



**MINISTRY OF ECONOMY
OF THE REPUBLIC
OF AZERBAIJAN**

Domestic Carbon Markets in The Republic of Azerbaijan

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Azerbaijan's green growth agenda

- *Azerbaijan is committed to reducing greenhouse gas emissions by 35% by 2030 and 40% by 2050, with plans to establish a Net Zero Emission Zone in liberated territories.*
- *In Azerbaijan's 2030 National Priorities, a "clean environment and a country of green growth" are considered a national priority*
- *We aim for 30% renewable energy in electricity generation by 2030 and 20% recycling coverage.*



AZERBAIJAN'S GREEN ENERGY TRANSITION INITIATIVES

Azerbaijan is committed to developing its renewable energy potential, which is an important part of the country's plan to reduce greenhouse gas emissions by 40% by 2050. The country intends to increase renewable power capacity to 30% by 2030 and diversify its existing energy system to become a leader in green energy. Azerbaijan is committed to leading by example and will update its national targets in its next 1.5-aligned Nationally Determined Contribution.

+40%

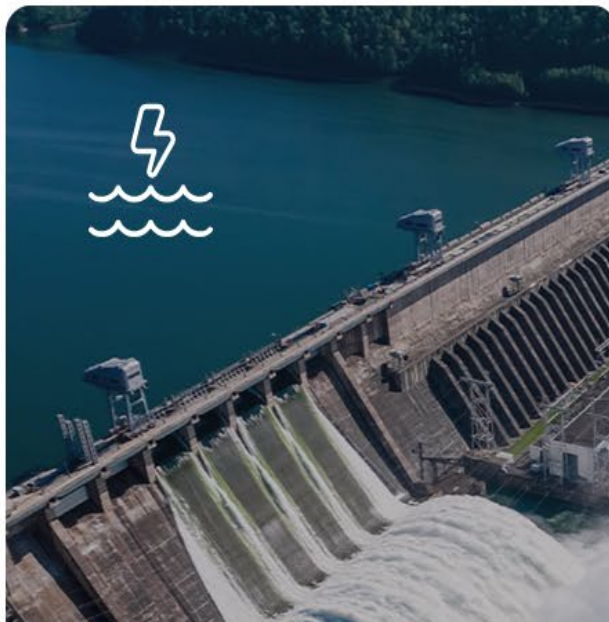
BY 2050

important part of the country's plan to reduce greenhouse gas emissions

+30%

BY 2030

The country intends to increase renewable power capacity



Azerbaijan's Green Energy Transition Initiatives



WIND

Azerbaijan's wind energy potential holds immense promise, with both onshore and offshore resources presenting significant opportunities for sustainable power generation.

The country boasts 3 GW of economic potential of onshore wind, as well as an impressive 157 GW of technical capacity of offshore wind.

Significant strides have already been made in making this potential a reality, with notable projects in partnership with companies such as ACWA Power and Masdar already underway.



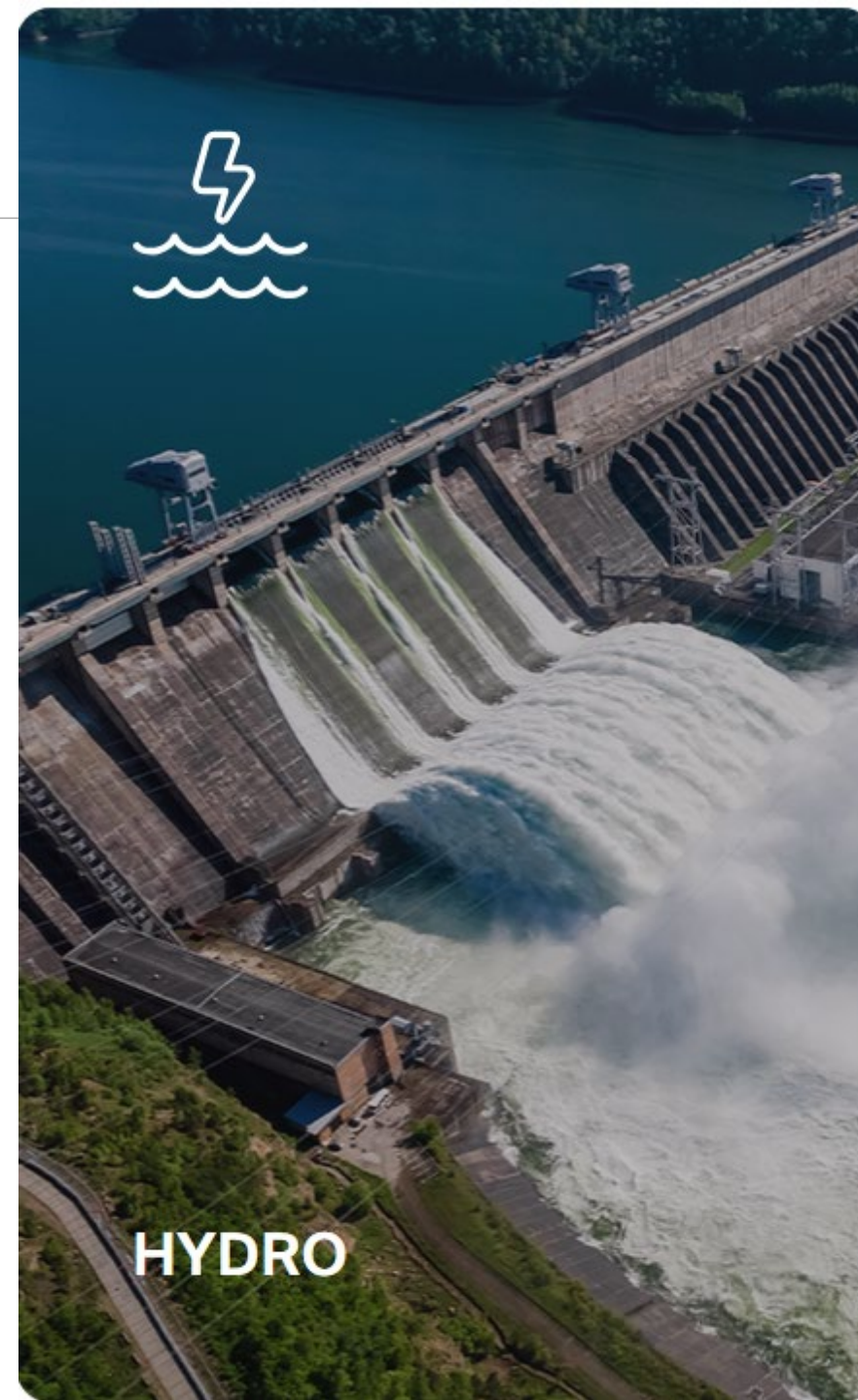
Azerbaijan's Green Energy Transition Initiatives

