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LE: Your Excellency, in October 2013 you received strong support from the people of Azerbaijan and were re-elected as President of Azerbaijan. Looking ahead, what are your priorities for the next five years and beyond?

There is a long-term development strategy in Azerbaijan. Our country has a well thought-out program on the future development of the economy – the “Azerbaijan 2020: Outlook for the Future” development concept. The reforms carried out over recent years, coupled with the initiatives put forward by my Government have provided the basis for the development of our country. Our economy is growing rapidly. I would particularly like to mention the fact that over the period when the economic and financial crisis has continued in Europe, every year the economic development of Azerbaijan has been observed, and during the first 10 months of the current year [2014] the GDP growth rate was 2.5%, and growth in the non-oil sector was 6%. Taking into consideration the current global economic situation, one can say that this is a very positive indicator for Azerbaijan. For the last decade Azerbaijan has been one of the most rapidly developing countries in the world in terms of the economy. We have had successful development in the oil and gas sector, which is one of the leading spheres of the economy of Azerbaijan. Azerbaijani oil is now transported to different markets through three pipelines – Baku-Tbilisi-Jeyhan, Baku-Novorossiysk, and Baku-Supsa. As far as natural gas is concerned, there are four pipelines for its transportation to our markets. The oil and gas pipelines that have been realized through our initiative have opened all the markets for us. A historic event for our country happened this year, which is that the foundation of the “Southern Gas Corridor” has been laid. I am sure that this corridor will help to provide further steady development of our country over the next few decades.

The development of the non-oil sector is one of the main priorities of Azerbaijan. Solid growth has been observed in all spheres, our national budget is growing and this year’s government investment in Azerbaijan is also quite big. Inflation is still fairly low at only 1.5%, and this shows that the macroeconomic situation is stable. We have currency reserves that amount to over US $53 billion, which is a very favourable figure when compared to the rest of the world. We are also prioritizing the application of high technologies and to the creation of a space industry in Azerbaijan. The application of information and communication technologies is one of the priority areas for development, leading to 2013 being declared “The Year of Information and Communication Technologies” in our country, and also to the first telecommunication satellite of Azerbaijan - “Azerspace-1” - being successfully launched into orbit. This is a great achievement for the country. In the coming years we plan to direct our budget expenditures mostly to the projects which will provide for the sustainable development of Azerbaijan.

LE: As the first CIS state to fully repay all World Bank and IMF funding, and in fact also the first to be a funding partner of both organizations, what is the key to your success?

I can say that the reforms carried out in Azerbaijan, and our well thought-out economic policy is highly commend by the most authoritative economic institutions in the world. Azerbaijan ranked 38th among the assessed 144 countries for the competitiveness performance of its economy in the Global Competitiveness Index of the World Economic Forum. Once again this shows that the Republic
of Azerbaijan is among the premier countries for attracting investments. We have also achieved a high degree of transparency in the financial system of the energy sector. The Azerbaijan State Oil Fund is a fully transparent structure, and its activity is audited at international level by respected bodies. The United Nations Organization rewarded the Azerbaijan State Oil Fund with the Transparency Award.

Large amount of investments are put in our economy, for example, about US $25 billion will be invested this year. These investments are made in various spheres of the economy: towards the development of industry, agriculture, the tourism sector, and of course, to the development of the oil and gas industry. Azerbaijan will further develop due to the improvements in our non-oil sector and this will make our development sustainable.

The favourable investment environment existing in our country creates good opportunities for greater cooperation with multiple international financial institutions, including the World Bank, the International Monetary Fund and the Asian Development Fund.

Economic development, the resolution of social issues, specific attention to the humanitarian sphere, I can say, have been the main factors providing the successful development of Azerbaijan in recent years.

LE: What does the third state socio-economic development plan hold in store for the regions of Azerbaijan, in terms of your expectations for the diversification of the economy?

When we adopted the State Program on social and economic development of the regions in 2004 we aimed to eliminate the gap between the capital Baku and the regions. These programs have successfully been implemented, and since 2004 1.3 million new jobs have been created throughout the country. In turn, it gave many opportunities to sharply cut poverty and today the unemployment rate is just 5%. The share of the non-oil sector in our GDP is now over 55% already, and continues to grow. Of course, the creation of jobs in this sector further served to help the reduction of unemployment. One of the main focus areas in the State Program on social and economic development of the regions is the development of agriculture, and the establishment of sports and tourism infrastructure in the region. Serious agricultural reforms, including structural reforms are now being carried out. The development of agriculture in Azerbaijan is carried out through learning the experience of the world leaders in this field.

The development of tourism is another one of the main priorities for Azerbaijan. Huge infrastructure projects are being implemented in this sphere. The increase in the number of tourists visiting Azerbaijan recent years, and the opening of new hotels shows the dynamic development of our country. Five star hotels up to world standards have been opened and put into service recent years not only in Baku, but as well as in the regions, and this process is being continued.

LE: Azerbaijan is fast becoming a hot spot for high profile international sporting events. What is it about ‘The Land of Fire’ that is driving this wind of change? What does it mean to Azerbaijan to be holding the first ever European Games in 2015, and what is Your Excellency most looking forward to with the influx of so many competitors from around Europe?

Azerbaijan truly is a country of sport, and the leaders of the international Olympic movement have noted this fact. Our country has many great sporting achievements. Azerbaijani sportsmen win hundreds of medals at various international sports tournaments every year. Our team ranked 10th with 12 medals, including 5 gold at the 2nd Summer Youth Olympic Games held in Nanjing, China, and attained 6th place amongst the European countries and 1st place among Muslim countries. Next year Baku will host the first ever European Games. This is a great responsibility and opportunity for us to further show ourselves as a sporting nation, and a big achievement for Azerbaijani sport. In 2017 the Islamic Solidarity Games will also be held in Baku.

As you can see, Azerbaijan will host both the European and Islamic Games in just two years. Recently a decision of great importance and historical significance for Azerbaijan was the choice of Baku as one of the cities to host the 2020 European Football Championship. There are several motives behind the decision to hold these games in Azerbaijan. First of all, the development of Azerbaijan, the existence of our sporting and service infrastructure, the establishment of a modern transport system, and our country’s high economic growth rates were taken into consideration. At the same time, the successful performance of our sportsmen also played its role here.

As mentioned above, Azerbaijan will host the first European Games in 2015. These Games will be held for the first time in the European history. We feel both honour and great responsibility that Baku was chosen to host these Games. It means as a country we will set the standards for holding all future Games, and our aim is to hold this event at the level of the Summer Olympic Games. It will be great pleasure for us to welcome a number of sportsmen from around the continent in Baku, which is fast becoming one of the most beautiful cities of the world, and to have them see the hospitality and high spirits of our people, and see our historic and cultural pearls with their own eyes, and to be able to get more information about Azerbaijan.

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Perspective

/pəˈspɛktɪv/ noun - true understanding of the relative importance of things; a sense of proportion

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Diversifying Azerbaijan’s economy, one sector at a time
Azerbaijan, the ‘Land of Fire’, hydrocarbons and impressive growth

AZERBAIJAN, THE ‘LAND OF FIRE’ is a relative newcomer to world attention, and is in the process of breaking away from the shackles of the hydrocarbon and petrochemical industries. Looking to diversify its economy by investing heavily in ICT, tourism and the services industry, Azerbaijan is a rapidly developing upper middle income country that is perfectly situated to take full advantage of its geographical position on the Caspian Sea. At the new crossroads of East and West, with undoubted natural and human resources, the nation built by the Aliyev family has become not only a regional power, but also an international player of positive repute.

The year 2014 marked the 20th anniversary celebrations of signing the ‘Contract of the Century’ for the Caspian Sea powerhouse. The Shah Deniz gas field kick-started the modern era of hydrocarbon cash flow for Azerbaijan, and the revenue it has generated over its lifetime has helped to turn the country into a middle income nation, with eyes on developing the country from the inside, as well as investing profits from their oil and gas revenue in other countries.

Famed for its tolerance and hospitality, Azerbaijan stands as a beacon for integration of religious minorities in a society that has undergone serious change in its economy, tripling in size over the past decade. But with this new growth comes new challenges for the leadership, with increased interest in corporate governance, the banking sector and the mobile telephony sectors which are primed for investment from international funds and backers, but also wary of the past image of corruption still tainting the country’s international standing.

With a young, highly educated and multi-lingual population, Azerbaijan has all the requisite skills needed to make itself a base for Western companies looking to expand into the Central Asian powerhouse economies, and visa versa. With close links to former ruler Russia, yet at the same time unaffiliated to any international body, such as the European Union or the Eurasian Economic Union, but at the same time forging links with both, Azerbaijan has taken the path to prosperity away from the influence of bigger players.

So how will the country and its leadership continue to grow at a fast enough rate to provide its youthful population with the jobs and economic development they will need to convince them to stay? In this guide we will introduce you to the other side of the Azeri nation, that of Eurovision and the upcoming Baku 2015 European Games, of thrilling countryside and beautiful beaches that are, as yet, relatively unknown and unspoiled. We will highlight the beauty of the people, the investment opportunities that are abound throughout the country, the infrastructure development that has taken place rapidly and contributed to pulling almost the entire population out of poverty.
2013 marked an astounding victory for Aliyev in the elections where he secured 84.5% of the total national vote, a resounding endorsement of his Governments policies and of the direction the country is taking under his strong leadership. A 10% year on year growth rate for the non-oil sector saw GDP growth of 5.8%, a strong showing considering the impact of falling Brent crude prices and increased competition from oil producing nations such as Mexico and Nigeria. The non-oil sector now makes up around 56% of the total economy, and although this balance has been helped by the reduction in oil revenues, it is a compliment to the efforts by the Aliyev Government in trying to reduce the dependency on hydrocarbon revenue.

All other economic indicators show a strong year for the non-oil sector and of increase importance of the private sector in its contributions to the well-being of the country’s coffers. Now making up over 85% of the total economy, the private sector is poised to become the driver of further growth, especially in the ICT and services sector, where the country has made big investments in infrastructure and education. Current GDP levels are US $8,859, up from US $7,450 in 2012 and look set to continue rising off the back of the solid growth seen in the private and non-oil sectors. The Azerbaijan 2020: Outlook for the Future program is expected to double this figure, and with unemployment falling again to 5.3%, and consumer prices rising just 2.4%, the ambitious plans laid out look set to be met.

The last few years have seen a flurry of deals in the oil and gas sector of the Caspian Sea nation, with Mergers and Acquisitions totalling billions of dollars, leading to a streamlined national picture that is still dominated by the behemoth that is SOCAR. The Shah Deniz gas field development has continued apace, with the final investment decision (FID) for phase II of the project successfully made and work now beginning on taking Azeri gas to mainland Europe, reducing the continents dependency of Russian exports. Slated as the ‘Contract of the 21st Century’, the project will see a mammoth undertaking in transporting gas across four countries and through countless miles of scenery before it arrives in Southern Turkey. The pipeline will be able to carry 16 billion cubic metres per year, and will pass through Georgia, Turkey and Greece before landing in Italy, where it will join the rest of the European network. The significant deal will not provide any gas until after 2019, but will then be a major plank in the energy security of Europe, adding competition for Russian imports.

The South Caucasus Pipeline is to be extended as part of the mega contract, and the construction of the Trans-Anatolian Pipeline (TANAP), will commence and eventually link up to the Trans-Adriatic Pipeline (TAP), where Azeri gas will fully enter the European network. The deal will hugely boost the Governments coffers, and help propel Azerbaijan even further on the path to prosperity. In terms of FDI, Azerbaijan has had a solid few years, managing to secure US $6.29 billion in 2013, a figure set to grow further in 2014 with the TANAP and TAP lines due to break ground. Almost 83% of FDI went to the oil and gas sector, specifically on the Shah Deniz II gas field and the Azeri-Chirag-Gunashli (ACG) oil field. Azerbaijan also confirmed its entry deeper into world markets by investing over US $811 billion in external countries, mostly through SOFAZ, the sovereign wealth fund that is the country’s main external investment tool. With its expanding property and business portfolio it looks set to increase its importance as regards the Azerbaijani foreign bank balance. A recent headline purchase for the investment fund is that of Pine Avenue Tower A in Seoul, South Korea, which cost almost US $450 million, a hearty investment into the real estate business for the recently certified as ‘transparent’ fund.

Overall the country’s economic performance is solid, and the picture continues to improve through better management, and an ever Westernising economy that is shedding the image of corruption slowly but surely. The Heritage Foundation has ranked the country 81st out of 178 countries that are ordered by their freedom of movement, employment, and ease of starting a business amongst other things. Azerbaijan received high praise for improving its overall score by 31 points, the biggest jump seen in the ranking system, which is a ringing endorsement of the Governments policies. The World Economic Forum scores Azerbaijan highly in their report on Global Competitiveness Index, placing them 38th out of 144, a resounding success and turn around in a relatively short place of time.

Look to the near future and the Asian Development Bank (ADB) sees strong growth for the country moving into the next year, with expected end of year figures showing 5%, with a slight drop into 2015 to 4.8%. If the country can succeed in growing the non-oil sector those figures will be revised upwards. The slowdown in hydrocarbon growth will affect the country’s economic performance, but new investments in transport links with Georgia and Turkey, in the form of the Baku-Tbilisi-Kars railway, and the Baku International Sea Trade Port will not only see the time taken to travel between them reduced but also open up new avenues for economic development in the form of services and tourism.

2014 also saw the 10th anniversary of the creation of the Heydar Aliyev Foundation, which has carried out thousands of socio-economic developmental actions that are designed to impact every Azeri in a positive way. The Foundation has made investments in all areas of the Azerbaijan economy, targeting money towards rural areas, urban poor, education and the building of iconic spaces that show the grit and determination of the country to become more economically sound. Azerbaijan is also rapidly becoming a major player on the international sporting scene, with the aforementioned European Games taking place in Baku in 2015, followed by the fastest sport on the block, Formula One in 2016. There will also be multiple rhythmic gymnastic tournaments, and in 2020 the ‘Pearl of the Caspian’ will host four games in the UEFA European Championships, three from the groups and one quarter final, placing Azerbaijan in the same standing as Russia, Germany and England in the football world. Expect to find the capital city buzzing for years at the thought of so much high quality sport that will arrive on its doorstep.

Azerbaijan is a nation on the move, pushing not only for economic growth but also for human development, whilst trying to solve deep-rooted issues with neighbour Armenia, and looking for inclusion in respected world organisations. A tall order, but not one that is unattainable for this nation on the fast track to further development.
How does a country take on the legacy of one of its modern founding fathers?

The Heydar Aliyev Foundation is the most important cultural institution in Azerbaijan, and through its investments and funding helps to keep alive the spirit of the great man. What does the foundation do to show the Azerbaijani spirit at home and abroad, and how does Mehriban Aliyeva, President of the Foundation, UNESCO and ISESCO Goodwill Ambassador, MP, and First Lady of the Republic of Azerbaijan, drive the foundation forward?

2014 marked the 10th anniversary of the Heydar Aliyev Foundation, and in such a short space of time it has done a great deal to forward the ideas of the man himself, and of Azerbaijan across the world, whilst also supporting through various means the development of the country he left behind when he died in 2003.

The Foundation is one of the biggest investors in education in the region, and in even outstrips Azerbaijani government spending at home. Through projects such as the ‘Development of Orphanages and Boarding Schools’, ‘New Schools for a New Azerbaijan’ and ‘Support for Education’, the Foundation, alongside private investors, has built or refurbished 400 schools across the country and wider region. In total, 2,700 schools have been improved with the help and support of the Foundation and the Government, a huge effort to increase not only the access to education for local children and adults, but also as regards the quality of the education they will receive.

The Foundation does not rest within Azerbaijani borders however, and actively looks to engage with other countries, such as Pakistan, to expand their young population’s access to education. For example, in Rara, Muzaffarabad, the Heydar Aliyev Foundation rebuilt a girls school to replace the one destroyed by an earthquake in October 2005. The school was built for US $750,000 and has 10 special classrooms, alongside laboratories, a library, a computer room and a sports ground that meets the highest modern standards. Mehriran Aliyeva, President of Heydar Aliyev Foundation, Goodwill Ambassador for UNESCO and ISESCO, MP, opened the school, highlighting a commitment to the Foundations ideals of open and inclusive education for all.

“As in Azerbaijan,” Mehriran Aliyeva explains, “the Heydar Aliyev Foundation’s projects in education, healthcare, culture, and other fields are a success abroad too. For example, several schools were rebuilt and completely repaired in Georgia, Egypt, Romania, Russia, Pakistan, and the Netherlands under the ‘Support to Education’ project. The construction of a school for girls in Pakistan is one of the major success stories. A devastating earthquake completely destroyed a girls’ school in Rara, in the Pakistani city of Muzaffarabad, in 2005. In response, within a short period of time, the Heydar Aliyev Foundation had built a new 650-seat school there. Projects implemented by the Foundation in the sphere of public health include the vaccination of tens of thousands of people from low-income families against the Hepatitis B virus in Pakistan, the provision of ambulances and blood banks for people suffering from thalassemia, hemophilia, and other blood diseases, and carrying out eye surgeries.”

The Foundation recently expanded its charitable activities to include restoration projects at France’s Versailles Palace and the Cathédrale de Notre Dame de Strasbourg, one of Europe’s best known examples of late Gothic architecture.

To date, most public attention within Azerbaijan has focused on the project in Strasbourg. Located in north-eastern France at the border with Germany, the city is home to three key European institutions that feature frequently in Azerbaijani foreign policy: the Council of Europe, the European Court for Human Rights and the European Parliament.

As Mehriran Aliyeva explains, the Foundation looks to promote all countries cultural highlights, and aims to provide funding wherever possible, “The Foundation’s cultural projects in foreign countries demonstrate its respect for cultural diversity and universal values, contributing to a strengthening of dialogue between cultures and civilizations. This is evidenced in the restoration of monuments in the park of the Palace of Versailles, the Louvre, and the Berlin City Palace, which was destroyed in WWII, as well as medieval manuscripts in the Vatican Archives and the Roman Catacombs in the Vatican, and the repair of the Philosopher’s Room in the Rome Capitol Museum.”

A US $57,200 (about €40,000) donation from the Foundation was provided for the restoration of the two 14th century stained-glass windows that portray the Virgin Mary and Jesus Christ in Strasbourg’s 13th-14th century cathedral, which at one point ranked as the world’s tallest building.

“The Heydar Aliyev Foundation’s support for the Cathedral is Azerbaijan’s contribution to the European cultural heritage,” declared Strasbourg Mayor Roland Ries at a cathedral ceremony, attended by local and national government officials, as well as the city’s Archbishop, to mark the donation. “It is a generous gesture,” he adds.

Another project called Protection, reintroduction and restoration of historical habitats of gazelles within the territory of the Republic of Azerbaijan is a groundbreaking one designed and implemented by the Heydar Aliyev Foundation and the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, created to increase the number of gazelles at the Gabrudan-Jengishay State Nature Reserve.

Intensive work was performed to study and remove existing problems, ensure the water and feed supply, set up and equip rapid response anti-poaching groups to strengthen the gazelle population, regularly hold monitoring sessions within the project’s territory, take the necessary biotechnological measures to support a strong population, and provide ecological education to the population in the area. Special information boards, which contain information on the prohibition of gazelle hunting, were placed alongside roads and near habitats. The project will stimulate the strengthening of protection of gazelles, expansion of their habitats and restoration of the natural habitat that existed for centuries.

The Heydar Aliyev Foundation also invests heavily in the construction of cultural buildings, and in Baku, the Museum of Modern Art was opened in March 2009 to great acclaim. The museum is intended as a focus for an ‘eco-cultural zone’ conceived by Thomas Krens, former director of the Guggenheim Foundation, that will also include a white-sand beach, a Frank Gehry skyscraper, and a walkway that projects out over the Caspian Sea.

The work of the Foundation spans many areas of cultural and socioeconomic public life, and the work it does continues to put Azerbaijan firmly in the eyes, and hearts and minds, of the countries that it operates in. As Heydar Aliyev himself said, “Culture enriches nations with the best examples gathered by humanity.”
Azerbaijan’s improving reputation for hosting global events

Azerbaijan is now primed and ready to host events of global significance, and to pilot the course towards greater understanding between religions, youth and the leaders of the world.

Azerbaijan, one of the pre-eminent countries from the Commonwealth of Independent States (CIS), has achieved a great deal in its 20 years of independence. From what was once simply an oil producing region of the former Soviet Union, the country is now facing the 21st century as a regional powerhouse that is increasingly flexing its muscles on the international stage, and competing to host events of global significance.

The hospitable Caucasian nation has embarked upon a massive programme of building modern infrastructure, allowing it to be capable of holding world class events, to draw attention to its diversification of the economy away from the oil and gas industry, and towards a more service orientated focus, trading on its human and geographical capital. The Government is trying to highlight the fact that the country is a multicultural melting pot, with a mostly Muslim population but fully integrated Jewish, Christian and other religious minority element.

