Fundamentals of the relationship

The EU-Azerbaijan relations are governed by the Partnership and Cooperation Agreement (PCA) since 1999. In 2006, a joint EU-Azerbaijan Action Plan was adopted by the EU-Azerbaijan Cooperation Council. It is based on the PCA and provides a comprehensive and ambitious framework for joint work with Azerbaijan, in all key areas of reform. Also in 2006, the EU and Azerbaijan signed a Memorandum of Understanding to reform and modernise its domestic energy sector. This was a crucial step in strengthening energy relations between the two partners. In May 2009, a further step was taken with the participation of Azerbaijan to the Eastern Partnership. In June 2014, Azerbaijan signed an additional Protocol to the PCA on participation in selected EU programs and Agencies and in September 2014 the Visa Facilitation and Readmission agreements entered into force. The EU remains Azerbaijan's main trading partner with bilateral trade of more than €16.7 billion in 2014.

Support for reforms and development

In recent years, much of the EU assistance to Azerbaijan was provided through the European Neighbourhood Policy Instrument (ENPI), and since 2014 – through the European Neighbourhood Instrument (ENI).

The EU provides Azerbaijan Sector Budget Support in some areas, which involves a direct transfer of the EU grant funds to the Treasury of Azerbaijan against the achievement of pre-agreed results in reforms in a given sector. There have been Budget Support programmes in Renewable Energy, Justice, Agriculture and Regional
Development. Currently a budget support program in the area of regional development is ongoing.

In addition, assistance is provided through the Twinning Instrument, which involves transfer of know-how directly from EU Member State institutions to Azerbaijani Institutions through a peer-to-peer approach. It takes place through the secondment of Member State civil servants to a corresponding Government administration for up to two years. This has proved to be very successful in assisting Government institutions to introduce EU best practices and standards.

Finally, the EU also funds thematic and regional programmes, such as TRACECA in the transport sector, or TEMPUS and ERASMUS MUNDUS in youth and education sectors.

In 2014, the EU funding through the European Neighbourhood Instrument amounted to €21 million to support education and skills development, and provide direct support to civil society. A total of up to €77-94 million will be available for Azerbaijan in the years 2014-2017 to support reforms in key areas, such as education and skills development, justice, regional and rural development. There is also complementary support for capacity development and institution building.

An EU Twinning project to provide support for the development of a modern system of standardisation and technical regulations is being carried out. Azerbaijan started to apply Euro 4 standards in April 2014, and from that time banned the import of used cars which did not comply with the new requirements.

Energy Cooperation

A good progress was made recently on the EU’s Strategic Energy Partnership with Azerbaijan to improve European energy security and the diversification of energy supplies. The commitment to implementing the Southern Gas Corridor continues to be of utmost importance for EU-Azerbaijan cooperation. Azerbaijan participates in INOGATE, a major EU regional energy programme. It is also home to the Baku initiative, which is a policy dialogue on energy and transport between the EU and the littoral states of the Black Sea, Caspian and their neighbours.

The restructuring of the Ministry of Energy in May 2014 and the establishment of a new Energy Efficiency and Alternative Energy Sources Department offers new opportunities for cooperation on energy efficiency and renewable energy.

Visa Facilitation

In 2014, there was a tangible progress with regard to several bilateral agreements, such as the entry into force of the Visa Facilitation and Readmission Agreement, preparation to implement the Mobility Partnership, and the signature of the Protocol on Azerbaijan’s participation in the EU programmes and agencies, which can help further to develop EU-Azerbaijani relations.

Working with the civil society

In addition to working with the Government, the EU also provides direct support to Civil Society Organisations. The EU is the largest foreign donor supporting civil society in Azerbaijan, with over 60 projects funded for a total EU contribution of over € 13 million between 2007 and 2013. Most of the funding in this area is allocated to projects which focus on supporting vulnerable groups, human rights, media freedom and free and fair elections. An EU-funded project “to build capacity for increased participation by citizens and increased accountability of elected bodies” managed to establish advisory councils in a number of local communities. In addition, the joint working group on human rights was re-established between the Government of Azerbaijan and civil society representatives, with the Council of Europe acting as a mediator and observer.