HYDRO

Hydropower accounts for about 10% of the country's domestic annual electricity generation.

About 25% of the country's freshwater resources are concentrated in the Karabakh and East Zangazur regions, making hydropower a critical part of achieving the 2050 Net Zero target in these designated Green Energy Zones.

The crown jewel of Azerbaijan's hydropower infrastructure is the Mingachevir Hydroelectric Power Plant, which boasts an impressive installed capacity of 424 MW.



Azerbaijan's Green Energy Transition Initiatives

SOLAR

Azerbaijan's economic potential of solar energy is 23 GW. The region's favourable climate, boasting 2,400-3,200 hours of sunshine annually, gives Azerbaijan strong potential as a solar energy producer.

In October, the 230 MW Garadagh Solar PV Plant was inaugurated. Several other projects are underway, and the country continues to sign agreements with stakeholders interested in its solar energy.

As Azerbaijan expands its solar energy infrastructure, the country is working with partners from the public and private sector, including businesses and multilateral development banks – stakeholders central to negotiations at COP29.



Azerbaijan's Green Energy Transition Initiatives

GREEN HYDROGEN

With the support of the European Bank for Reconstruction and Development (EBRD), Azerbaijan began exploring low carbon hydrogen production in February 2023.

Azerbaijan is actively working to bring its vision of a dynamic green hydrogen sector to life. The collaboration agreements inked with global private sector actors will enable the development of around 10 GW of renewable energy in the medium term that can contribute to the production of hydrogen.



COP29: Breakthroughs in Baku



COP29
Baku
Azerbaijan



MINISTRY OF ECONOMY
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Key outcomes:

The Baku Finance Goal

- Set the ambitious target to scale up climate finance to at least \$1.3 trillion per year by 2035 for developing countries.
- Finalization of multi-year process on agreeing the NCQG – the first-ever negotiated quantum on climate finance for developing countries, which tripled the previous climate finance goal.
- Successfully delivered a clear signal to financial markets, encouraging investment in climate action.
- Critical elements agreed upon to significantly elevate the quality and impact of climate finance.

UN Carbon Markets

- After a decade of deadlock, agreement to set up carbon markets under Article 6 of the Paris Agreement.
- Projected to unlock \$1 trillion per year by 2050.
- Will channel critical resources to the developing world.

Mobilising Funds for Action

- The Fund for Responding Loss & Damage is up and running and now ready to disburse funds.
- MDBs announced their projection of reaching \$170 billion annually by 2030 for collective climate financing, including through mobilization from the private sector.
- Asset owners with a combined worth of USD 10 trillion have united to deploy funds for climate action.

ARTICLE 6

List of agreed articles for full operationalization of Article 6 of Paris Agreement during COP29 in Baku, Azerbaijan:

- -Article 6.2 of the Paris Agreement: establishes framework for voluntary corporation among countries in achieving their NDCs. Also, it is enabling the transfer of carbon credits or emissions reductions across borders (for example between two countries or states).
- -Article 6.4 of the Paris Agreement: establishes unified mechanism on supporting of carbon credit trading system and establish global UN carbon credit registry.
- -Article 6.8 of the Paris Agreement focuses on non-market approaches to climate action. This article also promotes voluntary collaboration throughout non-market bases (capacity building, technology transfer, policy coordination) solution whereas Articles 6.2 and 6.4 involve market based mechanism.

As an outcome of these achievement during COP29, Article 6 of Paris Agreement has been fully approved by Parties.



Our next steps..



Carbon Pricing and Low-Emission Strategy

- Carbon pricing is essential for stimulating a green economy, supported by fiscal measures aimed at reducing greenhouse gas (GHG) emissions and encouraging investment in renewable energy.

Development of National Commitments and Long-Term Strategy

- The Nationally Determined Contributions (NDCs) will be updated, and a Long-Term Strategy (LTS) for climate change mitigation will be developed.
- A draft law on greenhouse gas management will be prepared, targeting the establishment of robust control and monitoring mechanisms, including the creation of an Emissions Trading System (ETS).

Leveraging International Experience

- Azerbaijan aims to draw on international best practices by implementing systems for carbon measurement and taxation to enhance environmental protection and sustainable development.

Environment and Green Economy

- Sustainable economic growth can be achieved through fiscal policies and incentives that promote renewable energy use.
- Environmental protection measures are being implemented, and the introduction of a carbon tax is under consideration.

In Solidarity for a Green World





Thank you for your attention!