The country preaches religious tolerance and is rightly considered one of the most tolerant countries in the world. Azerbaijan is the land where Jews, Muslims and Christians have lived hand in hand for centuries, and where the country’s various ethnic minorities have never been suppressed by the state or society. With such a diverse population, Azerbaijan is strenuously promoting the ideals of tolerance around the world that it practices at home.

To further boost the country’s international image, the Aliyev Government, in collaboration with the Heydar Aliyev Foundation and other national bodies, has been trying to attract global scale events to the country. Rufat Guliyev, Member of Parliament believes that, “Firstly, our reputation is the most important thing. The perception of Azerbaijan is increasing worldwide, and naturally besides political development, besides the rapid economic development, besides the strengthening of the international influence of Azerbaijan, all the activities that have taken place, those that will be held, and those that were conducted over the past few years, are helping to contribute to improving the reputation of Azerbaijan.”

Guliyev adds that today it is possible to see that these activities already serve to make people from throughout the world to better recognise Azerbaijan, and for them to “acquaint themselves with our economy, our political reforms, our achievements, and with our culture, science, music, sport, religion, and religious tolerance.”

Guliyev says that many countries expressed a desire to come to us for training camps, and to this day, and with the consent of the federation athletes and their coaches come to us, not only from Europe but also from the countries of the New World. They all are in admiration of the National Gymnastics Arena, saying that no one has such conditions. In addition, all the gymnasts and their mentors as one note the rich flavour of our city, and a good combination of old and modern.

Alongside developing the market for international sporting and cooperative events and forums market, the Caspian Sea nation is busy attracting MICE tourism, a profitable sector of the global travel economy. For example, the BakuBuild exhibition, held in October 2014, attracted visitors from 50 countries, and BakuTel, an annual event that takes place in December, presents innovations in communication and information technologies to a global audience.

Many of these events are organised by the Heydar Aliyev Foundation, an organisation which operates at an international level and has offices in the US, Romania, Russia, and Turkey. The foundation carries out charity campaigns for children and presents Azerbaijan through cultural events and pays tribute to prominent Azerbaijanis. Couple all this with the rising number of tourists visiting Azerbaijan, and a picture of a country on the move appears. Striding into the new century a powerful player, Azerbaijan is developing its own way towards success.

“After the completion of the championship,” Gadimova says, “many countries expressed a desire to come to us for training camps, and to this day, and with the consent of the federation, athletes and their coaches come to us, not only from Europe but also from the countries of the New World. They all are in admiration of the National Gymnastics Arena, saying that no one has such conditions. In addition, all the gymnasts and their mentors as one note the rich flavour of our city, and a good combination of old and modern.”
**Interview with H.E. Mr. Tahir Taghizadeh (TT)**

**Ambassador of Azerbaijan to the UK**

**LE:** As the new Ambassador of Azerbaijan to the UK, what are your goals regarding the bilateral relationship between the two countries?

**TT:** Of course that is the number one question – do you have a vision? UK/Azerbaijan relations are constantly progressing, for example at the moment the UK has the 5th biggest total trade turnover with us, and as a partnership we have both increased and created further lines of political dialogue. We also cooperate extensively in terms of security. Azerbaijan is proud to stand shoulder to shoulder in international operations such as Iraq and Afghanistan, and in making further joint efforts in other endeavours such as the global war on terrorism, specifically during the time of Azerbaijani chairmanship of the UN Security Council.

We, Azerbaijan, are now looking to strengthen and diversify this cooperation, and I think that we have excellent prerequisites to achieve that. A short while ago I talked to our Deputy Education Minister, and he explained that 16 out of a group of 20 students, after receiving their stipend from the Government of Azerbaijan, decided to travel to the UK to pursue their studies. I think this is a good start, and is definitely something we can continue into the future. During a recent stay in Baku, I talked to the heads of some of our banks and they are interested in pursuing closer ties with UK banks. They gave me many ideas as to how that could be developed, and how we can move from cooperation in banking to cooperation in the services sector in general, and as such diversify our non-oil sector; make the relationship more meaningful as such.

We are aiming to diversify it, make sure that the process is ongoing, and that the partnership remains there regardless of who is running it.

**LE:** The UK recently hosted the Commonwealth Games as we mentioned before, and this has been widely praised as the most successful games ever. What lessons can be learned from Glasgow 2014 and how will Baku and Azerbaijan profit from raising its profile on the international stage?

**TT:** The first event that springs to mind is of course holding the European Games in Baku 2015, and then events like the Formula One. Sport is very high on our priority list, and we are aiming to diversify it, making sure that the process is ongoing, and that the partnership remains there regardless of who is running it.

**LE:** Azerbaijani economic transformation over the last 20 years has been both dramatic and wide-ranging. Which sectors offer the most opportunities for UK and other international investors between now and 2020?

**TT:** That is the million-dollar question. We were discussing that idea with economists, with the idea of holding an event that would concentrate on pursuing and diversifying the economic ties between Azerbaijan and the UK. One of our Ministers says that oil is a very good thing, but also a major disadvantage, in that today it is here, and in 20 years it will be over. Of course that is an ironic exaggeration, but we do need to look beyond oil beyond gas for many reasons. We should concentrate on areas like communications. It is not by chance that out of US $1.3 billion worth of imports from the UK into Azerbaijan, most are high tech products. Another aspect is, of course, tourism. Azerbaijan has a wealth of historical and cultural monuments and natural attractions to offer people. We are a country that has many climatic zones; we have places where the climatic zones can change in just a few steps. Azerbaijan holds a certain parallel with my last posting: the Czech Republic. During the first Republic of Czechoslovakia, after the collapse of the Austro-Hungarian Empire, the President Tomáš Garrigue Masaryk explained the notion that the country was the bridge between East and West. And in the 70-plus years since then, the borders of Europe have shifted eastward. Now Azerbaijan is the crossroads between North, East, South and West.

When you arrive in Baku you can see it is not typical Europe, or Asia, it has the best of both worlds. It truly is a gateway for Asia to Europe and vice versa. In Baku, and Azerbaijan as a whole, you can see different cultures meeting. For example it is not uncommon to see groups of girls walking, with some wearing a traditionally coloured Islamic headscarf, and some wearing skirts. This is because religion is such a big part of our cultural heritage, as so many religions have supplanted each other in Azerbaijan. From fire worshipping, to the Caucasian Albanian, which was one of the first, if not the first Christian state in the world, and then to Islam because of the Arab conquest. This means we have a very tolerant attitude towards all religions, as every religion has left its trace in the mentality of all Azerbaijanis.

**LE:** The European Games will also create good networking opportunities among the youth across the country as it brings them together through competition.
LE: How will Azerbaijan's role as the bridge nation between East and West develop in the medium to long term, and what are the key challenges your country faces in facilitating trade and investment within your region?

TT: During the period 2005 – 2007 I remember conferences we held with the Organization of Islamic Cooperation, where Azerbaijan tried to promote dialogue between East and West, by making full use of its historical, cultural, traditional advantages.

We did this because our region is a very volatile one. The surrounding nations are huge, be it Russia, be it Iran, be it Turkey, and we are relatively small. Sometimes they say that oil is a great communicator, however that saying is often used in a cynical, derogatory way, but I think there is some truth there. As the ‘Contract of the Century’ commenced we had to think of ways to export our oil to our customers. Besides the old Soviet pipelines, we also started working on new lines. We built new infrastructure, so this united Turkey, Georgia, and of course Azerbaijan.

Azerbaijan is as non-aligned in its policy as possible, which is why we joined the non-aligned movement, so there can be no political prejudice against Azerbaijan. We can be party to, or a mediator behind any project. No one can accuse us of being too pro Western, too pro-Russian, too pro-Asian, too pro-whatever, because the Soviet times were enough for us. We had our share of big brothers, now all we want is partnerships. Azerbaijan does not need friends or enemies; it simply needs partners, because that is in our national interest.

LE: Tourism is a major potential sector for the economy. The European Games looks to be a huge boost to Azerbaijani tourism, so what can British and other tourists look forward to from their first visit to Azerbaijan?

TT: When I was talking to Czechs during my time there, I would ask them where they went on holiday. Often they would say to the seaside, maybe the Balkans, and then Alpine skiing in winter. Azerbaijan can offer both in the same season, which is like a two for one offer in the supermarket. We have the beaches of the Caspian, and Alpine skiing on the Caucasus Minor, just north of Baku.

We now have an 18-hole golf course, which is not quite to the level of St Andrews, but we are moving in the right direction as regards the facilities we can offer tourists. And we have such a varied and interesting range of natural environments.

For example there are the mud volcanoes, one of the natural wonders of the world. Normally people think of Etna or Fujiyama when you speak about volcanoes, huge and imposing, and by contrast the mud volcanoes are quite small, but there are thousands of them.

There is also the Old City of Baku, which is on the list of UNESCO world heritage sites. Many of our cities are very interesting, as after the fall of old empires, Azerbaijan was divided up into prinicpalities. This meant each developed its own style, so you could see old Albanian Christian churches, or an old Shaki kingdom palace. The variety spread throughout Azerbaijan is huge; every single city has something different to offer.
AZERBAIJAN IS HYDROCARBONS. The country has long been a destination for tourists and travellers who came to marvnel at the ‘Land of Fire’, and its magnificent and varied landscape, which contains some of the largest oil and gas reserves in the world. The challenge for the current Aliyev Government is how to waylay the country away from its hydrocarbon economy by diversifying the products and services they provide, and the goods the country produces for export, and to feed the growing internal market. How can Azerbaijan after anemic economic model and still keep on track for the growth needed to sustain the younger generation, and the ever-increasing demands of a wealthier population?

ICT and the service industry are economic sectors that the Government is investing in. The service industry is in its infancy but is seen as the key area for development and as an area that will increasingly play a larger role in the economy, with the potential to create much more, and an ever-increasing highly educated workforce, and also take full advantage of the tremendous pace at which the yearly event is picking up ground. The event also saw many exhibitors from Europe and the CIS countries that will be eager to exploit the local market, and also to create relationships for exports to the country even more directly.

How then should the country diversify itself from oil and gas money? There are many bright spots in the outlook of the Azerbaijani economy, notably the double-digit growth the manufacturing sector experienced last year, which helped push the non-oil sector past the 50% mark of the total economy. The Aliyev Government is not resting on its laurels however, and presented at the ‘Year of Industry’, a special opportunity for governments such as the launching of Azerbaijan’s first satellite, Azerpace-1. ICT has been growing at double-digit rates in recent years; in 2013, revenues from the sector increased by 14% year-on-year, after an 18% growth rate in 2012, and thus surpassed the US$ 2 billion mark. The sector has created over 27,000 jobs, become the second-largest investor in the economy after oil and gas, and accounts for roughly 2% of GDP.

Diversifying Azerbaijan’s economy, one sector at a time

Azerbaijan is looking to the international ICT service sector, construction, international trade and improved internal consumption to help it move away from a dependence on oil and gas revenue.
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Playing to win hearts, minds and medals

SPORTING PROWESS does not define a country, however success in the sporting arena can help to put a country on the map as regards international standing, and give the population not only heroes to cheer but also prompt participation, improving the nation’s health for the benefit of all. The desire of Azerbaijan to succeed in both hosting and competing in sporting events is for both reasons, the progress of the country as regards its health, and its international reputation. As they say, a healthy nation is a happy one.

Azerbaijan is a relative newcomer to the field of both competing in and hosting international sporting events, by virtue of only gaining independence 23 years ago from the former Soviet Union. However, in the short space of time the country has been competing under its own flag, success has been quick to come in bidding for, and winning, the right to hold globally significant events such as the upcoming 2015 European Games. The Azeri people are rightly proud of the progress the country has made in this area, and the European Games is the first event that will truly put the Caspian Sea nation on the map.

With over 6,000 athletes from 49 nations competing for 253 medals in 20 sports, the event promises to be a spectacular like no other seen in the country. Major sporting venues, such as the 68,000 seater Baku National Stadium and the Baku Aquatics Centre, have been built specifically for the Games, and over 100,000 visitors are expected throughout the 17 days of top-class competition. Such a massive influx of visitors to the country will be a great test for the organisers, and will also present a chance for the country to show its best face to the attending media and guests.

Hosting these major international events is important for the country in many ways. It allows Azerbaijan to announce itself on the international stage away from hard diplomacy of the political scene, and via a softer, more approachable way. The country has opened up its borders to accept sportspeople of the world, and in turn will show its true face away from the oil and gas industry, for the benefit of its people and reputation. Expect wild celebrations if their sportsmen achieve medal positions, but also if they do not, simply because of the pride of seeing their country represented on such a widely seen stage.
Mr. Azad Rahimov (AR)
Minister of Youth and Sport

LE: What are the key challenges you face leading up to the 2015 Baku European Games?

AR: First let me say that these challenges are not faced alone by the Ministry of Youth and Sport, but also by the European Games Operating Committee. These challenges include those faced by any country organising such an event anywhere in the world.

Every major international games event allows for a preparation period of at least six years. The decision to host the European Games was accepted by the European Assembly in 2012. We have only had two years for that preparatory stage, and this is the key challenge we face.

The preparation consists of several parts: construction, infrastructure of the city and the operational aspects. In terms of construction, we are using existing venues where possible, as well as multifunctional venues – such as T. Babrurov Stadium, Baku Crystal Hall, and the Expo Centre. We are building new facilities such as the Olympic Football Stadium, the Aquatic Centre and the Shooting Stand, and we are also building temporary venues such as the European Park. One of the main characteristics of any event is its legacy. The reason why we are building and establishing new venues is because we want to create a lasting legacy, not only internationally but also here for our people.

The second part of the preparation period, as I mentioned before, is infrastructure, which primarily is the responsibility of the City Authorities, Ministry of Transportation and the Government. The third – operational – part itself consists of several aspects: security, IT, workforce, HR and etc. In addition to my ministry and the other authorities I just mentioned, we have the participation of our sponsors, who play a key role in the success of the Games. Besides their financial support, the sponsors will bring awareness and also TV coverage to the event.

LE: Legacy is very important, and together with your focus on youth there is a clear strategy about who should benefit.

AR: Naturally when we talk about sport the focus tends to be on young people – while not forgetting the older generation. Since we are a young country, inspiring our youth is our number one priority, as they are our target group. For the young there are various possibilities to further themselves - through education, business, science and sport. When we designed our sports policy for young people in 2000, we began to build 41 sport complexes in different regions of the country. It is interesting to note that we started the development of sport not in the capital city, Baku, but in the regions, giving great opportunities for younger generation right across the country.

New specialised sport venues for individual sport types are being built, such as boxing rings and gymnastic arenas. The European Games will also create good networking opportunities among the youth across the country as it brings them together through competition.

LE: Many people, particularly in the last few months after the Champions League, gained an awareness of Azerbaijan through the “Land of Fire” sponsorship. What is your reaction to that?

AR: First of all, fusing business into sport is one of the essential tasks in the proliferation process. It is not only the responsibility of the Government to put its shoulder to the wheel. The decision of a group of private businessmen to have the logo, ‘Azerbaijan: Land of Fire’ on the t-shirts of Atletico Madrid was highly appreciated by the Government. I was proud when I saw those t-shirts on the famous footballers in Spain during those big games.

The European Games will also create good networking opportunities among the youth across the country as it brings them together through competition.

LE: The Baku European Games will have its own unique identity. What will be particularly ‘Azeri’ during the Games?

AR: Superior hospitality! Moreover, the best possible accommodation for the athletes, easy access to the sport centres, a friendly atmosphere, the Games Academy, and national cuisine in our village canteen. But above all, I do believe it will be the natural hospitality of the Azerbaijani people that will create a lasting memory for all those that visit during the European Games.

LE: How can the European Games contribute to the transformation of Azerbaijan – economically, socially, politically and culturally?

AR: The image of Baku has changed considerably over the last 15-20 years, with beautiful new buildings, and refurbishment of the older ones. The European Games itself will bring even more. It will bring new levels of security, new facilities and even new inspiration for the youth of this country. Youth exposure to and participation in sport is extremely important for the greater good of society, and for the health of the population. With 66% of the population under 35, the European Games represents a formidable force for good for them. Azerbaijan has already hosted many international events, however this event will both showcase the best of Azerbaijan and also transform the people, the infrastructure and the country at large. This is a fantastic opportunity for us to showcase Azerbaijan as a truly European country.
FORMULA ONE CEO Bernie Ecclestone and Azad Rahimov, Azerbaijan’s Minister of Youth and Sport, unveiled the layout of the exciting new Hermann Tilke designed Baku European Grand Prix street circuit, with the first race to take place in 2016. Azerbaijan is now primed to host the glamour and glitz of one of the world’s biggest sports, and see Formula One cars racing through Baku’s cosmopolitan streets on F1’s newest street track.

Bernie Ecclestone, the Formula One supremo explains, “Azerbaijan is the latest addition to the Formula One calendar and I am pleased to see they have designed an innovative new street circuit that will definitely help to create a world class event when we race there in 2016.”

The newest F1 street circuit will take in breathtaking views of the modern, and old, faces of Baku, starting around the Old Town, then heading along the seaside promenade before arriving at the Government House. The square opposite will host the paddock with its temporary structures for the pit building, team buildings, media and medical centres.

The route features a narrow uphill section at the Old Town wall that welcomes daring driving, and an acceleration section that, although only 2.2kms long, will see the cars reach top speed along the promenade. The spectacle for Azerbaijani and intrepid international ‘petrol-heads’ will be unbelievable, and the opportunity to see Baku transformed into a giant race track will show the immense progress the Caspian Sea nation has taken over the oil-boom period.

Minister Azad Rahimov is thrilled to have yet another chance to showcase the beauty and paradox that is modern Baku. He says, “This is a very exciting milestone for everybody involved in the Baku European Grand Prix and I would like to thank Mr Ecclestone for taking the time out of his very busy schedule to come and help us unveil the newest F1 circuit to join the world’s most exciting sport.

“We have been working very closely on the circuit layout with Hermann Tilke and his team since early 2013. Our brief to Tilke Engineering was simple – create a circuit that is unique, one that will help the Grand Prix in Baku quickly establish itself as one of the most exciting, thrilling venues on the F1 calendar, and one that the fans and teams alike are excited about. Most importantly, we wanted a track that would showcase the best of Baku, our capital city, and I am delighted that the circuit the F1 teams will race on in 2016 has achieved exactly that aim.”

“Now the next phase of hard work begins and we are all excited about seeing the circuit evolve over the coming months. We know there will be challenges, but with the support of Mr Ecclestone, Tilke Engineering and everyone involved in helping to create F1’s newest Grand Prix, we know we will deliver a spectacular event in 2016 that will add to Azerbaijan’s well-earned reputation as a modern European country that is the perfect venue for the planet’s highest profile sports and entertainment events.”

The track has been designed by visionary race architect Hermann Tilke, of CEO Tilke Engineering, who had a hand in the Sepang International Circuit, the Bahrain International Circuit, the Shanghai International Circuit and the ‘best race track in the world’, the Istanbul Park. Tilke says of Baku, “I am absolutely thrilled about the Baku European Grand Prix project and delighted we can now unveil the track design. We have created a challenging street circuit, in terms of engineering and design, and one that thrives on Baku’s very attractive urban atmosphere and its great combination of history and 21st century style. The historic city centre, the beautiful seaside promenade and the impressive government house all combine to provide the perfect backdrop for a spectacular new track. Obviously street circuits present a number of challenges, in terms of circuit design, but we have been able to incorporate some unique features that will provide the teams and fans with fascinating racing. For example, there will be an extremely narrow uphill section at the Old Town wall that will reward pinpoint accuracy and courage, and we have an acceleration section of almost 2.2kms along the promenade which will see the cars running flat out at very high top speeds – something that will create an incredible spectacle for the race fans on track and the viewers at home.”

The Baku Street race track will join perennial favourites Silverstone, Monza, Monaco, and newcomer to the stable of F1 races, the Singapore Marina Bay track, which, as the sports only night race, has garnered fantastic worldwide support, something Baku will seek to emulate during its time as the European Grand Prix host.

Anar Alakbarov, Executive Director of the Heydar Aliyev Foundation and the president of Azerbaijan Automobile Federation, says of the Baku European Grand Prix: “Azerbaijan is a great boost to the country’s international profile, as F1 is one of the biggest draws as regards spectators, with average attendance of over 150,000 per race weekend, and upwards of 500 million viewers from home over the course of the championship season.

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LE: Whose brainchild was the European Games, and can you tell us a little about its history?

PH: For a long time it has been an aspiration of the European Olympic Committee (EOC) to create a European Games, and many attempts were made by previous Presidents and Committees. At some stage a brave decision was going to be required, and in December 2012 after substantial research and investigation the EOC Executive Board decided to put it to the National Olympic Committees for a decision to go ahead – the decision was positive and at the same meeting the first edition of the European Games were awarded to the city of Baku.

LE: What are the key differences between the European Games and the Olympic Games?

