <https://www.politico.eu/article/good-cop-bad-cop-azerbaijans-climate-charm-offensive-is-backfiring/>

<sup>60</sup> <https://www.hrw.org/news/2024/05/31/focus-rights-pre-cop29-climate-talks>

<sup>61</sup> <https://www.amnesty.org/en/latest/news/2024/05/global-key-climate-meetings-must-fix-broken-pledges-to-safeguard-human-rights/>

<sup>62</sup> <https://www.globalwitness.org/en/press-releases/family-azerbaijani-political-prisoner-dr-gubad-ibadoghlu-call-un-act-bonn-climate-meetings/>

<sup>63</sup> <https://earth.org/us-lawmakers-deeply-concerned-by-appointment-of-petrostate-azerbaijan-to-host-cop29/>

are justified. In numerous foreign press articles<sup>64,65,66,67</sup> published in the run-up to the Bonn Climate Change Conference, governments are seeking new funding and human rights defenders are seeking stronger protections in COP29 host countries.

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<sup>64</sup> <https://www.dw.com/en/azerbaijan-repressive-climate-ahead-of-cop29/a-69374216>

<sup>65</sup> <https://www.theguardian.com/environment/article/2024/jun/12/azerbaijan-accused-of-media-crackdown-before-hosting-cop29>

<sup>66</sup> <https://www.esquerda.net/artigo/clima-de-repressao-antecede-proxima-cimeira-do-clima/91300>

<sup>67</sup> <https://www.ouest-france.fr/environnement/climat/climat-cest-mal-parti-pour-la-cop29-en-azerbaidjan-ef6db308-288c-11ef-96d1-fdb7d737b711>

## Conclusion

There is no doubt that Azerbaijan has gained a diplomatic advantage by obtaining the right to host this year's COP29 UN climate talks, and hosting COP29 will bring numerous economic, regional, and diplomatic benefits to Azerbaijan. Azerbaijan will be able to have a say in international meetings on climate change before COP29 and during the one year after it, and will be able to cooperate with state, business, and non-governmental organizations of most countries of the world in this field. If the government of Azerbaijan hosts COP29 with the support of important countries that defend against climate change, it can become a leader for the countries of the region.

However, in order to achieve all these goals, the Azerbaijani authorities must, first of all, release the persons detained for political motives before COP29, especially the imprisoned journalists, and demonstrate their respect for the freedom of opinion and assembly, as well as for human rights in general. Along with this, Azerbaijan should also provide significant support and contribution to the joint action of states regarding global climate policy, make more efforts for 'green' goals, and become a responsible member of the international community in this field by gradually reducing fuel energy production. In this case, Azerbaijan can gain a diplomatic advantage, a new platform, and opportunities for global cooperation to realize its initiatives within the framework of the Green World Solidarity initiative in 2024, stand out for its activity in the fight against global climate changes, and strengthen its position as a 'green' energy partner.

Therefore, the incomplete hosting agreement at the Bonn Climate Change Conference, hosted by Germany, includes an obligation for countries hosting COP events to respect human rights, including freedom of expression, association, and peaceful assembly<sup>68</sup>.

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<sup>68</sup> <https://www.climatechangenews.com/2024/06/12/bonn-bulletin-climate-finance-chasm-remains-unbridged/>

With this agreement, it is possible to put the responsibility of pre-reacting to existing challenges with civil rights on countries like Azerbaijan, which is hosting COP29.

Azerbaijan should also take the initiative in expanding the financial capabilities of the Loss and Damage Fund<sup>69</sup>. So, the Loss and Damage Fund, created with the contribution of 19 countries and announced at the end of COP28, is a special financial mechanism agreed by all UNFCCC countries to respond to the losses and damages suffered by low-income countries due to the effects of climate change. Fund allocations are agreed to support countries vulnerable to the effects of climate change, particularly small island developing states (SIDS) inundated by floods, extreme weather events, and other climate change-related events<sup>70</sup>.

So far, the Fund<sup>71</sup> has managed to collect a total of 661.4 million dollars, which is far less than the \$ 215 billion that the United Nations Environment Program (UNEP) report<sup>72</sup> identified as necessary "to mitigate the effects of climate change in developing countries." The outcomes of the Bonn Conference, a global gathering to address climate change, underscore a pressing issue- the gap between developed and developing countries in addressing climate change. The developing countries, including Azerbaijan, expressed their need for 1.1 trillion and 1.3 trillion dollars to combat the adverse effects of climate change. However, while acknowledging the need, the developed countries fell short of their commitment, stating an inability to raise funds above the previous \$ 100 billion target. This situation highlights the urgency and significance of the issue at hand, and the need for collective action such as hosting COP29 in Azerbaijan.

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<sup>69</sup> <https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat>

<sup>70</sup> <https://theprint.in/environment/discussions-on-loss-damage-fund-setting-up-cop29-what-to-expect-at-60th-bonn-climate-conference/2112419/>

<sup>71</sup> <https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/loss-and-damage-fund-joint-interim-secretariat/pledges-to-the-loss-and-damage-fund>

<sup>72</sup> [Loss and Damage Fund for Developing Countries | United Nations Development Programme \(undp.org\)](https://www.undp.org/en/loss-and-damage-fund-for-developing-countries)

Thus, it is possible to distinguish the gains of Azerbaijan from hosting COP29 into political (diplomatic) and economic (financial) types.

As the host of COP29, Azerbaijan stands to gain significantly from this platform. It presents a unique opportunity for international cooperation, investment, and climate leadership. The potential benefits for the national economy and local businesses are vast, including increased tourism, job creation, and infrastructure development. While it does entail a substantial financial commitment, the potential economic gains far outweigh the costs.

Hosting COP29 will not only boost the revenues of Azerbaijan's tourism and hospitality, trade, and service sectors, but also pave the way for long-term economic growth. Therefore, all interested groups should view COP29 as a transformative opportunity. Bodies implementing state policy on foreign policy and ecology should seize this moment to enhance bilateral and multilateral cooperation with Azerbaijan. Business organizations, mainly hotel and guest accommodation companies, should see this event as a strategic marketing opportunity to attract long-term customers and foster sustainable growth, bringing prosperity to our local economy.

There is a pressing need to raise awareness about COP29 among the Azerbaijani population. Current observations indicate a significant need to understand the event's essence and goals better. This underscores the importance of public engagement and the crucial role of the Azerbaijani population in the success of COP29. We need strategies to educate and promote the event, ensuring that every citizen feels a part of this significant global initiative.