PH: The European Games will not only have Olympic Sports and disciplines but we have added some innovations, such as Beach Football, Basketball 3x3, Karate, Aerobatics and Street Athletics. It is not the intention of the EOC to make a carbon copy of the Olympic Games. In the first edition we will have 19 sports, 16 of which are Olympic Sports but not necessarily the precise Olympic disciplines. There has been superb interest from the European Sports Federations to be involved, and for this the first edition we could not take all the requests on board. However, we have nine sports that have Rio Olympic Qualification directly, or ranking towards qualification and this is a great indicator as to the strength of the European Games. Finally, we hope that overall the European Games will strengthen the future Olympic Medal possibilities for the National Olympic Committees of Europe.

LE: What are the key lessons you have learned from staging the first edition of the European Games?

PH: The first lesson was – don’t go too big too soon. We are starting as small as we can and so we do not expect to be able to run before we can walk. First editions of all Multi Sport Games are difficult, however we fully expect Baku 2015 to be very successful. Observing both the African and Asian Games has been an integral part of our original research and we aspire in time to be as strong or even stronger, so that the European Games influence European Athletes to achieve even greater feats at future Olympic Games.

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PH: Having only been given three years to bring the European Games to fruition, what have been the toughest challenges for you so far?

PH: We had to get up and running quickly, and with the excellent co-operation of the Baku 2015 Committee (BEOC) and the strength of the EOC Co-ordination Commission, all the challenges have been met ‘head on’ and we rapidly saw the infrastructure in Baku and administration coming into place. The monitoring has been very close on a daily basis, all are working together and ensuring no stone is left unturned. We are up to date and on schedule, and I think that because the challenge was so great and the time was so short by comparison with the Olympic Games, it focused every person’s mind to get the job done, and I expect that on the 12 June 2015 we will open the first European Games in Baku and all will be ready and fully prepared to put on a great show for European Sport.

LE: Innovation and flexibility have been cited as integral concepts of the European Games. How is the EOC ensuring these characteristics are being incorporated into the Baku European Games?

PH: As said earlier, we are incorporating some different disciplines within Olympic Sports, and also hosting a non Olympic Sport, Karate. Basketball 3x3 is a rapidly growing part of the sport and there is superb interest in this fast moving part of the Basketball Federation. Beach Football is growing rapidly and gaining huge public interest. There are many more innovations both in the sports and the organisation and all are incorporating well and we hope that we can set an example to others for the future.

LE: Speaking as a renowned ‘Judo’ expert, how important is it that Para-Judo has been accepted as a sport at the European Games?

PH: Being a Judoka I am very proud that Para Judo has been incorporated into the Games. Para Judo is one of the most successful disciplines in the Paralympic Games and the quality of the athletes competing is quite extraordinary. Their participation in these Games is as a full event and this we are also very proud of.

LE: The European Games are agile enough to adapt to national cultures in order to bring some local flavour to the event. What are you doing in this regard in Baku, Azerbaijan?

PH: Azerbaijan is geographically on the most Eastern part of Europe and through the promotional work of both the European Games and the Azerbaijan Tourism Board we expect to bring Azerbaijan and Baku culture closer to all the sports people of Europe.

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PH: Azerbaijan is geographically on the most Eastern part of Europe and through the promotional work of both the European Games and the Azerbaijan Tourism Board we expect to bring Azerbaijan and Baku culture closer to all the sports people of Europe. Baku is a beautiful and modern city, they want to promote themselves as a city and country that can host spectacular events. We are working very closely with all involved so that we succeed in portraying not only sport but also the values and cultures of our host nations and cities.
What can the visitors to this almost undiscovered country expect when they land in the ever expanding and rapidly modernising capital Baku? A city brimming with possibility and paradox, filled with hope for the future and a keen sense of their collective past, and a modern looking metropolis with a UNESCO world heritage Old City, that straddles both Eastern and Western cultures.

And importantly for a city that is about to host the European Games, a place that is mad about sports. Baku 2015 will be held from 12 – 28 June, meaning 17 days of non-stop sporting competition for the Europe-wide audience to feast on. With more than 20 sports as part of the programme, there is plenty to suit every taste, with 16 Olympic sports as part of the catalogue of events, and four new twists on old themes.

Simon Clegg, Chief Operating Officer of Baku 2015, said: “We are striving to create an event that captures the imagination of the public worldwide and shows that multi-sport events can innovate and excite a new generation of fans. Our four non-Olympic sports prove that we are open to experimentation, and that the European Games offers a fresh perspective that can be enjoyed by sports fans of all ages.”

The four non-Olympic sports are Basketball 3x3, Beach Soccer, Karate and SAMBO. SAMBO is an acronym for SAMozashchita Bez Oruzhiya, which literally translates as “self-defence without weapons”. This is one of the many disciplines that Azerbaijan will be hopeful about their podium chances, as they have a long-standing history of excellence in martial arts, with 16 of their 26 Olympic medals coming from that category. SAMBO itself is a mixture of judo, international styles of wrestling and traditional folk styles of wrestling such as Azerbaijani Gulesh. Expect fierce competition in the ring between the local heroes and their Russian counterparts.
Basketball 3x3 is the fast paced, younger brother of the standard 5x5 full pitch version many people will know from previous Olympics, and the world’s most famous league, American’s NBA. 3x3 basketball puts two teams against each other on a half sized court, and is more commonly known as ‘street basketball’. The furious pace of the game will bring lots of scoring and ‘slam-dunks’, so be sure to expect the Eastern European team’s height and physical strength to help them dominate in this new discipline.

Karaté is another ‘new’ sport that will grace the European stage at the Games, which is heartening to all fans of this widely practiced martial art. Almost 150 million people all over the world currently take part in organised karate, and including it on the roster will only serve to boost its popularity throughout the continent. Competition is wide open here, but once again look to the perennial favourites of Russia and Eastern Europe, and especially local Azeri hero Rafael Aghayev in the 75kg Kumite class, to provide stiff competition for the podium positions.

The final non-Olympic sport to be introduced at Baku 2015 is Beach Soccer. Fully expected to be one of the biggest draws of the whole Games, beach soccer is a thrilling version of the game the world knows and loves so well. With five players on each side including the goalkeeper, and unlimited substitutions from either three or five players on the bench, and throw-ins or kick-ins to restart the game, expect fast, skilful play and spectacular goals. With the game entering its seventh edition at the Games at the very highest level, so we will be very pleased that Baku 2015 is delivering exactly that.”

Mr Pierce O’Callaghan - Baku 2015 Director of Sport

Hickey’s thoughts that it shows the pull of Baku 2015 as it will be the beginning of qualification for Rio 2016, and explained that it shows the scale and scope of these inaugural Games. He says, “The European Federations have completely embraced the vision of the European Games and it is a reflection of the world-class competition we will have at Baku 2015 that 11 of the 16 Olympic sports on our programme now include qualification opportunities for the next Olympic Games.

“Boxing and Wrestling will be two of the most popular sports at the first European Games, so it is great to know that many of the athletes will begin their road to Rio 2016 here.”

Considering Azerbaijan’s relatively recent appearance on the international events stage, the short time-frame the country has had to prepare - at only two years - the turnaround of building infrastructure has been one of the most impressive aspects of the build-up, showing the determination and quality work of the Azeri nation. The Athlete’s Village, consisting of 13 residence blocks with 3,725 bedrooms at an average size of 22m2, and an average three bedroom apartment of 190m2, coupled with the Media Village which itself contains four blocks and over 1,450 bedrooms, will after the Games bring much needed affordable housing to the Baku area.

Baku 2015 is located around four venue clusters dotted around the ‘Pearl of the Caspian’, and take place in some 18 blocks and over 1,450 bedrooms, will after the Games bring much needed affordable housing to the Baku area.

Overall the effort and planning that have gone into the construction of such new facilities such as the National Gymnastics Arena, BMX Velopark, Baku Aquatics Centre, Baku Shooting Centre, and the National Stadium. The National Stadium is also integral to the vision for the UEFA European Championships in 2020, when Azerbaijan will host the 16 group games and one quarter final.

Magnificent venues

The 20 sport facilities for Baku 2015 were subdivided into three clusters. The first cluster covers venues situated between the Heydar Aliyev International Airport and the city, including the National Gymnastics Arena, the National Stadium, and the Athlete and Media Villages. The biggest stadium in the country, the National Stadium, will host the opening and closing ceremonies of the Games, as well as athletics competition.
The National Gymnastics Arena, with a capacity of 6,800 spectators, will host the Gymnastics programme for the Baku Games. The final facility of this cluster is the athletes village, located a short walk from the National Stadium and the National Gymnastics Arena. The village is designed to create a comfortable, friendly and stress-free environment for the sportspeople.

The second cluster is situated in the area surrounding Baku’s new Flag Square, where other major venues for Baku 2015 are located: Crystal Hall, the Baku Aquatics Centre and Europe’s first Grandstand. Further elements of the competition will be held in the western part of the city, where for the most part the temporary venues are being built for the games. This also includes the venue located outside of the capital, in Mingachevir city, home to the Canoe Sprint competition. These modern clusters will allow both athletes and spectators to not only enjoy the competition, but also the delights and the beauty of Baku, ‘Pearl of the Caspian’.

High expectations

To make the EuroGames correspond to the world standards, BEGOC attracted the leading specialists from around the globe, under Chief Operating Officer of Baku 2015 Simon Clegg, former chief executive of the British Olympic Association. ‘Any inaugural event creates exciting opportunity to establish something different and our desire is to establish the European Games in Baku at the forefront of continental sporting events around the globe,’ Clegg stresses.

The BEGOC team aims to deliver an event that will make all of Europe proud. The team consists mostly of local specialists, and 35 percent of the team is foreigners. This will ensure the Games correspondence to the international standards, and meanwhile develop local staff to get more experience in holding grandiose sport events. To this end, recently, BEGOC has signed a number of agreements with such major companies as BP, Azerbaijan’s State Oil Company SOCAR, Azerbaijan’s Airlines, P&G, Tissot as the official time keepers, and others to support the Games.

The European Olympic Committees (EOC) Coordination Commission regularly visits Baku to stay updated on the progress, and said so far, Baku 2015 deserves only praise. During the last visit in September, Spyros Capralos, Chairman of the EOC Coordination Commission, was impressed by progress made in recent months by the BEGOC team.

“The European Games will make history for European sport and it is vital that BEGOC continues its excellent progress in preparing for Europe’s first continental multi-sport Games. I have no doubt it will be an event that will live long in the memory of European sports fans,” he said in Baku.

Patrick Hickey, the President of the European Olympic Committees, who also was in Baku in September, said: “I am more than confident that Baku 2015 will fulfil our vision of an innovative and sustainable first edition of the European Games, which will set the standard for multi-sport events the world over.”

Open to the world

Azerbaijan is also trying to popularise the Games around the continent, with recent shows in Berlin, Paris, Cannes, and Sochi, as well as in the host country. To make the Baku Games available around the world, BEGOC has signed a number of agreements with the world’s biggest media. More than 3,000 journalists from across the continent are expected to attend the Baku 2015 European Games. The historical Opening Ceremony, staged by Dimitris Papaioannou, artistic director of the Athens 2004 Olympic Games ceremonies, will present to a worldwide television audience of millions. Volunteers from around the Europe will come to Azerbaijan to try this new experience along with local youth that is excited about this opportunity. A recent survey of over 150,400 Azerbaijani students has shown that 71 percent believe hosting the European Games will bring benefits to the country.

The opening ceremony

Although the spectacle of sport that will be on offer at Baku 2015 will amaze and astound most viewers and spectators in the stadium, many of the lasting memories are made at the opening and closing ceremonies of multi-sport events such as the Olympics. Who for example, can forget Danny Boyle’s extravagant celebration of the United Kingdom for the London Olympics 2012? While touching on every sentimental aspect of British culture, he also managed to encapsulate the country’s change throughout a number of centuries, all the while reminding the audience of the nature of Britain’s contribution to the modern world as it is today.

With this in mind, the choice for Artistic Director for the Baku 2015 opening and closing ceremonies is vital, as it is a chance for Azerbaijan to ‘Land a Fire’ to show itself to the world in the most public way possible, to a huge audience both in the stadium and for the expected millions of people watching from home.

BEGOC’s choice to showcase the Azeri nation is non other than Dimitris Papaioannou, widely celebrated Greek artist, choreographer, performer and visionary, who won the Golden Cross of the Order of Honour from the President of Greece for his outstanding artistic achievement following his work at the Athens 2004 Olympic Games.

“My appointment to create the Baku 2015 Opening Ceremony is both an honour and a challenge,” Papaioannou said, “My aim is to tell a universal human story using elemental Azerbaijani ingredients in a way that is contemporary, inventive and playful, but always respectful of the culture’s enormous richness and depth.”

The artistic Baku opening ceremony elegantly told the story of Greek civilization, and charted the progression of it through the centuries, each symbolic link to the past also connected with a vision of the future. From the 28 drum beats that highlighted the passing of time from the year that Greece held the first modern Olympics, to the interaction of humanity with technology, the spectacle was widely praised throughout the world. Both Baku and the Azeri nation will also be hoping for on Friday 12 June in the newly built National Stadium. Helping to realize the artistic vision of Papaioannou will be international events company FiveCurrents, who operate out of California, United States of America, and are responsible for many of the most recent city and country defining spectacles the world has seen over the recent past. Sochi 2014, London 2012, Vancouver 2010, the list of opening and closing ceremonies the company has helped to realize is as long as it is impressive, and Baku 2015 will be expecting no less when it throws its doors open to the world.

Scott Givens, President and Executive Producer of FiveCurrents, said of winning the bid to create the ceremony, “We are thrilled and honoured to be producing the Opening and Closing Ceremonies of the Baku 2015 European Games. We look forward to working with pre-eminent creative talent like Dimitris Papaioannou showcasing Baku on the world stage and deliver a once-in-a-lifetime celebration of sport and humanity.”

Both ceremonies will be hugely impressive undertakings involving months of planning and preparation, not only for the organisers but also for the 6,000 volunteer participants, who will have the one in a lifetime chance to be part of the inaugural European Games in a way many people would love to be. Catherine Ugwu, Baku 2015 Director of Ceremonies, said, “We are delighted to welcome Dimitris and Five Currents to the team in Baku. Dimitris’ artistic vision, combined with FiveCurrents’ production experience, will ensure an Opening Ceremony that is unique and remarkable. The 6,000 volunteer performers will enjoy the once-in-a-lifetime experience of appearing in the largest live shows that Azerbaijan has ever produced.”

Azad Rahimov, Baku 2015 Chief Executive Officer and Azerbaijan’s Minister of Youth and Sports, said: “The Opening and Closing Ceremonies for Baku 2015 European Games are an opportunity to showcase Baku and Azerbaijan to the world. I am confident the team we have in place will help us deliver spectacular events that all of Azerbaijan will be proud of.”

The Opening Ceremony will be held in the newly built National Stadium on Friday 12 June, in front of a capacity crowd of 68,000 people and a worldwide television audience of millions.
Baku 2015 will be a prime opportunity for Azerbaijan to present its best side to the world, and to do so will need to create lasting synergy with multiple international TV broadcasters from around Europe and the rest of the world. Also vital for the success of the Games will be the volunteers from the host nation, who will truly be the face of the event for the TV cameras and the 100,000 or so visitors who are expected to land in Baku in 2015.

Non-stop coverage of major sporting events is now commonplace, and Baku 2015 will certainly stretch the capabilities of the local TV channels, as it will the multiple international media groups that will attend, with the accompanying journalists, producers and other functionaries that are needed for modern live TV. However it is also a prime opportunity to link the first ever European Games to the commercial side of sports, and this falls well into the idea of Azerbaijan diversifying its economy away from hydrocarbons, and into other sectors.

BEGOC is specifically looking at the creating synergies in the mobile phone sector, by teaming up with Nar Mobile, one of the new mobile telephony companies that has sprung up in Azerbaijan over the last decade. Nar Mobile is the operating arm of Azerfon, which recently partnered with multinational corporation Vodafone, and are currently one of the only companies who operate super fast 4G mobile internet for their users. By teaming up with Azerbaijan’s 3rd biggest mobile phone operator, BEGOC are aiming to create interest from a section of the Azeri population that will alter the path of the country in the years to come, young people. With 58% of the population under the age of 34, Azerbaijan’s youth will define how the country is seen abroad for decades to come, and are the main targets of the massive infrastructure spending on sports facilities.

Simon Clegg, Chief Operating Officer of Baku 2015, said, “The Baku 2015 volunteer programme is a major opportunity for the young people in Azerbaijan to be a part of the inaugural European Games. It is fantastic to know that we now have the full support of Nar Mobile in helping to recruit and train our volunteers. Their ability to connect with the young people of Azerbaijan will be invaluable as we continue to count down the days to the European Games.”

Volunteers will have the opportunity to fill vital Games-time roles that include welcoming dignitaries and athletes, working at sporting events or providing assistance to members of the media. The organisers have been busy signing up major international broadcasters to take the Games to people’s homes, with Azerbaijan’s geographical position within the media landscape, ensuring sports fans in the country will enjoy live coverage of all 17 days of competition from next summer’s inaugural European Games.

The agreement will see more than 250 hours of live coverage across the Games, as well as extensive highlights packages available on a daily basis. Clegg said, “This agreement shows the high level of interest around the continent to tune in to the first ever European Games in Baku 2015. Azerbaijan is a country with a proud history of sporting success and it is wonderful to know supporters there are now guaranteed coverage to follow their athletes’ achievements next summer. Working alongside International Sports Broadcasting, our host broadcaster, this deal with DigitSport will ensure comprehensive broadcasting across a range of platforms. International Sports Broadcasting, the major sports broadcaster based out of Spain, will with almost 20 years’ experience in multi-sports events, will provide more than 800 hours of live, state-of-the-art production for the duration of the European Games. As well as live action every day, preview programming and complete coverage of the Opening and Closing ceremonies will also be available to all broadcasters that agree terms with BEGOC.

The Romanian National Olympic Committee are thrilled with the package that has been signed, as it will provide millions of sports fans in the country with access to high quality programming throughout Baku 2015. George Dobre, Editor-in-Chief of DigitSport Romania, said, “We are delighted to confirm this agreement with Baku 2015 and are looking forward to ensuring fans in Romania to the best and exclusive sport from the European Games on a daily basis.”

The European Games 2015 is a chance for Baku to really showcase the possibilities of the Caspian Sea nation, and to maximise the commercial opportunities for the present and the future as well. Charlie Wijeratna, Commercial Director of Baku 2015, said, “As we continue to count down to the first European Games, we are in the process of finalising a number of deals that will see Baku 2015 broadcast live around the world to ensure fans can enjoy each and every sport.

By agreeing broadcast deals with as many countries as possible Azerbaijan can increase its international standing, and improve relations with multiple nations through ‘sports diplomacy’. For example, SPORT1 will become the exclusive broadcaster of the inaugural European Games in Germany, enabling viewers to enjoy free-to-air live coverage of all 17 days of competition next summer.

SPORT1 will provide a minimum of 45 hours of Games coverage across television, internet, radio and mobile platforms, with the majority being broadcast live. Live coverage of the Opening and Closing Ceremonies will also be shown, in addition to highlight packages being made available. The deal will also see SPORT1 broadcast the first European Games on free-to-air television in Austria and Switzerland, with an additional minimum commitment of 20 hours’ coverage shown on their pay TV channels. SPORT1 will work closely with International Sports Broadcasting, and will manage their production through teams based in Baku and Germany. This will result in high quality, localised productions to ensure the best and most relevant coverage is provided to viewers. Olaf Schröder, Chairman of the Management at SPORT1, said, “As a broadcaster of the first ever European Games, SPORT1 is taking on a pioneering role of promoting the event in three major broadcast territories. Only on SPORT1 will supporters in Germany be able to watch the world-class performances of our top athletes as they battle it out for medals in Baku.”

Azerbaijan, as a country with its eye on expansion throughout the world, and not just westward, has also managed to secure a lucrative deal with the Arab States Broadcasting Union, which will guarantee coverage of the inaugural Games in 20 countries across the Middle East and North Africa. This will ensure spectators based in the regions will have access to free-to-air live coverage of the 17 days of competition.

The deal means coverage will be available in Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen. Arab States Broadcasting Union is a long-time Olympic Games rights holder with a focus on delivering top-quality sports coverage to their member broadcasters. They held the rights for the London 2012 Olympic Games and will also broadcast the Rio 2016 Olympic Games in the region.

Salah Eddine Maaoui, ASBU General Director, said: “It is a great honour to have secured this important deal with Baku 2015. The first European Games will be a thrilling celebration of sport that fans all over the Arab world will enjoy. We are looking forward to bringing this historic event and the exciting action to the entire region.”

All media deals have not been concluded at the time of publishing, but the world can be sure that they will see much of the famous hospitality from the Games volunteers if they manage to travel to Azerbaijan, and if not, they will get to witness the spectacular progress of the country via high quality, multi-language broadcasts from Europe and the world’s premier TV producers.
Socioeconomic importance and impact of hosting European Games

The 'Land of Fire' Azerbaijan is proud of being the home for the inaugural European Games, and will show Europe and the whole world how sport can help a country develop for the future.

Azerbaijan, THE 'LAND OF FIRE' is the proud host of the inaugural European Games in 2015, and will present Europe and the rest of the world with a spectacular event to show just how far the Caspian Sea nation has come since independence.

For any host nation, holding the first ever event of its kind is a mixture of honour, trepidation and great responsibility, and for Baku and Azerbaijan also a way to highlight the progress made in the sporting arena, and with the development of its ability to hold such meetings.

It also will prove a major organisational challenge for the authorities to handle an influx of some 6,000 athletes, 3,000 staff, up to 4,000 media personnel, and anything up to 100,000 visitors who will come in search of a similar experience they would find in other European countries.

With the bidding process for the Games only completed two years before the event is due to be held, Azerbaijan has been humming with the noise and bustle of construction in preparation. The need to improve infrastructure as well as complete new stadia and upgrade existing ones led the Government to allocate over ANZ 2 billion (£1.7 billion) over the two years, a sizeable investment for a country with a GDP of £50 billion.

A primary aim for the country is to attract visitors to the country, as well as to provide the springboard for the continued success of the national sporting teams on the international stage, which in turn should inspire the next generation of Azeri sports stars to reach for the sky. And thanks to the infrastructure that has been built around the capital, and the investment in other sporting facilities in the provinces, that success should be visible in 2015, but also at the next Olympics in Rio 2016.

Seljan Gurbanova, a volunteer at Baku 2015, thinks that the new and improved sports facilities will arouse the interest of the younger population to sports, and that the next generation will enjoy a healthier lifestyle by trying to emulate their new-found sporting compatriots. She also believes Baku and Azerbaijan could be described as a graceful Eastern beauty dressed in stylish Western clothes, and the city has the ability to amaze its visitors, both those expecting to see its transformation, and those who were sceptical about it.

Today, Baku is going through a rapid period of development in order to be recognised as a contemporary city that is outward looking, and the building boom is a symbol of the effect of modernity. Construction works are taking place in the city and around the country, with a specific focus on improving the infrastructure network to allow more people to access the services and job market that Baku represents. This will greatly improve the socioeconomic situation in the capital and the surrounding areas, as it means greater access to banking facilities, the jobs that are available in the capital, and to the sports facilities that have been built.

Impact of sport on Azerbaijan
Leading economic expert in Azerbaijan Vugar Bayramov believes that the first European Games in Baku will have a great deal of positive effects on Azerbaijan's economy. "First," he says, "it enabled the Government to create both temporary and permanent jobs in Baku and the surrounding area. For the most part the employees in these workplaces are local workers, which has had a positive impact on employment in the country. On the other hand, the use of these sports facilities after the Games will allow us to make at least a part of these jobs permanent," he says.

Bayramov says one of the main aspects of these games for Azerbaijan is promoting the country's tourism potential, whilst trying to improve the lives of the population, through the introduction of sporting programmes, and opening up the potential for jobs and growth in tourism. The added bonus of making sport seem an attractive activity, which will, it is hoped, increase the health of the nation, will also add to the societal benefits.

"On the other hand, the stadiums built for the Games will be used later in other competitions, including the quarter-final games of the European Football Championship, thus, the current spending will also create infrastructure for future competitions. In general, the Baku European Games is promising long-term economic benefits for the country," the expert stresses. The Head Coach of the Azerbaijan national team in rhythmic gymnastics, Mariana Vasileva is confident the European Games in Baku will positively impact upon all sports, as a large number of children will be interested in the event, leading to increased participation in the future, and of course, larger medal tallies in future international competitions.

"Some of them will become familiar with such sports that they have never seen in real life," Vasileva says. "It will also become a large-scale advertising campaign for the benefit of our country's health. For us, it will be a very big responsibility to take all these children, begin to work with them and to find the talents and future champions among them.

"In addition, this event will promote our country even more. For rhythmic gymnastics it is not the first event of such a scale held in Baku. We have already carried out several championships in this sport, including three European Championships, a World Championships, and in 2019 we will hold the Rhythmic Gymnastics World Championships before the Olympic Games in Tokyo. So I think that we have quite a lot of experience in this regard, and every year we develop more and more not only in terms of results but also in involvement and popularity, and I count on it very much, because without large-scale involvement it is very difficult to achieve the result," Vasileva stresses.

The Games that will be watched by thousands of people live in Baku and by millions of TV and Internet viewers around the world, and cannot fail to attract the attention of the world to Azerbaijan, its captivating history, its ancient traditions, colourful art and delicious cuisine.

The world will become well acquainted with this fast developing country that shows great promises in all senses. From economic perspectives to investment opportunities, and possibilities for cooperation, the European Games 2015 will improve the international image of Azerbaijan for the better.
Building the Baku 2015 European Games

With just 30 months to create a major sporting event, Azerbaijan faced a unique challenge to build the venues for Baku 2015.

In December 2012, when the European Olympic Committees selected Baku as host of the first European Games, there remained just 30 months to turn the concept into a reality. Normally, a city hosting an Olympic Games has seven years to prepare their venues and sporting calendar – so the Azerbaijan government moved quickly to establish the Baku 2015 European Games Operations Committee (BEGOC) and set about transforming the capital city.

The short time-frame means every day is vital to deliver an athlete-focused Games that will not only see elite sport in world-class venues, but also leave an important legacy in Baku and in Azerbaijan for generations to come. In total, the European Games will take place in 18 venues: five state-of-the-art new locations, seven existing venues that are being upgraded and six temporary arenas.

The National Stadium is the jewel in the Baku 2015 crown. A stunning 65,000 capacity venue, it will host the Opening and Closing ceremonies as well as two days of Athletics competition. Construction at the Stadium started in June 2011 and will be completed in February 2015. Situated close to the Athletes Village, it will be of lasting benefit to the people of Azerbaijan and play host to other major sporting events in the future. After the European Games, the Stadium will also be home to Azerbaijan’s national football team.

The National Gymnastics Arena is another important new build for the people of Baku. Although the city has many swimming pools located in luxury hotels, this will be the first purpose-built aquatics centre in the country. During the European Games, the 6,000 seat capacity venue will host the popular disciplines of Diving, Swimming and Synchronised Swimming. Afterwards, the facilities will be open to the public and will also be of vital importance to the continued progression of budding Azerbaijani aquatics stars.

Another welcome addition to the Azerbaijan’s sporting landscape is the Baku Aquatics Centre. Although the city has many swimming pools located in luxury hotels, this will be the first purpose-built aquatics centre in the country. During the European Games, the 6,000 seat capacity venue will host the popular disciplines of Diving, Swimming and Synchronised Swimming. Afterwards, the facilities will be open to the public and will also be of vital importance to the continued progression of budding Azerbaijani aquatics stars.

The fifth new venue being built for Baku 2015 is the BMX Velopark – another first for Azerbaijan. After the European Games, the BMX track will open to the public allowing thrill-seekers the chance to try the jumps, bumps and tightly-banked corners of competition for themselves. Located close to Baku city centre, it will have capacity seating for 1,600 spectators. Construction is well underway and is set to be completed in early 2015. Like all Baku 2015 venues, it will be built to the very high standards that BEGOC are determined to deliver at the first ever European Games.
LE: How did Baku manage to secure the bid for this prestigious opportunity?

CH: First of all, I want to highlight that it is the first ever European Games to be held. The European Olympic Committee decided to have its own Olympic Games. The issue was first discussed in a European Assembly in 2011, and then the decision was made to organise European Olympic Games in 2015.

LE: Why was Baku right for this event?

CH: Baku has hosted various international sport events over the last decade, so the Olympic movement was aware of the infrastructure of the city. However, we could not secure bids for 2016 and 2020 Olympic Games because we did not have enough experience in organising complex sports competitions.

LE: The European Youth Olympic Trials were recently held in Baku. What challenges did you face during this event and what changes are you going to implement for 2015?

CH: Thank you for this question! The European Athletics Federation asked us to host these trials six months before they happened. In comparison to other sports, holding an athletics meet is much more challenging, as at least two stadiums are needed to organise it. We have so far trained 150 – 160 referees for the Games as we did not have enough professional ones. During the trials we accommodated the sports-people in the “athletics village” which was our first experience as well.

LE: How important has the Head of State leadership been in giving visibility to sports in Azerbaijan?

CH: The Head of the State is the President of National Olympic Committee, a position he held before he became the President of Azerbaijan. That is why he has been so deeply involved in sports, and pays special attention to its development. We have one main goal: sport equals health. While we are promoting sport, we are promoting and improving the health of the nation.

LE: In addition to its mental, spiritual welfare and health benefits, sport plays a great role in the development of the economy. What are your thoughts and predictions about the short and long-term economic benefits of hosting this event?

CH: Above all, as new sport venues are constructed, new work places are being created in the labour market. At the same time, the number of sports schools and clubs are increasing. There are not constant standards in Europe, and so we have set a goal to create those standards in Baku. We hope that the 2015 European Games will be a springboard in the growth of tourism sector for the benefit of Azerbaijan and Europe.

LE: How do you collaborate with the Ministry of Tourism? Do you promote, or work together in terms of protecting the image of the country?

CH: In November 2014 the Assembly of European Olympic Committee was held in Baku. We discussed the planning of it with the Ministry of Tourism. Also, the International Sport and Film Festival took place at the same time in November. The guests who attended the assembly from different countries participated in the festival to give the prizes to the participants. Moreover, the Ministry of Youth and Sport, Ministry of Tourism and the National Olympic Committee are working together on promoting winter sport and the skiing centre in Gakh that will be the first one of many, many centres!
Euro 2020

The biggest sport in the world is coming to Baku in 2020, and with it, the hopes of a nation rest on 11 players' shoulders. FOOTBALL, THE WORLD’S most popular sport, played by millions and watched by many millions more, is about to make a huge impact on the Azeri nation after it was confirmed that Baku would host three group games and one quarter-final for the UEFA European Football Championships in 2020.

By choosing Baku from the bids, UEFA have confirmed what many people already knew; that the country is firmly on the international scene and a big player in the sporting events sector. Michel Platini, UEFA President, said that holding the tournament in multiple cities throughout Europe was a chance to make it more ‘romantic’, and a truly one-off event that would help the competition celebrate its 60th birthday in true European style. It also means proximity to at least some of the games has been greatly improved for many Europeans, increasing access and solidifying the image of the tournament as a true Europe-wide festival of football.

The Aliyev Government has been seeking to improve the country's international standing, and also to diversify the economy away from the oil and gas revenue that has helped the country achieve such meteoric growth over the past few decades. Attracting major sporting events such as Euro 2020 will help drive the country forward, both economically and in the eyes of the world.

The Baku bid was highly praised by UEFA, who complimented the country on its efforts to develop the game, open UEFA to new markets, and broaden the horizons of the sport whilst also aiming to accelerate football development for all ages within Azerbaijan. The bid was also praised on its social responsibility and sustainability, with post tournament plans in place for the infrastructure. The bids team complimented the provisions for fan zones, to be dotted around the host city and further afield, increasing access for hundreds of thousands of Azeri football fans.

Nazim Suleymanov, former Azerbaijan international striker who was there at the event confirming Azerbaijan’s right to host the games, says, “I’m very proud and happy for our country. It’s a big deal to get the right to host such a big tournament. I want to congratulate all the football people of Azerbaijan. I believe our national team will give the fans something to cheer about with their performances and results. I think the people in Azerbaijan have to unite to organise Euro 2020 in the best way.”

Euro 2020 has an experimental structure, with the games taking place in 13 host countries, each with a varying amount of games. Baku will host three group games and one quarter final alongside luminaries of the football world such as Germany, Russia and Italy.

First time hosts of the continent’s biggest footballing event are Denmark, Hungary, Romania, Republic of Ireland, Russia and Scotland. However, unlike past Euro Championships, where the host nations were guaranteed qualification for the tournament, this time there are no guaranteed spots for any team except the 2016 winners.

Qualification for Euro 2020 has also gone through a major overhaul, with only 20 of the 24 places at the finals going to teams that qualify in the standard process, spread over the two years between the 2018 FIFA World Cup and Euro 2020. The other four places will go to the winners of the yet to be fully formalised UEFA Nations League. The Nations League will split the continent’s 54 teams into four divisions, each based around the country’s UEFA coefficient, and will take the place of international friendlies, which many countries agree do not pose the significant challenge needed for a modern football team.

Four teams from each Nations League will play each other in a ‘one-off’ semi final and final, with the winner from each progressing to Euro 2020. Entry into the play-offs is decided by position in each division, with entry cascading down through the ranks until a country that had not qualified is included. If there are less than four teams from one division that have not already qualified, then the spot drops down a division.

Although this may seem a somewhat untidy qualification process, UEFA sees it as a far more democratic way than the current ‘winner takes all’ format, as at least one team from each division will qualify for the tournament proper, adding more spice to the Euro 2020 pot. The new process will give teams such as Azerbaijan the opportunity to play at the finals, rather than simply being spectators.

“I think it is a great opportunity,” says Platini, “people are starting to understand that it is a good thing to give it to countries who would never host a [whole] Euro or would never participate in such an event, to be able to host four games and be part of the big festival of European football. Whether it’s in the north, south, east or west, Europe is a big continent with a lot of diversity. It will be great to see how the ‘engine’ of football works.”

And fully in the driving seat of football in the most Easterly part of Europe is Azerbaijan, aiming to bring fire to the competition and keep the flame of sporting competition alight in the country for years after.
## Culture & Tourism

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Opening the gates to the 'Land of Fire'

Azerbaijan, the 'Land of Fire', home of the 'Pearl of the Caspian', its capital city Baku, and one of the most climatically varied countries in the world is not currently a tourist hotspot, but the efforts of the Aliyev Government to make it one are slowly beginning to take effect. Azerbaijan is a welcoming, tolerant society that is trying to diversify its economy away from the oil and gas industry, and one of the sectors that will see the full effort and investment of the government is the tourist sector.

But there are many obstacles for the industry that stand in its way. The country is notoriously tricky to travel around, with infrastructure outside of the capital not up to international standards, and long journeys between cities commonplace, which could be seen as a block towards the current, unplanned holidays that many people take. Improvements are being made to reduce this, and if the progress the country has made in other areas, such as sports infrastructure, is continued here, expect to find some of the finest transport infrastructure to be built to move the expected influx of visitors around soon.

Visas can also be difficult for visitors to secure, although improvements have already been made in that field, with the advent of electronic ones for tourists from specific countries. However, the system is not perfect, and can frustrate the last minute traveller. The new system is a distinct step in the right direction, and will improve with time, and the European Games, to be held for the first time in the country in 2015, will surely help the system improve rapidly.

Aside from certain issues with travel in the country and visas, Azerbaijan has the perfect mix of bucolic countryside and beautiful, individual cities to be a huge draw for visitors. Baku, the capital, is a heady mix of the ancient and the modern that has been preserved for the benefit of all. Azerbaijani architecture typically combines elements of Eastern and Western styles, owing to its geographical position, and the influence of the many cultures that have passed through its ancient lands. Many architectural treasures such as the Maiden Tower and Palace of the Shirvanshahs in the Walled City of Baku survive in modern Azerbaijan.

Maiden Tower is an architectural wonder with parts dating back to the 5th and 6th century CE, with its original use still shrouded in mystery. Rightly so, the people of Baku are proud of this architectural beauty, and no visit to the city is complete without a moment spent admiring it.

Azerbaijan’s place as the home, and birthplace of Zoroastrianism means that it has many temples dedicated to the worship of fire, which springs from the country’s abundant oil and gas deposits that have brought it such riches over the past century. The country is rightly trying to preserve its cultural monuments and entries submitted to the UNESCO World Heritage list include the Atashgah of Baku, Momine Khatun Mausoleum, Hirkan National Park, Binegadi National Park, Parigala in Yukhary Chardaglar, a number of bridges spanning the Aras River, and several mausoleums. In the 19th and early 20th centuries, little monumental architecture was created, but distinctive residences were built in Baku and elsewhere. Among the most recent architectural monuments, the Baku subways are noted for their lavish décor.

The task for modern Azerbaijani architecture is diverse application of modern aesthetics, the search for an architect’s own artistic style and inclusion of the existing historic-cultural environment. Major projects such as the Heydar Aliyev Cultural Centre, Flame Towers, Baku Crystal Hall, Baku White City and SOCAR Tower have transformed the country’s skyline and promote its contemporary identity, all the while trying to boost the image of the country as a forward thinking, contemporary society looking to attract visitors.

Visitors will be astounded by the sheer variety of landscape they encounter. Although facilities may not be what they are in France per sé, the hospitable nature of the Azeri’s will more than make up for any slight lack of 5 star hotels. Beautiful mountains, lush fertile valleys and ski resorts dot the country, and with the spending on infrastructure far from over, more of the country will become accessible for visitors to explore. Discover more about what the country has to offer, and find out about the religion, art, music and more in this section.
LE: With less than a year until the Baku 2015 European Games, what are the key challenges facing your Ministry and the Tourism sector to ensure that visitors will be happy, safe and gain a positive impression of Azerbaijan?

GA: With the successful organisation of previous tourism events held in Azerbaijan, we have already proved that the country can host any kind of small or large scale events. For example, Eurovision 2012 was a complete surprise to many Europeans, who saw a country that was totally different from their initial impressions and expectations. Eurovision was followed by the International Gabala Festival of Classic Music, then by the Under 17s Women’s Football World Cup, and many other events. According to feedback we had from the organisers of these events, they were implemented successfully and there were many positive opinions about the standards of hosting provided by Azerbaijan.

These events lead us towards the 2015 European Games. On the one hand this event will be something that is looked at as long-term investment into country’s image as an emerging tourist destination, capable of operating to the highest international standards, and meeting the various tastes and expectations of future visitors. On the other hand we expect this event to attract tourists from all over Europe, including countries that already send us visitors and from untapped markets, as well as other countries. Today we can proudly claim that preparations to host the Baku 2015 European Games are on schedule to deliver world-class venues, sporting action, innovation and new standards in a top-level athletics accommodation. Taking into consideration the importance of this event, the Government of Azerbaijan will provide the best possible venues for the top athletes of Europe at the first ever European Games.

The Ministry of Culture and Tourism is monitoring the activities of the hotels and travel companies operating in Azerbaijan periodically to check whether their activities comply with national standards. One of the main tasks that we put ahead is to make sure that the hotels and travel agencies will offer high-level services during the First European Games.

LE: What measures are being taken to diversify the current tourism base markets to Azerbaijan?

GA: Diversification of the current tourism base markets for Azerbaijan is essential for us. Thus we are trying to do our best to get into new, untapped and niche markets that could bring thousands of potential tourists. Our current strategy is based around developing new products, entering new segments of the tourism industry and developing international collaboration.

According to our Tourism Marketing Strategy, potential source countries for Azerbaijan were identified as Primary, Secondary or non-action markets. Either in the former, or in the second group, some new countries can be found which were not considered the main source markets for Azerbaijan until recently. Consequently through different marketing campaigns and techniques based on research, we will diversify the current tourism base markets, which hopefully will result in an increased number of tourists to the country.

LE: How important is it that the current visa situation is made simpler for potential tourists?

GA: Years ago we suffered from the complexity of visa procedures for foreign nationals wishing to visit our country, but the situation changed in March 2013 when we introduced an e-visa system. Thanks to this, foreign tourists coming to Azerbaijan may obtain their visa by providing all necessary documents to one of the national travel companies accredited for giving e-visas. The e-visa system was established in order to attract more tourists from all over the world by simplifying visa procedures existing in the country.

Besides, the agreements on visa regime simplification and readmission between the EU and Azerbaijan came into force in September 2014. Under a new rule, a decision on issuing a visa will be made within 10 days, and two days or less in case of emergency, the cost of the application will decrease to €35, a list of required documents will be reduced for certain categories of travellers, including relatives and members of official delegations, students, teachers, businessmen, scientists, and journalists.

LE: Baku is looking to position itself as a hub for business tourists and improve its recognition amongst the international MICE community. How do you foresee the evolution of the MICE industry in Azerbaijan?

GA: MICE tourism was always a focal point, as this industry is one of the fastest developing ones. A number of actions have been taken to develop this type of tourism. For this reason, we established the Azerbaijan Convention Bureau that operates with close participation of private sector, including international hotel chains and other major actors of the national tourism industry.

We strongly believe that the Bureau will act as a national umbrella organisation, and strengthen the image of Azerbaijan as a world-class meeting destination, by providing valuable information and support services and presenting the interests of local meeting industries’ partners.

LE: Azerbaijan benefits from its unique topography, being home of many climate zones. What is being done to promote Azerbaijan as both a summer and winter tourism hotspot?
GA: I have to emphasise that one of the main missions of our tourism development strategy is the diversification of tourism products. We are using every opportunity to create the most exciting programmes and entertainment packages for all visitors to Azerbaijan, and we are getting into new types of tourism activities. Due to the unique characteristics of the all-year round destination now we have almost all types of tourism activities in our country.

Current tourism statistics reveal the fact that the number of sun and beach tourists, as well as number of winter tourists coming to Azerbaijan are increasing year by year. For both winter and summer segments of tourism we need to work on the development and improvement of infrastructure though. For this purpose, I can show the perfect example of Shah-Dag and Tufandag skiing resorts that were built in the north of Azerbaijan.

Leaflets as “Sun & beach”, “Shahdag” and others promote Azerbaijan as a winter and summer destination, and we also actively promote summer and winter tourism in Azerbaijan via CNN, Euronews and many other international TV channels.

LE: The “Baku Process” is fast becoming a world-renowned dialogue to promote understanding and tolerance among cultures to increase co-operation, in particular between Muslim and Western societies. Tell us more about Azerbaijan’s importance in the field of inter-cultural dialogue.

GA: Azerbaijan’s importance in the field of inter-cultural dialogue is growing year by year. Today we can proudly claim that we have many events such as an Azerbaijani cultural days in number of countries every year. As you probably know, there are Azerbaijani Cultural Centres in France, Uzbekistan and Austria. These and many other cultural events held in Azerbaijan serve to promote tolerance between Muslim and Western societies, as well as establishing fruitful co-operation among them. Azerbaijan is situated at the crossroads of East and West, thus could be considered an ideal hub for cross-cultural dialogue. Secondly, the country’s long-standing tradition of tolerance makes it easy to build bridges between people and societies, creating a network for cultural dialogue.

In fact Azerbaijan is also known for its centuries-old tradition of multi-faith communities co-existing: Muslim, Christian and Jewish communities have all lived together in peace and friendship for centuries. Following our independence, our country further invested in this by hosting international conferences on inter-cultural awareness and dialogue.

The first World Forum on Intercultural Dialogue was held in Azerbaijan in April 2011. We hosted the Second Forum in May 2013. Both of forums brought together Ministers of Culture, Deputy Ministers, representatives of leading international organisations with the aim of discussing the conceptual, managerial, political and practical aspects of Intercultural Dialogue, and to revise the obstacles in its way.

LE: How would you define the true ‘Azeri spirit’ to potential tourists, looking to visit Azerbaijan for the first time?

GA: Today we can proudly say that Azerbaijan has all the necessary elements to become a tourist country: hospitality, rich historic and cultural heritage, beautiful natural landscapes, delicious cuisine and at the same time a very favourable geographical location.

Azerbaijan is becoming more and more popular in the world as a tourism destination and along with opportunities it brings a lot of challenges that shall be addressed in an efficient and proactive manner. The re-branding of Azerbaijan is one of the most important issues for the time being.

We strongly believe that growing international popularity of Azerbaijan owns a lot to its well-maintained culture, traditions and arts. Today, Azerbaijani culture is well recognised at international level, with masterpieces and cultural and historical monuments included by UNESCO in its lists of World Heritage and Intangible Cultural Heritage.

Azerbaijan & the arts

Famous for its carpets and paintings, Azerbaijan has been a centre for the arts for hundreds of years thanks to the different cultures that have past through its borders, and is now a thriving centre for all kinds of artistic expression.

BEYOND AZERBAIJAN, anyone who’d even heard the name Baku, used to associate the place with one thing, and one thing only, oil. That has long been something of a frustration for Bakuvians who rejoice in a city bubbling with artistic energy, poetic verse and a wide ranging love of music from jazz to homegrown mugham, from local rap to full blown opera. The passion for cultural expression is obvious from a city map with the vast majority of Baku’s streets named after its artists, musicians and writers – both ancient and modern. There is a vibrant theatre scene, and in very recent years, the city has also reinvented itself as a dazzling centre for architecture and as an emerging fashion hotspot.
Music
Baku has a thrillingly varied music scene. The creation of an opera house here in 1911 was a notable innovation in this newly booming wild-east city sandwiched between desert and Caspian. Gradually restored, the venue is still a vibrant showcase for classical music and ballet. Finished a year later, the similarly luxurious Philharmonia with its lavish Rococo interior was inspired by Monte Carlo Casino and supposedly sketched out initially by its architect with a cigar stub at a moment of inspiration. During the 20th century, Azerbaijani composers like Uzeyir Hajibeyov fused symphonic forms with local musical motifs, creating classical music that remains fresh and highly popular today. Long predating Azerbaijan’s period of Soviet annexation as Tsars’ imperial Russian Europeanisation, Aristarkh Pedullin’s form of Azerbaijani music is that of Ashug troubadours – wandering minstrels singing ditties about love, loss and the beauty of the homeland accompanied by instruments like the saz (a tall stringed lute) and the gusheh. Since the 1980s, the musical heritage of his work in 2014, he wowed the TV audience by streaking naked across the steppes. In 2012, the year that Baku hosted the event to considerable fanfare. But tonight she’s here to show that her repertoire reaches far beyond the stereotype of formulaic Euro-pop anthems.

Out on the town in Baku

The National Gallery makes a great introduction to Azerbaijani paintings that can be considered amongst the best exponents of later 20th-century modern art anywhere in the world. The past Stalin Soviet period saw the emergence of a generation of Azerbaijani painters that can be considered amongst the best exponents of later 20th-century modern art anywhere in the world. Sattar Bahlulzade’s impressionistic landscapes and pastoral brush strokes make for one of the most distinctive and recognisable visual panets you have never heard of. Tahir Salakhov steered a canny line between Soviet realism and post-Stalin Soviet expressionism on Baku’s main saaz-eed boulevard. Mystic, yet heartfelt enthusiasm and deep knowledge is typical of the stylish and dynamic sing-off between two improvising performers. The skill is tickling the ivories with a jazz improvisation. From way back in the 1970s when he still had his flowing head hair, Sabina arrives dressed in leather trousers and biker jacket over a gold-sequined blouse. Sabina arrives dressed in leather trousers and biker jacket over a gold-sequined blouse. She kicks off the set with a mellifluous rendition of Sari Gelin, a Caucasian classic of warbling oriental passion. Then having caught the audience with such a nostalgic musical spell, she tears through a rampaging James Brown mash up and throws in some remarkable jazzy reworkings of unlikely songs, even sourcing Tupac. The applause bubbles over again, but this is the only show in town. A vivacious 60-something lady tugs at an arm and says to hurry across the city to see another band playing on Alizade St. It’s nearly midnight on arrival, but the band is still in fine fettle turning its collective hand to Coltrane and Ramsey Lewis. Quite how the singer maintains such a pure voice is a mystery given the thick fog – smoking bans have yet to reach Baku bars. As the night wears on, there are half a dozen more live clubs to choose from along Alizade St alone, while further afield clubs and DJ lounges throw and wedding parties while on to galloping Turkic beats... all strands of Baku’s musical patchwork as which is as varied and cosmopolitan as the city itself.

Art

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Out on the town in Baku

It’s around 10pm. The crowd at Baku’s somewhat sedate Jazz Café dinner club have been stirred into a frenzy of applause by the multi-talented Sabina Babayeva. Sabina is best known for her unsuccessful entry in the Eurovision Song Contest of 2012, that year Baku hosted the event to considerable fanfare. But tonight she’s here to show that her repertoire reaches far beyond the stereotype of Formulaic Euro-pop anthems. Indeed her performance perfectly summed up the range of artistry that can emerge from this thrilling city of contrasts at the borders of Asia and Europe. A city that’s 80% Muslim, yet where ladies sit sporting four-inch stilettos and sip cocktails or glasses of chilled Sauvignon Blanc. Sabina arrives dressed in leather trousers and biker jacket over a gold-sequined blouse. She kicks off the set with a mellifluous rendition of Sari Gelin, a Caucasian classic of warbling oriental passion. Then having caught the audience with such a nostalgic musical spell, she tears through a rampaging James Brown mash up and throws in some remarkable jazzy reworkings of unlikely songs, even sourcing Tupac. The applause bubbles over again, but this is the only show in town. A vivacious 60-something lady tugs at an arm and says to hurry across the city to see another band playing on Alizade St. It’s nearly midnight on arrival, but the band is still in fine fettle turning its collective hand to Coltrane and Ramsey Lewis. Quite how the singer maintains such a pure voice is a mystery given the thick fog – smoking bans have yet to reach Baku bars. As the night wears on, there are half a dozen more live clubs to choose from along Alizade St alone, while further afield clubs and DJ lounges throw and wedding parties while on to galloping Turkic beats... all strands of Baku’s musical patchwork as which is as varied and cosmopolitan as the city itself.

Fashion

Baku has seen an astonishing transformation from the ex-Hausted post-Soviet drabness of the early-1990s to a rapidly growing 21st-century chic that’s most visibly encapsulated by the majestic architecture of Zaha Hadid’s Heydar Aliyev Cultural Centre, a gigantic, futuristic white snail-shell of a building whose organic lines look different from every angle. Across town three massive skyscrapers are shaped like enormous flames and actually appear to burn at night thanks to a cleverly pulsating light-shows. And ever more mansard-topped apartment blocks have sprocketed Parisian style stone frontages that are splendidly up-lit at night. Especially along the seaside boulevard, many such buildings are now home to exclusive international fashion boutiques while the opening of a Harvey Nichols department store in 2014 marks another landmark in the city’s emerging self image. Even those Bakuvians who can’t afford the snazziest boutiques do tend to be attracted by western brands labels and to the spate of new lounge bars-restaurants showing fashion TV and its local variant VIP-Par. Even in a budget coffee shop you might find the tables strewn with fashion mags. Some are Baku-specific, like the Russian language versions of ‘luxury lifestyle magazine’ Boutique or Paris fashion glossy L’Officiel. But Azerbaijan also has its own Baku magazine, a cutting edge arts and mode periodical with English language editions which is very explicitly helping to make Baku synonymous with the more rarefied echelons of haute couture.

Wherever you look Azerbaijan’s artistic credentials, old and new, are coming to the fore as the nation learns to harness the soft power of its deep, rich cultural heritage.
Food, Drink and Café life

Azerbaijani’s love for food and drink have made the country regionally famous, but for new visitors from further abroad, the quality of the local agricultural produce will astound, as will the hospitality of the population.

Fresh, natural flavours

Azerbaijani’s proudly distinct culinary culture is possibly the most mouthwatering cuisine you’ve never heard of. Unsurprisingly, it reflects the country’s melting pot location, taking elements of Turkish, Russian and Georgian know-how but accentuating fresh ingredients and particularly the remarkable range of ripe, seasonal fruit. Local vegetables are so packed with flavour that the best ‘shepherd’ salads don’t need garnish—mixing and meals are often accompanied by simple piles of leaves (coriander, purple basil, mint) along with crunchy cucumbers and tomatoes that taste like balls of sunshine. Zoghal berry, quince and feijoa make distinctive jams. Barberries and dried fruit add unexpected delight to rice dishes. Saffron adds subtle hues and nuances to many meaty stews. And a distinctive pomegranate sauce called narsyarah adds a delicious citrusy tang to fish dishes. That living fossil, the Caspian sturgeon, has long been Baku’s piscatorial dish of choice. Until the 1990s it was commonly less than that of a good cheese in the UK. Sad-said to be thrown away with ‘normal’ rubbish. Thus outside apartment blocks you can find old loaves hung in bags from court-yards or on pegs from walls. The nation’s most archetypal style of baking uses beehive shaped clay ovens to turn out de-licious fresh ‘lamb认 bread-circles. A traditional snack is the qutah, a fresh bread pancake hand rolled, folded in half and filled with a spinach or mint. Or the international Turkish style doner kebab with slices of grilled, spiced meat layered in a thick pita-style semicircle of bread or wrapped in delicate folds of lavash (soft, wafer thin bread-sheets). Of a vast range of Azerbaijani pastries, the most prominent favourites are various forms of baklava – richly layered nuts, syrup and filo pastry. These days Baku is also awash with new bakery-cafés such as Starbucks-esque places around Fountains Square. And stylish coffee shops are a recent fad, with self-consciously suave cafes like Movida drawing elaborately dressed customers to the 21st-century Port Baku development or a range of Starbucks-esque places around Fountains Square. But Azerbaijan’s real beverage of choice is tea.

Regional dishes include piti, a two-part stew best known from Sheki, and lebegi - stuffed roast chicken (or fish) from the far southern Dash region that’s steadily gaining a nationwide reception. But beyond everything else, the greatest foodie passion is for barbequed mutton. Organic? Almost certainly. Local lamb has a fragrant freshness reflecting the fact that so many Azerbaijani sheep spend their summers grazing flower-dotted upland meadows in the High Caucasus. Perch yourself on the rooftop of the Sultan’s Inn to dine with supers Old City views. Or contemplate the mysterious Maiden Tower from the splendid new fusion restaurant Noqta, whose crusty rack of lamb combines the subtleties of both Azerbaijani and French nouveau cuisine. For a great sense of history, the Old City has several restaurants hidden within timeless stone-arched caravanserais dating back to the days before roads when Baku was a fortified desert village and transportation was by camel or Caspian ship. Taking its name from Old Baku’s most prominent 15th-century architectural complex, the Shivarash Palace Restaurant is a particularly imaginative historically themed eatery recreating a nautical series of interiors within a 19th-century bathhouse building. Each of the many stone-walled rooms conjures up the feeling of a particular era, with real antiques and imagined decor creating everything from a medieval banquet hall to a Russian-era shop-house to Stalin’s private office.

Should you tire of Azerbaijan’s own culinary diversity, Baku has an ever growing range of international restaurants. From Mexican to Ukrainian, Irish to Indian, Georgian to Japanese, there are dolma – roast vegetables or vine leaves filled with minced lamb – and dushbara, a gently acidic soup of miniature ravioli. Sheep’s offal is usually served in small glasses with pinched waists. They’re known locally as Armudi (pears) though in fact the shape is more womanly than fruity. These glasses are so iconic that one of Old Baku’s most popular modern art sculptures is a multicoloured stack of oversized Armudi shapes nicknamed Seven Beauties, echoing a classic piece of literature by Azer- bajian’s 12th-century bard, Nizami Ganjavi.

The chaykhana (tea house) is the classic Azerbaijanian meeting place, at least for men. These are usually very simple places, perhaps outdoor tables beneath shadily chinar (plane) trees, where old ‘white-bearded’ lihers for hours over a single pot while sipping down their nard (backgammon) counters with an exaggerated force. But these days there is also a wholly more exotic form of teahouse, known as a chay evi. Such places can be remarkably opulent with oriental decor, wafting chiffon curtains and cushions and filled with the fruity perfume of the qalyan (hookah pipes). Do be a little cautious if casually ordering a pot of tea in this kind of place. Chances are that you’ll get a trap full of extras - sweets, jams and dried fruits - lovely, but quite possibly accompanied by a bill for over 30 manats (€30). Not a standard cup of tea. And be all the more cautious when ordering your hookah. A current qalyan fashion is to substitute the glass water bowl of the pipe with fresh fruit (perhaps a water melon) for a very ‘ecological’ designer smoke. The most exotic of these fruit pipes is the piramida, a remark- able fruit stack pipe served at the Izmir Lounge for a whopping 100 manats (€100). Yet curiously the same places might serve you a beer for only a handful of manats.

Tea Time

In Azerbaijan, tea MEANS hospitality. As in Turkey, tea here is usually served in small glasses with pinched waists. They’re known locally as Armudi (pears) though in fact the shape is more womanly than fruity. These glasses are so iconic that one of Old Baku’s most popular modern art sculptures is a multicoloured stack of oversized Armudi shapes nicknamed Seven Beauties, echoing a classic piece of literature by Azer- bajian’s 12th-century bard, Nizami Ganjavi.

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Lounges, Pubs & DJ Bars

In 2012, Baku made an entirely unexpected appearance in Lonely Planet’s list of Ultimate Party Cities. That might be something of an overstatement, but undoubtedly there is a dyn- namic scene of fashion-conscious lounge bars and DJ nights for those with petroleum-pumped wallets. Many of the best are hidden away in penthouses, above restaurants or hotels like the rotating Bar 360 above the Baku Hilton, Eleven atop the Park Inn, OperaSky on floor 29 of the Azure Business Tower or the achingly hip Pasiforo perched above the similarly stylish promenade-front restaurant-bar, Sahil. At summer weekends, the Baku’s gilded youth often head out of the city to beach parties at hotels around the Absheron Peninsula ranging from DJ fests at White Club in Novkhani to poised evenings at the ex-clusive, fashionably 50s-retro Sea Breeze in Nardaran. Lounges, especially along Alizade St and the lanes downtown, especially along Alizade St and the lanes around Fountains Square, there’s an altogether more Euro- pean scene of pubs and music bars where ex-pats suck down London Pride, Hoegaarden or slow-poured Guinness, and ex- cellent local bands belt out covers and imports all through the- early morning. Or take things a little more slowly, dining at Baku’s Jazz Club which showcases a wide range of local talent as well as occasional visiting crooners.

Whatever drinking or eating atmosphere you’re seeking, it’s likely you’ll find it somewhere in the thrilling, ever evolving city that is today’s Baku.
LE: What is “The Azeri spirit” in your experience?
SI: I think that Azerbaijan’s principle appeal is due to its people, which is why I’m still very excited to be here. Everywhere I have gone here I have felt completely safe in this environment. You don’t have to have a complete understanding of the language, you can go out to dine or shop and still communicate. There is inquisitiveness about the people that I really appreciate. Once people know you’re not from here, they want to know a little bit about you, and through broken language and nuances, you can start to have great conversation. That charm of the people is here, and the Azeri, they are proud to be Azeri and their culture, which is I believe it is key to incorporate that culture into our cuisine into our product. You have to support local culture because that’s what sets the stage for tomorrow.

LE: How much collaboration is there within the Tourism sector regarding human resources development?
SI: Because the market is very small, we have a very close relationship with our fellow partners within the city. We meet once a month to have lunch and talk about business. We also include other businesses because we share the same issues on the human resource side. It’s important to understand everybody’s issues and how they are handling them. I feel that you have to support local educational forums. If you don’t start with that then what you do is for today and maybe for tomorrow, but you have to step back and say let’s support the schools for the future.

For us, the issue is how do we retain staff. We go through a very stringent process to make sure the people we hire fit within our group. We hire on attitude not aptitude and then we train on skills to bring people up to that level. It’s beyond the compensation. It’s about how you treat people and what you do. It’s about having open lines of communication. We have open line meetings where I sit with the staff once a month and listen to the issues at hand, and I hold myself accountable for solving those issues make sure things get done. We have an engagement survey, which helps us look at our own goals and see whether they’re being disseminated among the employees.

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LE: What is the government doing to support the development of the Tourism sector and diversify the economic base?
SI: I think the government in this city and SOCAR have done a fantastic job to build such a strong foundation with the oil and gas business. It’s been the fuel for building what’s happening for the future. They’re looking at not just building for today but for the long-term. The models of what they’re using to do that are very evident, from the European summer games, Formula One, and the Islamic Games. There are activities that are going to be supporting these structures that they’re building.

The construction sector is also another sector that is using the local labour force and also establishing other skill sets within the local community such as construction, engineering, plumbing. It’s going in all of the right directions, and this country in the next 10 years will be completely different to what it is today. They are also investing in education and administrative sector and building medical centres and facilities and training doctors to be able to support the community, not to mention the hospitality sector which is the pulse of the community. If anything is happening economically, we feel it.

LE: Imagine you are speaking to someone who has come to Baku for a business conference with SOCAR. They have three days left in the city, what should they do?
SI: First of all you should be staying at the Four Seasons Hotel! We have a tremendous spa and rooms that overlook the Caspian, great restaurants, and a cigar bar. So that would be number one. You want to be staying somewhere that adds to your why you are in Baku. My favourite thing to do is walk through the old city. There are great little restaurants to eat and you get the real local experience. From there I walk through fountain square, which is quite romantic, especially in the evening. This city is like a chameleon, in the daytime it has this façade and in the evening it is completely different. It’s beautifully lit and quite romantic. I love Gobustan, also known as the Rock Art Cultural Landscape; I’ve been there twice. Seeing the stone and the drawings, you can feel the history. Those are some of my favourite things to do. The people here are absolutely charming. A city is a city, but the charm of a city is made by its people.

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MICE tourism and the convention bureau, the beginnings of an Azerbaijani tourism sector

Unique Azerbaijan, a country blessed with a varied climate, welcoming population and an eye on the future is putting high hopes on the development of tourism as a profitable non-oil sector of the economy.

AZERBAIJAN has many natural wonders to show, endless captivating stories to tell from its history, unique architecture that is the envy of the world, delicious food, and much more that should make it one of the tourist capitals of the region, if not the world.

Its favourable location on the western edge of the Caspian Sea has seen the country positioned as an attractive destination not only for tourists of the region, but also visitors from around the world. And today, as befitting with the outward looking nature of the Aliyev government, Azerbaijan is trying to facilitate access for tourists to its wonders.

A recent change of policy by the Azerbaijan State Border Service was the introduction of the European Union visa facilitation system, which came into force in September 2014. Under the new measures both Azerbaijansis and Europeans can acquire short-stay visas easier and cheaper than before, although letters of introduction from a trusted source are still needed for Azerbaijan, and there are still issues with visitor registration that do not encourage unexpected visitors.

Also now available for residents of certain countries are electronic visas, a thoroughly modern improvement that can make travel to the country very simple. The electronic visa can be issued directly through a travel agent, and has an expiration date of 30 days, which should give ample time to explore other parts of the country away from Baku. However, there can be some complications in using the online system, although these are sure to be ironed out in the near future, as visitor numbers will increase with the rise in MICE tourism and the expected crowds for the inaugural 2015 European Games.

Azerbaijan's main air carrier, Azerbaijan Airlines (more commonly known as AZAL) has also looked to increase the number of tourists entering the country, and to this end has been developing new routes over recent years. In the autumn of 2014 the carrier opened up the much anticipated direct Baku-New York flight, which will see a huge increase in the number and quality of tourists, both business and pleasure, that enter the country. AZAL also runs code share flights with a number of major international airlines such as Lufthansa, Air France and Qatar Airways.

Building from the ground up

In order to develop the tourist industry in Azerbaijan, the Tourism Institute was formed in 2006 as a training centre of excellence for people interested in entering the industry. The institute offers courses in tourism and hotel management, marketing, translation training and other skills that are needed to successfully develop and manage the industry in Azerbaijan, with the aim of having many hotels and other tourism infrastructure Azerbaijan ran in the near future.

Annually over 2.5 million people arrive in Azerbaijan for a mix of business and pleasure trips, a number which is expected to greatly increase in 2015 with the European Games, and into the future with the growth in the MICE sector, and other major international sporting events the country will hold.

However, due to the nature of the country as one of the world's major oil producers, the provision of hotel rooms is, at the moment, somewhat skewed towards business visitors, meaning a proliferation of four and five star hotels throughout the capital Baku and other prime destinations. At present there are almost 530 hotels in operation in the country, and although by Western standards that might seem low, consider that the number has doubled in just seven years, highlighting the determination of the country to increase visitor numbers.

The major brands Hilton, Four Seasons, Excelsior, Kempinski, JW Marriott, Fairmont and Hyatt are all present in Baku, and have added certain charm to the already breathtaking beauty of the 'Pearl of the Caspian', by offering not only high quality accommodation but also memorable restaurant experiences that have helped increase the offerings for visitors to the country.

To further the aims of increasing MICE tourism to the country, multiple venues have been constructed to facilitate the hosting of future international events, such as the Eurovision 2012 finals, held in the Crystal Hall, and the Baku Exhibition Centre and Convention Centre, which has already seen events such as WorldFood and the Baku International Motor Show.

Furthermore, the cost of accommodation is moderate in the country when compared directly to European destinations, as tourists can expect to spend in the region of €700-800 per week on accommodation, food, and cultural events. Although many visitors choose to spend the majority of their time in the capital, there are numerous other places to see, including Nakhchivan, Nafshan, Khachmaz, Lankaran, Guba, Ismayilli, Masalli, and Sheki.

To boost tourism in the regions, the Government facilitated the opening of new tourist infrastructure and hotels throughout the country. The Shahdag resort, one of the largest ski complexes in the Caucasian region, has recently become a prime attraction for both local and foreign tourists.

Looking to business to attract visitors

A major achievement for the country was its acceptance into the UN World Tourism Organization’s Executive Council in 2013. Another step in the direction of securing increased business tourism was made with the opening of the Azerbaijan Convention Bureau, a not-for-profit public-private partnership that was created with support of the Ministry of Culture and Tourism in September 2013.

The Bureau's main goals are to assist MICE professionals with event planning, and the Bureau offers free advice such as identifying accommodation and facilities, and helps with the visa procurement as well as the promotion, publicity and prepared materials of any convention, and the number of events that take place in Baku and Azerbaijan as a whole continues to grow, more and more business people begin to think about investing in the sector.

According to the World Tourism Organization, Azerbaijan now hosts 1/3 of total revenue from the sector. "Azerbaijan has just begun to enter into global tenders," he says, "but as a result we are steadily winning these tenders where the CIS countries participate. The state has played an important role here, year after year, and the number of events that take place in Baku and Azerbaijan as a whole continues to grow, more and more business people begin to think about investing in the sector."

Azerbaijan will, in 2015, hold many international conferences, including the 14th International Travel and Tourism Fair, 14th International Transport, Transit and Logistics Exhibition, 5th Caspian International Road Infrastructure and Public Transport Exhibition, 21st Azerbaijan International Food Industry Exhibition, 22nd International Caspian Oil and Gas Exhibition, 9th Azerbaijan International Education Exhibition, and the 21st Azerbaijan International Telecommunications and Information Technologies Exhibition and Conference. All are expected to attract many business people to Azerbaijan, and we have big plans for these markets,” she adds. Zeynalova explains that MICE development started in 2010 in Azerbaijan, and after 2012, almost all Azerbaijani companies were included in the event, and the number of international events increased from 90 countries around the world who are engaged in MICE tourism. The 53rd event took place in Antalya, Turkey in November 2014. The schedule of the Bureau also includes the Global Meetings and Event Expo, that brings together 15,000 international industry professionals, held this year in Barcelona, Spain. Next year, the Bureau will hold 15 associations' meetings in Azerbaijan, including a meeting of the ICA.

Progression to growth and expansion

Azerbaijan will, in 2015, host many international conferences, including the 14th International Travel and Tourism Fair, 14th International Transport, Transit and Logistics Exhibition, 5th Caspian International Road Infrastructure and Public Transport Exhibition, 21st Azerbaijan International Food Industry Exhibition, 22nd International Caspian Oil and Gas Exhibition, 9th Azerbaijan International Education Exhibition, and the 21st Azerbaijan International Telecommunications and Information Technologies Exhibition and Conference. All are expected to attract many business people to Azerbaijan, and the investment opportunities by the country's economy offered by Baku and Azerbaijan as a whole continues to grow, more and more business people begin to think about investing in the sector.

Mursalov adds that the World Forum on Intercultural Dialogue, the Humanitarian Forum, Islamic Forum, different energy forums, and single and multi sports events continue to attract ever-increasing numbers of visitors. "It is a profitable destination right now, and Azerbaijan only appears on the maps of the world in terms of conventions, conferences, incentive trips, therefore, even if some departments are unprofitable now, they all looking forward with confidence," he says. "Azerbaijan is destination without comparison that combines the charm of the East, and the night-life of Europe. At the same time as being able to see a vivid kababcha [kebab] maker you can see a first-class service and 5 star hotels. Now it is the time when we have to come in full force on the world stage," Mursalov adds.
Azerbaijan – Religious Diversity & Tolerance

Unique Azerbaijan is a multi-cultural and multi-ethnic melting pot, that has for centuries been a leading light for its integration of the many different people that live within its borders.

RELIGIOUS TOLERANCE is a badge of considerable pride for many Azeris. While statistics indicate a country that’s overwhemingly Islamic, the state is awesomely secular, a position that is proudly promoted every year in many a speech at the Baku International Humanitarian forum (www.bakuforum.org).

The majority of Azerbaijan’s are Shia Muslims, just as in neighbouring Iran. Yet the two countries couldn’t be more religiously different. Where Iran bans alcohol, Azerbaijan is a wine producing nation with a capital full of pubs and cocktail bars. While Iran enforces the rule that women should cover their hair, Baku streets see fewer ladies clad in flowing black and beliefs - sacred trees, “sinners’ rocks”, grave-shrines, folk tales, have maintained a version of Christianity all their own. One of many fascinating local holy places is in the small town of Shüvelan around 21km east of central Baku. Constant streams of pilgrims arrive here and don modest clothes (or covering wraps) to murmur Muslim prayers at the Ziyaratgah range from pious Muslims to narcissists wearing young ladies who would feel just as at home to pray at the ziyaratgah range from pious Muslims to narcissists.

A few kilometres west of Shüvelan is the remarkable fire temple of Surakhany. Cloistered by a series of pilgrim cells, the temple’s central shrine is a doused stone cube with open arches spanning a central fireplace. And four corner flames allow jets of burning gas to shoot forth. This remarkable place, now a museum, was built in the early 18th century by Shiva-ite Hindu merchants. But the site, with its ever-burning spontaneous flames rising from the petroleum soaked earth, is thought to have been a holy place millennia before for Zoroastrians – believers in world’s first major monotheistic religion. Elsewhere in Azerbaijan, archaeologists have found Zoroastrian ‘towers of silence’ and fire hearths in several spots including the pretty Caucasian mountain village of Söhbö. Although no Zoroastrian community is to be found in Azerbaijan these days, the main Azeri Azerbaijani holiday, Novruz (Persian New Year, March 21st) still incorporates many of the essential elements of Zoroastrian tradition with the most dramatic display being the ‘fire jumping’ – a cleansing, good luck ritual performed on the fourth evening before Novruz itself.

Another remarkable aspect of Azerbaijan’s rich religious patchwork is the continued thriving of an essentially all-Jewish village at Qirmizi Qaseba near Quba, possibly the only such settlement in the region. And then there’s Nic, a village of so-called Udi people who speak their own language and, in some cases, have maintained a version of Christianity all their own. Or so it was thought. Recent scholarship has suggested that their language is very close to the now lost tongue of Caucasian Albanian (nothing to do with the Balkan country Albania). The Caucasian Albanians were the Christian inhabitants of what is now Azerbaijan back before the arrival of the Arabs and the region’s rapid conversion to Islam. Those who didn’t convert tended to drift into the safer mountain areas where many very ancient church ruins remain. Nic itself has three old churches, and since 2003 the Caucasian Albanian Church has been re-established as a recognised religious denomination. Funds have been found to heavily restore the main church. This kind of generous support to minority faiths is something that Azerbaijan had already been keen to play up in 2002 when Pope John Paul II, aged 82 and in faltering health, came to Baku. The visit was far from grand - he slept modestly in the very unassuming Irshad Hotel and delivered his ‘frequently unintelligible’ sermon at the ‘Handgames Palace’ volleyball stadium. But significantly he met with Russian Orthodox, Jewish and Muslim leaders to underline the message of tolerance. He also laid the foundation stone for a new Catholic Cathedral on a site donated through then President Heydar Aliyev who had also helped organise funding for the restoration of a Russian Orthodox Cathedral around the same time.

Several other Christian groups are present in Azerbaijan. Georgian Orthodox communities maintain their own churches in various villages of the Qax region. And former president Heydar Aliyev’s promise to safeguard the Russian-speaking ‘Molokan’ Christian dissenters of Ivanovka village in the Ismayilli region is held up as further proof of Azerbaijan’s broad church. On the other hand, with a still unsettled war and over 15% of Azerbaijan’s territory under Armenian occupation, there is an understandable sensitivity when discussing anything to do with Armenian Christianity. The Azerbaijani press and education system often encourage an anti-Armenian sentiment and visitors spreading pro-Armenian views are likely to be considered with considerable distrust. But in private, many older Azerbaijanis have stories to relate of how close they once were to Armenian neighbours and of how in fact Azerbaijanis and Armenian friends had helped each other during difficult times.

All in all, Azerbaijan’s religious culture, like so much in this fascinating land, is a complex mix that’s full of quirks and surprises. Few places in the region are as keen to drive home a message of tolerance and secularity.

All have very local origins that are far removed from any one mainstream religion. One of many fascinating local holy places is in the small town of Shüvelan around 21km east of central Baku. Constant streams of pilgrims arrive here and don modest clothes (or covering wraps) to murmur Muslim prayers at the Ziyaratgah, the last resting place of local holy man Mir Moxum Aga (www.mirmovsumaga.az). The splendid blue majolica tilework of the dome whispers architectural echoes of Samarkand while the dazzling mirrorwork of the interior is more indicative of contemporary Iranian-style shrines. So, a casual visitor might assume that this recent construction represented a strong religious resurgence, a sign of Azerbaijan’s Islamic roots coming to the fore. That would be a vast oversimplification. Mir Moxum was no mullah, no religious firebrand. Although he had a proud family tree tracing itself back to the Prophet, his unique ‘gift’ was not Islamic oratory but a severe physical disability – bones that never hardened. He thus spent most of his life slumped in a chair barely able to move. But those who encountered him reported miraculous changes in their lives. Much to the annoyance of the nationalist Soviet authorities, a cult of sanctity developed around him and even today the modest Baku house where he once lived has a grey mark on the stone doorway where it is regularly touched and kissed by believing others. Today the pilgrims who don Islamic clothes to pray at the Ziyaratgah range from pious Muslims to mini-skirt wearing young ladies who would feel just as at home in one of Baku’s snazzy cocktail lounges. And if you wander into the large graveyard behind the main prayer hall there’s a fascinating sight that perfectly exemplifies Azerbaijan’s tradition of religious togetherness – cross-topped graves of Orthodox Christians and star-crowned monuments to Communist era atheists, cheek by jowl with Muslim ‘picture’ graves in the shadow of the towering minaret.

The very fact that the shops need to call themselves ‘Islamic’ shows rather graphically that this is not the norm in a city better known for its designer boutiques and young fashionistas. It may have a proud family tree tracing itself back to the Prophet, his unique ‘gift’ was not Islamic oratory but a severe physical disability – bones that never hardened. He thus spent most of his life slumped in a chair barely able to move. But those who encountered him reported miraculous changes in their lives. Much to the annoyance of the nationalist Soviet authorities, a cult of sanctity developed around him and even today the modest Baku house where he once lived has a grey mark on the stone doorway where it is regularly touched and kissed by believing others. Today the pilgrims who don Islamic clothes to pray at the Ziyaratgah range from pious Muslims to mini-skirt wearing young ladies who would feel just as at home in one of Baku’s snazzy cocktail lounges. And if you wander into the large graveyard behind the main prayer hall there’s a fascinating sight that perfectly exemplifies Azerbaijan’s tradition of religious togetherness – cross-topped graves of Orthodox Christians and star-crowned monuments to Communist era atheists, cheek by jowl with Muslim ‘picture’ graves in the shadow of the towering minaret.

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LE: What makes a hotel uniquely Azerbaijani?
HD: Well, as you might know, most international hotels in Baku were built very recently. I used to work as a General Director for one of the international brands – the JW Marriott Group of Hotels. I invited specialist department heads to our company and we had four months of training for our staff. The training was very successful, as both international and local brands hired some of our department members. I think that the main reason behind this is that Azerbaijani people are very hospitable. Recently I was on a business tour of eight European countries, and in my experience, this is a typical European business hotel: you check in, sleep and eat, then check out. However, in our resort and business hotels the hospitality and quality of customer care are very high. As Turks and Azeris have a similar sense of warmth and hospitality, we implemented most lessons we learnt in Turkey. The key-differentiating feature of our hotel is that we aim to create harmony between hospitality, service and professionalism. The fusion of these features makes our company unique.

LE: How important is sport in establishing Azerbaijan as an international brand?
HD: Both the Shooting Championship and 2015 European Olympic Games will have a huge effect on Azerbaijan and its development as an international brand. After the Eurovision Song Contest Baku 2012, the interest for the country increased greatly. Azerbaijan has gained a huge amount of recognition and even a considerable boost to its tourism sector as a direct result of not only hosting international-ly-recognised events but also by attracting practitioners of sport in disciplines such as shooting and cycling amongst others.

LE: The Azerbaijani economy has experienced transformative growth over the last 20 years. How is the tourism sector evolving along with the rest of the economy?
HD: The oil sector is still undoubtedly the backbone of the economy. However, as is only inevitable, the oil sector will reach a point after which it will be in decline. The non-oil sectors are led by services, tourism and construction. We can see that construction in Baku is flourishing; new developments are being established, modern hotels are being built. If we say a country is developing, it means the tourism sector will play a great role in its development, which is true not only for Azerbaijan, but the whole world. I have been working in Baku for seven years. At that time, there was no Marriott, Four Seasons, Hilton, or Fairmont. In Turkish there is a phrase: "industry without chimney", and it was like this in the tourism sector.

There is a current growing interest in tourism, especially in developing countries. Azerbaijan has its outstanding history, beautiful nature, which has caught international tourists attention. Some are mainly interested in country's culture and history, so they can get involved in cultural tourism. Apart from cultural tourism, there is sports tourism. There is hunting in Gabala, Ismailli, and Shaki. There is a growing demand for hunting trips, particularly from Arabian countries, such as Kuwait, Qatar. For this reason we have set up a company called Kuwait-Azeri. We have invited two teams of experts. They stayed in Gabala and Lankaran for five days and hunted. The experts adored Gabala so much so that they opened direct flight from Kuwait to Azerbaijan. They bought their own plane. We only have one problem that needs to be addressed, that of streamlining visa regulations for tourists.

At the same time, we have implemented international standards in our hotels. It is not the Executive Manager who serves a guest first, but an Azeri staff member. We have continuous training for all workers in each department. Moreover, the menu we offer our guests makes our hotel more Azeri. We have both European cuisine and Azeri. However, the preference is for national cuisine. What the customer needs when they first enter the hotel is smiling face. In addition, there is a new tendency in the needs of our customers: technology. They demand a WiFi network in their rooms, in the lobby, and we work to make sure these needs are catered for.

Gabala, the region we focus on more than any other, simply for its nature. If I compare Gabala to Davos, Gabala has not less, but more excellence in its natural surroundings. Currently, we have six hotels, a mini Disneyland for kids and a ski resort in Gabala. His Excellency President Ilham Aliyev participated in the opening ceremony of the centre. Furthermore, the construction of a golf resort is in progress. There is a shooting club. Two European Shooting Championships will be held this year. We are going to open two more hotels in Gabala and one in Baku White City.
Azerbaijan has long been touting the glories of its ‘nine climatic zones’, all jammed into one little country a third smaller than England. Until the last few years, few visitors went out to experience this remarkable natural diversity and those that did would have found minimally few rural facilities. Mountain roads were frequently potholed mudslides and much accommodation was basic in the extreme. Today the range of options has expanded beyond all expectations. Major roads have been paved and provincial towns have sprouted ATMs as well as comfortable new hotels. While certain mountain villages remain awkward to reach, even some of the smaller getaways now have basic home-stay accommodation (see www.clt.azerbaijan.com).

Gabala

Nowhere better sums up the scale of such rural transformations as Gabala, a small country town crouching between lushly forested foothill fingers of the High Caucasus Mountains in north-central Azerbaijan. For a decade after independence the place appeared stuck in a post-Soviet hangover, its single central hotel a sorry mess and the fine stone mosque still used as an under-lit museum. Despite some mossy riverside woodlands at the town’s northern fringes, Gabala back then was known mostly for the Russian managed Radio Location Station, a Soviet-era satellite monitoring facility looming distantly across the wide valley. Today the difference is jaw dropping. The river has been re-aligned to make space for Azerbaijan’s most luxurious resort hotels (http://quba.rixos.az). A new winemakers’ village has expanded beyond all expectations. Major roads have been laid; new wineries have sprung up. The Qusar river has been channelled into huge expanses of ornamental ponds and lagoons. Today Gabala is a refreshing, cool-air venue for cultural and sporting events. The rash of new facilities has helped establish the place as back for cocktails and a comfortable bed at one of the dazzlingly suave Pik Palace (www.pikpalaceshahdag.com), said to be the most luxurious resort hotel in Azerbaijan. Gabala’s golf course will not be the country’s first. The ancient Persians had built nine holes on a hilltop above the town to make it a rewarding and scenic course for the kings of Khurasan, itself a legendary Buddhist kingdom. For centuries the lovely Sayingu River, inspired by the nine rivers of paradise, has helped establish Gabala as a refreshing, cool-air venue for cultural and sporting events. The rash of new facilities has helped establish the place as a comfortable bed at one of the dazzlingly suave Pik Palace (www.pikpalaceshahdag.com), helping to make it an indubitably exclusive family getaway as well as a golfer’s delight. Away from the fairway, there are plenty of nearby destinations: Quba town was once a regional centre in the Russian Imperial era and it retains a scattering of historical brick buildings with ornate windows and several curious mosques converted from old churches. Across the Gudiyalchay River is a unique all-Jewish village with its own fascinating history. And accessed by a bumpy but spectacular mountain road via beautiful canyons and panoramic passes lies fabled Xinaliq, a miniscule but idyllically set hamlet of Laza above which rise the town to high rolling ski tourists who could get from plane to piste in under an hour – almost unique amongst ski resorts anywhere. Just beyond the airport, the pretty Savalan (Mount Elbrus) is home to the key vineyards of one of Azerbaijan’s foremost new winemakers. This is part of a multi-pronged economic development package that goes far beyond tourism to include a range of light industries from fruit and juice production (http://jale.az/en/) to quality pianos manufacture (http://beltmannpianos.azerbaijan.com). Behind a great many Gabala businesses is the guiding influence of multi-stranded parent company Gilan Holdings while since 2007, Gilan Tourism has been the driving force behind the development of Gabala’s remarkable tourist infrastructure with a whole portfolio of luxurious Qafqaz-branded properties (www.gilan.tourism.com) and a golf resort under construction.

Golf at Quba

Of course rural Azerbaijan offers far more than just skiing and golf. The pretty city of Sheki is particularly charming with a historical core built around the colourfully muralled palace buildings of a former khan (local ruler). Sheki also offers the tempting option of sleeping in a genuine cloistered caravanserai. The ‘copper-smiths village’ of Lahij has an idyllic setting and is a great place to get to know local customs while sleeping at family guest-houses or homestays. Ismayilli, Qax and the Azerbaijani town of Qusar. Unlike Gabala, the slopes are very much away from any urban centre, the closest village being the miniscule but idyllically set hamlet of Laza above which rise the town to high rolling ski tourists who could get from plane to piste in under an hour – almost unique amongst ski resorts anywhere. Just beyond the airport, the pretty Savalan (Mount Elbrus) is home to the key vineyards of one of Azerbaijan’s foremost new winemakers. This is part of a multi-pronged economic development package that goes far beyond tourism to include a range of light industries from fruit and juice production (http://jale.az/en/) to quality pianos manufacture (http://beltmannpianos.azerbaijan.com). Behind a great many Gabala businesses is the guiding influence of multi-stranded parent company Gilan Holdings while since 2007, Gilan Tourism has been the driving force behind the development of Gabala’s remarkable tourist infrastructure with a whole portfolio of luxurious Qafqaz-branded properties (www.gilan.tourism.com) and a golf resort under construction.

Golf at Quba

Azerbaijan is much more than its capital Baku, and the beauty of the rest of the country will astound even the most well-travelled of visitors. Just expect the journey to be a bigger part of the trip than expected.

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Gabala

Nowhere better sums up the scale of such rural transformations as Gabala, a small country town crouching between lushly forested foothill fingers of the High Caucasus Mountains in north-central Azerbaijan. For a decade after independence the place appeared stuck in a post-Soviet hangover, its single central hotel a sorry mess and the fine stone mosque still used as an under-lit museum. Despite some mossy riverside woodlands at the town’s northern fringes, Gabala back then was known mostly for the Russian managed Radio Location Station, a Soviet-era satellite monitoring facility looming distantly across the wide valley. Today the difference is jaw dropping. The river has been re-aligned to make space for Azerbaijan’s most luxurious resort hotels (http://quba.rixos.az). A new winemakers’ village has expanded beyond all expectations. Major roads have been laid; new wineries have sprung up. The Qusar river has been channelled into huge expanses of ornamental ponds and lagoons. Today Gabala is a refreshing, cool-air venue for cultural and sporting events. The rash of new facilities has helped establish the place as back for cocktails and a comfortable bed at one of the dazzlingly suave Pik Palace (www.pikpalaceshahdag.com), helping to make it an indubitably exclusive family getaway as well as a golfer’s delight. Away from the fairway, there are plenty of nearby destinations: Quba town was once a regional centre in the Russian Imperial era and it retains a scattering of historical brick buildings with ornate windows and several curious mosques converted from old churches. Across the Gudiyalchay River is a unique all-Jewish village with its own fascinating history. And accessed by a bumpy but spectacular mountain road via beautiful canyons and panoramic passes lies fabled Xinaliq, a miniscule but idyllically set hamlet of Laza above which rise the town to high rolling ski tourists who could get from plane to piste in under an hour – almost unique amongst ski resorts anywhere. Just beyond the airport, the pretty Savalan (Mount Elbrus) is home to the key vineyards of one of Azerbaijan’s foremost new winemakers. This is part of a multi-pronged economic development package that goes far beyond tourism to include a range of light industries from fruit and juice production (http://jale.az/en/) to quality pianos manufacture (http://beltmannpianos.azerbaijan.com). Behind a great many Gabala businesses is the guiding influence of multi-stranded parent company Gilan Holdings while since 2007, Gilan Tourism has been the driving force behind the development of Gabala’s remarkable tourist infrastructure with a whole portfolio of luxurious Qafqaz-branded properties (www.gilan.tourism.com) and a golf resort under construction.

Golf at Quba
LE: What makes Azerbaijan a unique tourism destination for both corporate and leisure tourists?

TK: The corporate presence is quite strong, both in the market in general and in the hotel industry, and corporate tourists are usually part of the oil and gas industry or affiliated businesses. Leisure tourism needs to be developed further, which is not just about the city and what it has to offer, but also about accessibility to the country and transportation. There are a lot of external factors affecting the whole leisure market, which still needs to be developed. Convention tourism is another area, which is still unfortunately missing in the city. Conventions are a key player for hotels as regards long-term planning and forecasting. Here in Azerbaijan, thanks to the full support of our Minister, we now have a convention bureau, which, for the past year, has been a great help in bringing some really major conventions to Baku, all of which are very welcomed by convention organisers. Obviously, many conventions won’t be held before 2018 or 2019, as most conventions have been booked for the foreseeable future, however Baku now has the infrastructure – the Heydar Aliyev Centre for example – that can handle such events. We still have room to grow in convention and leisure tourism, but the corporate sector is going very well, it is very strong and showing growth each and every day.

LE: How are hotels adapting to guest demands as the market changes and guest profiles change?

TK: I don’t think the guest profiles will alter that much. I think the guest profile will move with the changes in the segmentation: leisure, weekend, business or convention. This will make a bigger difference. But I think the normal business pattern will continue, and that the big changes are mostly in the business segmentation, and the needs of the business guest don’t differ that much. What we need to do is to adapt ourselves to the business changes and understand the clientele who are coming to the country, and that is more difficult to do. All of our hotels are ready for those changes. They are geared with specific training programs and we do try to have a diverse range of languages within the hotel. For us, it is a pleasure to see how the city is quickly growing, and we try to adapt to it by providing good service, which is not too difficult to do for a Hilton with the experience we have.

LE: What can a first time visitor expect in terms of the choice of hotels here in Baku?

TK: The top five star hotel chains are all already in Baku, and are very active in the market already. The Hilton Baku is only three years old, which consequently makes it one of the oldest. When I first came here 22 months ago, Azerbaijan had already held the FIFA U-17 Women’s World Cup, which was a great achievement, and now with the European Games there are a lot of stadiums being built, which will be a great tool in bringing in further business after the European Games. Additionally, there are talks of the Islamic Games in 2017. We are trying to bid for the championship final with the new stadium, which will be easy to do, and the hotels are supporting it. Obviously three weeks of event activity is not enough business to last the whole year, but we have to start somewhere, and this country has started already with Eurovision. Eurovision actually was the biggest step for presenting the country and the city to Europe. Then the FIFA Women’s World Cup was another big event, and we also had classic rally cars event. I believe Formula One has been signed off, so this is another big event coming in. And of course the European games are going to be a big hit for the city and the country, next year in June. They are all welcome. It is not only five-star properties, but also hotels and accommodation in general that has to develop, locally for four stars and three stars and luxury like the one we have.

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Tourism Challenges

AZERBAIJAN’S TOURISM offering is transforming rapidly. New roads, splendid new resorts, a portfolio of remarkable modern architecture, renovated museums, great galleries, MICE and tourism information centres, a network of rural homestays… the list of positives is long and growing. But there are some important niggles that might affect the visitor experience. Azerbaijan has yet to find a way to help budget travellers and casual Western style tourists who don’t decide their full itinerary in advance but simply want to turn up somewhere and follow their whims, reacting to situations as they occur. While such travels are perfectly possible in Azerbaijan, they are hamstrung by the relative lack of backpacker accommodation, bureaucratic hurdles to visiting some of the national park areas, and the necessity for visas and registration.

If Azerbaijan wanted to encourage a wider range of travellers it could learn a lot from neighbouring Georgia. But for now, it appears that backpackers are not considered of sufficient value to adapt the systems. Short term, a priority to encourage higher-value visitors would seem reasonable enough. But longer term, shunning the budget sector might prove to be too costly. Leading travel industry website, Skift.com recently issued a report which highlighted the financial benefits of encouraging student tourists. While in itself, such a sector might appear to be ‘low margin’, the report pointed out that student travellers now constituted as much as 20% of all international arrivals with an estimated cumulative global spend of around US $320 billion. And perhaps more significantly might appear to be ‘low margin’, the report pointed out that student travellers now constituted as much as 20% of all international arrivals with an estimated cumulative global spend of around US $320 billion. And perhaps more significantly

Visas

In July 2014, the general coordinator of Gilan Tourism – a big player in the development of the industry especially in the mountainous region – told this publication “We only have one problem that needs to be addressed, that of streamlining visa regulations for tourists.”

Most foreign visitors require a visa. For tourists who pre-book a tour and/or accommodation for the duration of their stay, the process of obtaining an e-visa is relatively straightforward and sensibly priced. However, this system is not ideal in the modern era of more spontaneous travel in budget airline exploratory hops. Of course, Baku authorities quite reasonably argue that it is only fair for visitors to be subjected to the same kind of stringent formalities that Azerbaijanis endure when visiting Western countries. But that is bound to effect tourists interest in coming to Azerbaijan. For young West Europeans, even basic border formalities are something many have never experienced, meaning the very idea of a visa is strange. With many people taking short-break holidays relatively cheaply and spontaneously, and with so many alternative destinations available, the hurdle of a visa application is often enough to dissuade many potential visitors. This situation is particularly apparent in Tbilisi, Georgia where – since the dropping of visa requirements for most nationalities – hostels have multiplied exponentially. A great number of backpackers in Tbilisi express the wish to visit Azerbaijan… until they discover that they not only need a visa, but also a letter of invitation and/or pre-booked accommodation. The hassle factor simply sounds like too much trouble for many travellers who often decide instead to spend their time in neighbouring countries where there are no such rules.

Visa Registration

A rule introduced in April 2013 states that foreign visitors need to register with Azerbaijan’s State Migration Service within three days of arrival in the country. For tourists staying in mainstream hotels this is no headache whatever in that reception normally completes the registration procedure on their behalf. What can prove financially costly, however, is that should a hotel forget the registration, then it is the traveller who becomes liable for a fine of at least AZN 500 (€300) when leaving the country. Many hotels are under the misapprehension that if once a traveller has registered once then they don’t need to re-register. Officially that is not true, and the same fines apply for gaps in one’s registration, which rais-es as yet unresolved questions about how one should organise camping trips. For those staying with friends or local families rather than in a hotel, it’s necessary to organise one’s own registration. An October 2014 article in www.today.az said that such registration is fairly straightforward, noting that it can be done online through www.migration.gov.az. This misses a couple of key points. First and foremost, the very idea of reg-

istration is quite alien to most Western travellers who don’t realise that such a rule exists – after all it is not something backpackers will have encountered in most other European countries. Yes there are notices on the wall in border immigration areas but there is no notice handed directly to arriving visitors to underline the importance of this rule. Then there is the obvious point that those on holiday are hardly likely to enjoy spending part of the first day in any new town or village looking for internet facilities, or visiting the post office to register that way. Another niggie is that the downloadable registration form is only available on the Azerbaijan national language section of the website. It cannot be simply filled in on-screen but must be downloaded, filled in, scanned and re-uploaded in a process that assumes the availability of a printer and scanner, which can be a fair way from straightforward requirement for those staying in more remote, rural homestays.

National Parks

Azerbaijan often makes a great play about its remarkable number of climatic zones. And a visit to a selection of the country’s eight national parks would provide a great sense of what that actually means. In the Shirvan National Park, the steppe-land scrub has something of the feel of African savannah and bucking and bounding across it you can watch rare jays (Caucasian Gavials). October is the month for spotting flamingos in the coastal shallows and lagoons of the Absheron National Park. In Alt Agach and Xirkan National Parks, deciduous trees from oak to ironwood create a glorious fuzz of dense woodland. And while the semi-desert around Baku sizzles in mid-summer, the extensive Shahdag National Park is the ideal mountain playground in which to cool down amid eternal snows and highland villages with their own distinct languages.

In recent years, however, tourists have been confused by the bureaucracy of how to visit the National Parks. Some charming villages which were previously open to any visitors now fall within park boundaries, while most of Azerbaijan’s foremost trekking routes – notably Laax to Xinaliq – are now not only within a national park, but also in an area where you will need special clearance as the authorities consider it a ‘border zone’. The result has meant understandable frustration for many visitors. Also, unlike British equivalents, Azerbaijani National Parks charge an entrance fee, and while that is only a fairly modest 4 manats (€4) for foreigners, the surprise is the discovery that one can’t simply pay on arrival. The parks are under the management of the Ministry of Ecology whose website has a system for online prepayment. The site works well enough, uses a secure server and – although the English turns to Azerbaijani half way through the payment process – the applicant receives an e-mail almost instantly to say that the payment has gone through. Except that travellers arriving at the Shirvan National Park have been refused entrance despite having paid this way and having printed out the confirmation e-mail.

The problem, it seems, is that the gate keeper simply has no computer access on which to double check the validity of the payment. The result is a diminishing faith in the system which, in these days of social media, is a slap in the face for Azerbaija-ni tourism. Driving 100km to a park with a prepaid ticket only to be refused entrance is rather frustrating.
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EVER SINCE AZERBAIJAN started exporting its energy wealth and accruing the dividends in the state coffers, the administration has had its eye on the development of information and communication technologies (ICT). The sector has come far in the last five years, having developed a competitive and diversified telecommunications sector, a budding private IT sector that supports some of the e-government programmes in the country, a space programme, a technology start-ups incubator, an IT university and start-up funding scheme, and an internet connectivity that is unrivalled in the region.

Recent milestones on the public sector side include the adoption of a national ICT development strategy in 2008, and the declaration of 2013 as the year of ICT, which led to developments such as the launching of the country's first satellite, Azerspace-1. ICT has been growing at double-digit rates in recent years; in 2013, revenues from the sector increased by 14% year-on-year, after an 18% growth rate in 2012, and thus surpassed the US $2bn mark. To date, the sector has created over 27,000 jobs, has become the second largest investor in the economy after oil and gas, and accounts for roughly 2% of GDP.

Telecommunications

Azerbaijan's telecommunications sector is driven by mobile voice and data services, which account for over 60% of revenues. At 1.1 mobile phones per person, mobile telephone penetration has surpassed the 100% mark, but remains slightly under the European average of 1.3, and below the frontrunners in the region such as Kazakhstan (1.8) and Russia (1.5), according to World Bank data. There are three main operators: Azercell, the market leader, Bakcell and Azerfon/Nar Mobile. The introduction of the mobile number portability (MNP) service in February 2014, along with a market that is already dominated by prepaid, means that the competition for market share among the three operators will continue to be cut-throat.

Market leader Azercell commands a market share of 42% and has the longest presence on the market, dating back to 1996, when it was established as a subsidiary of Turkcell, one of Turkey's leading operators. TeliaSonera became its majority shareholder in 2000. It is estimated that, during its 18 years in operation, Azercell has invested over US $1.3bn in the Azerbaijani economy, and has paid as much in taxes and duties, which makes it the largest taxpayer in the country in the non-oil sectors. In many ways, the company revolutionised the corporate culture in Azerbaijan, not just in its area of expertise, but also in human resource development and corporate social responsibility. To date, Azercell boasts 4.5mn subscribers, and its services cover 80% of the Azerbaijan territory. The company has 1,200 2G/3G/4G installed base stations, an infrastructure that should accommodate the increasing demand for mobile voice and data services, which increased by 120% year-on-year in 2013.

Newer entrants Bakcell and Azerfon/Nar Mobile report market shares of 35% and 23% respectively, and are challenging Azercell's previous dominance through flexible voice and data options, and branding initiatives. Bakcell, for instance, collaborates with Manchester United to promote its brand, and endorses sports-related events and trainings. It has even built a stadium in Baku, the Bakcell Arena, and is working in partnership with the Azerbaijan Football Federation Association (AFFA). The operator was also the first to launch its own brand of smartphone in Azerbaijan, and has released two different models that were developed in collaboration with Huawei between 2013 and 2014. In turn, Azerfon, which goes by the brand name Nar Mobile, has tapped into its partnerships to become the first operator to be awarded a 3G licence in the country, back in 2011. Since then, the company has positioned itself as a youth brand through its support of education and cultural events. In 2014, it became an official partner of the Baku 2015 Games, together with the largest companies in the country, like Azerbaijan Airlines and PASHA Bank.

In September, the Ministry of Communications and High Technologies (MCHT) awarded a 4G licence to a new entrant, Nakhtel, which is the operator covering the Nakchivan Autonomous Region (NAR). The ministry vowed support for the operator, which will use the base stations of the existing companies to roll out its services, and suggested it may be allowed to provide countrywide services at a later, unspecified date. Fixed telephony has been fairly stagnant, with a penetration rate of 19 lines per 100 people. The main providers are state-owned AzerTelecom and Baktelekom, which are undergoing a process of restructuring this year, with the aim of privatising them in the coming years.

Internet services

According to the MCHT, 70% of Azerbaijanis were connected to the internet via fibre optic, wireless and DSL/ADSL at the end of 2013. Currently accounting for 10% of that figure, fibre optic is set to grow in light of the SOFAZ-sponsored US $570mn fibre optic project, which aims to connect all the regions of the country through this technology by 2022. Wireless and ADSL services are estimated to account for 30% and 15% of the market respectively. Mobile 3G internet dongles, such as those offered by Bakcell and SAZZ, are also becoming increasingly popular.

There are 40 internet providers in Azerbaijan. The average connection speed for incoming traffic is a modest 5.48 Mbit/s; the average for the capital city is almost double that, but it falls to as low as 3.33 Mbit/s in the regions.

E-Government

Azerbaijan has been one of the leading countries in the Commonwealth of Independent States (CIS) to implement e-government services. The vast majority of services are provided through the www.e-gov.az portal, which brings together 26 government services. The vast majority of services are provided through the www.e-gov.az portal, which brings together 26 government services. The vast majority of services are provided through the www.e-gov.az portal, which brings together 26 government services.
Information and communications technology: leading Azerbaijan’s non-oil growth

BRIEFING

Information and communications technology: leading Azerbaijan’s non-oil growth

Private and public sector support for technological innovation

In line with the designation of 2013 as the year of ICT, last year the government set up three institutions to help technological innovation in the country: the High Tech Park, which aims to be an incubator for innovation in technology in Azerbaijan; the University of Information Technologies, which opened its application process in mid-2013 and will include only English-language courses in its curriculum, in addition to internships through partnerships with IT companies; and the IT State Fund, which brings together five private sector banks to finance IT start-ups through loans and grants.

The private sector, however, was first to promote innovation in Azerbaijan. For instance, Golden Pay, the e-payment company that went online in 2009 and launched Hesab, one of the most popular services in the country, is looking to launch an initial public offering (IPO) to finance its expansion. Software developer Ultra has been helping the Ministry of Culture set up a centralised electronic library system, while Simbrella exported its software for mobile telephone credit (SIMKredit) to 12 countries and is looking to launch a smartphone taxi application, called SIMTaxi, in Azerbaijan.

Azercosmos and the space programme

The launching of the country’s first satellite, Azerspace 1, in February 2013, might have attracted the world’s attention, but the brunt of the work to make the satellite a commercial success took place in the following months. According to Azercosmos CEO Rashad Nabiyev, the focus has always been on commercial feasibility, as the space programme was never meant to be a mere symbol of the country’s development. “Azerbaijan’s priorities in the space industry are driven by the search for high-potential customers and investors, and by the pursuit for sustainability in our operations,” he said.

Since July 2013, the company has secured broadcasting clients in various countries, including Ukraine, Turkey, Afghanistan, Azerbaijan and Georgia, and is looking to further expand its services in Europe, Central Asia, the Middle East and Africa. The company is also studying the possibility of launching a second satellite to expand its operations.
INTERVIEW

Mr. Richard Shearer (RS)
CEO of Bakcell

Appointed CEO of Bakcell in 2011, positions throughout the US, Asia Cable and Wireless, DiGITelecom, and Europe in companies such as T-Mobile and BTC Mobile.

LE: How would you assess the policy and regulatory framework in Azerbaijan in terms of addressing future ICT needs?

RS: I think there’s a lot of investment going into facilities and infrastructure here, both fibre and mobile. For the business segment, there’s a lot of focus from all of the operators on creating an environment that is welcoming, that does provide that level of security in terms of access to services. Certainly, we’re all looking in investing in data centres, and greater upstream capacity. However the principal thing is from a government perspective, a policy perspective, there’s a significant focus on ensuring that investment is flowing into this sector, innovation is being nurtured in the sector and there’s a very positive policy environment. It’s a very simple thing but demonstrative of the focus. We’ve gone from having the Ministry of Communications and Information Technology to the Ministry of Communications and High Technology. Now, it kind of sounds not a great deal different, but what it does do is give them scope and the ability to then begin and nurture new businesses, incubators and begin to get that software and IT development infrastructure in place, and I think that’s what you’re beginning to see now. So with that policy umbrella, you’re beginning to see the investment come in.

LE: What is the significance of your relationship with Manchester United and the impact it has on Bakcell and Azerbaijan?

RS: We looked at various opportunities to add a bit of spice to the brand, add a bit of international flavour and one of the things we liked about Manchester United was they understood our business very well. They sat us down and said, “What are your objectives? How can the brand support that?” What the tools that we would use? We have built a very strong and deep partnership with them, we are their number one mobile partner globally in terms of activation and engagement and we now go to their partner conferences and present on what we do to teach their other partners how to leverage the brand. Part of that is driven by sponsorship.

The first step in the collaboration was when we ran the soccer schools, which were the Manchester United soccer schools, in which they send their trainers here. We did a road shows all around the country, ended up picking eight or 10 kids who came to Baku. We sponsor a stadium here, they did proper soccer training in the stadium, their parents came and stayed here, their chaperones and then we chose a couple of them and they went off to Manchester United and actually trained at Manchester United. We’ve done that for the second year again this summer and again, it’s been a huge success. That led us to sitting down with AFFA, the national football federation, and eventually coming to an agreement with them that we’d be a partner for them and really, it’s around soccer development.

We have this virtuous circle where AFFA partners with Manchester United to get access to their training capabilities, we partner with Manchester United to promote the brand and engagement, and finally we partner with AFFA to promote development. It’s from grassroots level, where we’ll install soccer pitches in urban locations, within a housing subdivision or similar, we’ll put an all-weather soccer facility with a trainer paid for by us and that will get the local kids interested, boys and girls, and we use that as a means for social developments.

LE: What investments are being in new and innovation technologies within the ICT sector of Azerbaijan?

RS: One of the big changes that we made to our business was forming a joint venture with our smaller competitor, and we now share our network with them. You may ask why we would do that? Are you giving away your competitive advantage in terms of coverage? The reason we did it was to give us access to significant spectrum, so we have more spectrum than anybody else in the marketplace which, long term, positions us very aggressively for the growth in data services. Essentially, there are three data technologies prevalent in the market, one is 3G where we’re the leader, one is 4G and the next one is essentially called LTE Advanced, which is 4G plus, for which you need an awful lot of spectrum to implement.

The reason that we’d formed this joint venture was to get access to all that spectrum, which will allow us to offer advanced services, and at the same time gives us a competitive advantage vis-à-vis our competitors who haven’t got as much spectrum from entering that market space. In order to continue positioning ourselves as a premium provider over time, we have to have an LTE network up and running in downtown Baku. We see it as a continuation of our broadband network, so providing services to what we would call the nomadic rather than mobile - they tend to be larger screen form factors that you use at home, or you use as you go out to an office or to a meeting rather than the small screen form factor that you use all the time walking around the street.

We looked at various opportunities to add a bit of spice to the brand, add a bit of international flavour and one of the things we liked about Manchester United was they understood our business very well.
Mobile Internet changes Azerbaijanis' lives, as data traffic shoots up

Data traffic is the clear driver for growth in the telecommunications sector, as its use skyrockets, with growth rates of 100% or higher year-on-year. Good coverage for 3G and 4G services and affordability are the factors behind this growth, while innovation will continue to fuel the competition for market share among the country's three largest operators.

Statistics about Internet penetration in Azerbaijan vary. The United Nations' Information Telecommunications Union (ITU) places the country's Internet penetration rate at 58.7% as of the end of 2013. The Azerbaijani Ministry of Communications and High Technologies, which includes one-time users in its statistics, places the number closer to 75%.

What all the sources agree on, however, is that the fact that mobile Internet is driving the growth in Azerbaijan’s access to data, which should not come as a surprise given its affordability and speed. According to Freedom House, in 2013 the average cost of a mobile Internet package was US $10, down from over US $50 before 3G services were introduced in 2011. During 2014, the cost of Internet packages dropped as low as US $0.4 for 50MB of mobile data or US $12.7 for 10GB. According to the Ookla's NetIndex rating, the speed of mobile Internet data traffic increased by 17.5% between April and July of 2014, and by 25% for outgoing traffic in the same period. Among the three major telecommunications operators, Bakcell offered the highest speeds for both incoming and outgoing traffic, which averaged 6.86 megabits/second for the former and 2.26 megabits/second for the latter. Azerfon/Naq Tel ranked second and third, with comparable speeds that were no less than 80% of those offered by Bakcell.

The speed of mobile broadband in Azerbaijan is thus comparable to that of fixed broadband, which may explain why over 30% of Internet users access it exclusively on mobile devices. The statistics unequivocally reflect the fact that mobile Internet is becoming part of day-to-day life in Azerbaijan. Its users can be spotted everywhere: in public places, at conferences, at different events and venues, snapping photos on their smartphones, or rating the quality of restaurants and sights, and uploading live content on social media. Social networks like Facebook, which has over 1.3 million users in Azerbaijan, as well as the multitude of applications from the country’s leading banks, e-commerce and taxi services, among others - and internationally popular applications like Angry Birds and YouTube - are driving traffic up. According to Richard Shearer, CEO of Bakcell, the profile of the mobile Internet user in Azerbaijan is changing. “Compared to past years, when users were resorting to mobile data for news and information, people nowadays are accessing social media, YouTube videos and similar content much more. In the past, people limited their Internet traffic because it was thought to be expensive. Yet with the drop in prices and thanks to greater awareness, mobile Internet has become an alternative medium of entertainment. This effectively marks the beginning of a cultural shift in this type of market,” he concluded. Statistics are backing up Shearer’s observation. According to a 2013 study, about 40% of respondents to a survey used mobile Internet to send messages or emails, as many as those who used it to access content with many images. Accessing and transmitting audiovisual content was quoted by 35% and 31% respectively of respondents, while accessing primary text content like websites was the reason why less than 25% of respondents accessed the Internet on their mobile phones. The survey, conducted by the UN High Commission for Refugees (UNHCR), found Azerbaijan to be the second wealthiest country for mobile data among all the countries surveyed.

The country’s three telecommunications operators cite mobile data as the driver for growth in their sector, and report yearly increases of up to 500% in the demand for data traffic in 2013. According to a July 2014 press release, every second Azercell subscriber, or 2.25 million users, is an active user of mobile Internet. The figures for the other two operators are similar, and indicate an approximate use of mobile data traffic of 4.5 million users, or 50% of Azerbaijan’s population. However, the race among the three companies to attract more users and more data usage continues. From strengthening their presence on social media - the Azercell and Bakcell Facebook pages are some of the most popular Facebook pages in Azerbaijan - to promoting ever cheaper and more flexible Internet packages, and offering free entertainment products and free traffic for registering, the solutions devised by the three operators promise to continue to drive prices down and quality up. Last but not least, innovation will remain the focus in the fight over market share. According to Shearer, there are three data technologies present in Azerbaijan. The oldest, 3G, has yet to exhaust its potential, but 4G and LTE Advanced, which is the equivalent of 4G plus, are quickly catching up. At the moment, Baku and the Absheron peninsula are well covered by both 3G and 4G spectrums, while 3G is more widespread in the rest of the country, where 4G is slowly being introduced.

Chiril Gaburici, Azercell’s CEO, thinks that the population is aware of the improvements in mobile data and Internet services. “Azerbaijani citizens and businessmen need to know they can get coverage in the mountains, under the ground and even in the sea, as well as in Baku. This is a fundamental enabler for the sector to lead the services and the non-oil economy.” Azercell’s growth strategy is all about mobile data. “In the coming year we expect to see a huge growth in data usage. If you look back at the last several years, we have had 200%, 300%, and even 1,000% growth in data usage. More and more people are using smartphones, while the range of applications used is becoming increasingly data intensive. We aim to bring affordable smartphones to the regions outside the capital in particular, as they tend to be more price-sensitive, but we are still determined to offer devices that are desirable and affordable,” he added.

The final frontier, according to Gaburici, is the widespread introduction of M2M technologies in Azerbaijan, which will make data services the driver for growth not only in the telecommunications sector, but in the economy as a whole.

Technology, irreversibly changing the Azerbaijani economy

From banking to tourism and services, the Azerbaijani economy is changing thanks to the use of technology. The government and large telecommunications operators continue to support innovation through projects like a national fibre optic programme and a technology incubator, to set up the basis for an innovation-driven economy.

WHILE TELECOMMUNICATIONS OPERATORS Azercell, Bakcell and Azerbaijan’s Nar Mobile are gradually installing 4G base stations that will eventually cover the entire territory of Azerbaijan with high-speed mobile Internet, the economy is already reaping the benefits of existing private and public investments in telecommunications. A national fibre optic programme, sponsored by the State Oil Fund (SOFAz) and implemented by the Ministry of Communications and High Technologies (MCHT), is contributing to regional development and helping create opportunities outside the Absheron Peninsula. The US $770 million project aims to supply the entire country with high-speed Internet ranging from 10 to 100 megabits/second, at least double the current average speed. A new fibre to the home (FTTH) programme was rolled out in early 2014 and as of September 2014 had already achieved a penetration rate of 10%, a rate that is expected to increase by a factor of six by 2027. Preceding this effort is the Trans-Eurasian Information Super Highway (TASIM), which aims to connect Azerbaijan’s fibre optic network with those of neighbouring countries, and to create an integrat-
ed transit link spanning Europe and Asia, from Frankfurt to Hong Kong. Azerbaijan was instrumental in the early negoti-
tiations for TASIM, which also involved China, Kazakhstan, Russia, Turkey, Ukraine, the Black Sea Economic Cooperation
Council, the United Nations and the European Union. The ra-
tionale for building the network is economic, with expected results such as increasing exchanges of data and trade between
member countries, developing Internet services and therefore the regional economies, and enabling landlocked countries in
Central Asia to have affordable Internet connections. De-
signed as a two-phase endeavour, the programme is coming
close to the end of the first phase, during which all the coun-
tries involved are to build their fibre optic infrastructure.

But even with the existing broadband data services, the
Azerbaijani economy is already seeing the positive effects of
incorporating technology into the economy. Banking and fi-
nance is one of the sectors that is being transformed by the use
of technology, with e-banking and Internet banking helping
to enhance financial inclusion in isolated rural areas. Most of
the banks in Azerbaijan now offer Internet banking services,
which include the ability to check one’s balance, make pay-
ments, set up automated bill payments and other transfers, and make secure online purchases. In a country with signi-
ficant discrepancies between rural and urban areas, and where
bank networks are concentrated in cities and towns, mobile
banking is expected to change the way rural Azerbaijanis bank
in the next five to ten years.

Financial companies like AzeriCard are finding even more
innovative ways to integrate technology into their services.
Founded by the International Bank of Azerbaijan, the coun-
try’s largest bank, the card processing company set up a virtual
wallet service in 2013, which enables customers to withdraw
cash from ATMs using their smartphones, thanks to a technol-
ergy called Way4 Cash by Code that obviates the need to use an
actual card. In September 2014, PASHA Bank launched Visa
PayWave services at the local branches of a multinational fast-
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IN-DEPTH
Technology, irrevocably changing the Azerbaijani economy

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Soft, HP or Huawei and ZTE are well positioned in Azerbaijan,
local companies are also driving innovation. SINAM, for ex-
ample, has greatly benefitted from the developments in e-gov-
ernment by contributing solutions for the border patrol, social
protection fund, central bank, and different ministries. Sim-
ilarly, software developers such as Ultra are benefitting from
government spending on projects including a centralised digi-
tal library system and e-learning platforms for public schools,
50 of which are participating in an e-learning pilot project. A
budding group of local mobile application developers like ILT
Group and Simbrella, which designed the country’s first taxi
applications, are also thriving. And, given the expansion of Ba-
kū’s taxi services for the first European Games in 2015, they
are bound to have enough work in the near future.

The Azerbaijani government, the country’s largest consum-
er of technology, has also benefitted from the incorporation of
Internet-based services into its operations. The Azerbaijani
And Assessment Network Service (ASAN) is the latest product
released as part of a successful e-government campaign, which
saw the introduction of electronic visas and the streamlining of
tax payments and other state duties. Launched in 2013, ASAN
is a one-stop-shop where citizens and residents can register for
tax purposes, retrieve or make changes to their identity cards,
renew driving licences, register marriages, deaths and divorces
or solicit residency permits. The centres are cash-free, as all
payments must be made online, thus reducing graft. Appoint-
ments booked online also reduce the need for queuing, and
the status of an application filed at one of ASAN’s offices can
also be traced online. The Ministry of Taxes cooperated with
ASAN to design an electronic signature, ASAN Imza, which
can be used to digitally sign documents using secure mobile

Most importantly, both the government and large private
companies understand the need to continuously support inno-

producers of navigation equipment, such as CaspianNavtel,
have seized the opportunities offered by the fast-grow-
ing transportation sector to extend their up-to-date mapping
and GPS solutions to both individual drivers and companies in
need of freight control systems. Google maps and similar ser-
vices are no contenders for CaspianNavtel, which runs its own
free mapping website, and which has teams out on the streets,
checking and updating traffic conditions or changes in road
infrastructures 24/7. In the future, the company is looking to
have its mapping services included in the rural tourism devel-

A US $570 MILLION NATIONAL FIBRE OPTIC programme, sponsored by the State Oil Fund (SOFAZ) and implemented by the Ministry of Communications and High Technologies (MCHT), is contributing to regional development and helping create opportunities outside the Absheron Peninsula.
HR development and CSR: Azerbaijan's three telco operators inspire a people-centric corporate culture

The three main telecommunications operators have built their growth strategies around the development of their staff and corporate social responsibility. In so doing, they have inspired other companies to become more engaged in social initiatives and raised the bar for staff development in Azerbaijan.

AZERBAIJANI TELECOMMUNICATIONS operators are among the top contributors to the development of human resources in the country, a goal that they achieve through a multi-pronged strategy. Bakcell, Azerfon and Azerfon/Nar Mobile all have thorough corporate social responsibility (CSR) platforms, which entail supporting education at all levels, as well as sponsoring sporting and other events for the youth. Furthermore, the operators organise internship programmes to train and recruit future employees from among university students and recent graduates. Lastly, full-time employees are expected to derive part of their professional development from training courses, which the companies organise in-house or in collaboration with outside trainers.

In addition to being the largest taxpayer in the non-oil sector, Azerfon is also one of the top employers in the country, having created 12,000 direct and indirect jobs. TeliaSonera, Azerfon's major international partner’s approach to staff development, its compensation scheme and training opportunities revolutionised the local job market when it first invested in Azerbaijan in the 1990s. Currently, Azerfon employees are expected to derive 10% of their knowledge from development programmes, which are offered mainly through the Azerfon Academy, a department that has 30 certified trainers. The trainings vary and cover topics ranging from new technologies to presentation, negotiation, sales and management skills, and health and safety trainings. The Azerfon Academy does not serve the operator exclusively, as it occasionally trains members of public institutions and other companies. For more experienced professionals, TeliaSonera offers a six-month professional programme with modules taking place in different countries, which engages top-level managers and experts in the process of designing the company’s growth strategy.

Azerfon also organises internship programmes in the summer and winter for students and recent graduates. And, for exceptional students, the company extends a bursary programme, for which students need to pass various assessments, and which offers them a monthly stipend, as well as training and the opportunity to become an employee.

Besides on-the-job employee training, Nar Mobile has chosen to focus on employees with special needs. Now in its fourth year, the special needs programme has opened up opportunities for 12 hearing or speaking-impaired staff, who receive support in their professional development, special training modules in topics like Microsoft Office, and merit-based promotions. According to CEO Kent McNeely, “Education is important because it is the future of the country. We are hoping to work closely with the Ministry of Education on several ideas that we have to help drive various educational initiatives.”

In 2013, Nar Mobile started an internship programme and a professional development scheme called Nar Excellence. The latter includes initiatives such as 360-degree feedback, through which employees receive feedback from all the colleagues they work with, regardless of what level they are at in the company. In 2014, the company launched a leadership development programme that aims to maximise the strengths and minimise the weaknesses of the top 100 employees in the company. McNeely estimates that Nar Mobile invests approximately US $1,200 per employee in training and development, some of which takes place abroad, where employees are sent to take specialised courses or seek various accreditations.

Manchester United’s partner, Bakcell, is well known for its investment in education, particularly in sports education. After all, one of the main stadiums in Baku, the Eighth Kilometer District Arena, was renamed the Bakcell Arena in 2013 after its sponsor. But long before its partnership with the famous English football team, Bakcell had already placed primary education at the centre of its CSR strategy. In 2009, it unveiled a programme called Bakcell Stars, which aimed to support disadvantaged children from SOS Children’s Villages Azerbaijan under the slogan “every child is a star”.

In 2010, the company opened its in-house training centre for staff, devised an introductory training course in mobile telecommunications for university students, organised an exchange programme with AIESEC, and started a graduate internship programme in collaboration with three local universities: Kazaz, Qafqaz and the Azerbaijan Technical Universities.

Ever since, the operator has organised yearly training and internship rounds, the latest of which took place in the summer of 2014 and was called ‘Smart Start’. Furthermore, its association with sports has become more pronounced, as it first sponsored chess tournaments for children, the FIDE U-17 Women’s World Cup 2012 tournament and motorsport events, then widened its focus to include football and football schools for children. In 2013, the company launched a programme called ‘Football with Bakcell’, aimed at building more sports arenas around the country, and invited Manchester United coaches to Azerbaijan to train talented children in the newly founded Azerbaijan chapter of Manchester United’s Football School. Successful graduates of the summer football school were then flown to Manchester, where they continued their training.

Currently a sponsor of the national football team of Azerbaijan, Bakcell has continued its work with charities like SOS Children’s Villages, and helps students from disadvantaged backgrounds by supplying modern technology to their schools, organising training sessions and deploying assistance computer technology in special needs centres.

Azerbaijan’s three main operators have chosen to base their commercial strategies, and spend part of the high profit margins prevalent in the telecommunications industry, on training and opening up opportunities for their staff and for local children and youth. Whether it is through staff training courses, sports schools for young people or cooperation with local and international NGOs, Azerfon, Bakcell and Azerfon/Nar Mobile have inspired a change in Azerbaijan’s corporate culture. Companies from other sectors have followed their lead to engage in CSR and to pay closer attention to staff training, aspiring to the HR recognitions and awards that the operators have received in recent years. Universities are now integrating practical training into their programmes, and look to the three operators for internship opportunities for their students during the summer or winter breaks. And struggling NGOs know that they can count on the cooperation of the private sector to support education and other social programmes that will ultimately benefit Azerbaijan, its people and its economy.
Mr. Chiril Gaburici (CG)
CEO of Azercell

LE: AzerCell has 51% market share – how do you keep this market share and stay ahead of the competition?

CG: AzerCell has been in the market for 18 years, since 1996. We have always had as a central focus the people of Azerbaijan. Regardless of changes in our leadership during this period, we have always followed this philosophy, whether investing in the latest technologies or bringing the most modern services to our customers. This forward-looking approach and specified strategy philosophy has been the key reason why we have been so successful, and why we continue to maintain our leading market position. Even though some of our competitors were here before us, we have played a pioneering role within the sector, starting from the point when we became the first operator in the country to adopt the GSM standard. We listen to our customers and also predetermine their expectations. TeliaSonera, our strategic investor and main shareholder is an important role-model for us, as they share their expertise with us, which is sourced from their operations in 17 countries in Europe and Asia.

Today the Azerbaijani ICT sector is most definitely a competitive one with a broad range of highly sophisticated services.

LE: Innovation and technology are two drivers of the ICT sector. How fast is the Azerbaijani ICT market moving compared with other countries?

CG: Innovation and technology are core components in every aspect of our work. Technologies are changing at an almost unimaginable speed every day, and for us to stay ahead of the pack, we need to implement the most cutting edge ones quickly and reliably. Since we are part of a big international group, many of the newest technologies have been tested in other countries first, which saves us from certain risks and costs associated with testing. I will not compare different countries, however if I look at where the sector was five years ago, I can confidently say that the ICT sector in Azerbaijan has moved relatively quickly in adopting new technologies. We have a young population, which is very demanding, and so we have to provide them with the latest services. Of course, we test new technologies with focus groups first and then bring the services to market, which we know will be successful. Today the Azerbaijani ICT sector is most definitely a competitive one with a broad range of highly sophisticated services.

LE: What changes can we expect from the country’s ICT sector over the next few years?

CG: We have a number of projects in the pipeline. I have already spoken about technology; for example we now have 4G in Baku and almost the entire Absheron peninsula, and we are looking to expand into other regions in the near future. In the coming year we expect huge growth of data usage and if you look back over several years, we have had two hundred, three hundred, a one thousand per cent growth of data usage. More and more people are using smart phones, while the range of applications being used by users are becoming increasingly data intensive. We aim to bring affordable smartphones to the regions outside the capital to optimize various technological solutions related with mobile communication for businesses and people. Successful adoption of the latest world tendency with growing range of M2M products enable us to contribute to local economy with faster and remotely managed processes.

LE: Azercell has 51% market share – how do you keep this market share and stay ahead of the competition?

CG: As the number one taxpayer and investor of non-oil sector in the country, we are very central to this plan of economic diversification. The Ministry of Communication and High Technologies and of course the sector is not only important in terms of driving the economy forward but, more importantly, in improving the lives of the citizens of Azerbaijan. Excellent capacity, quality and coverage are all essential if the sector is to continue to thrive in the future. Azerbaijani citizens and businessmen need to know they can get coverage in the mountains, under the ground and even in the sea as well as in Baku. This is a fundamental enabler for the sector to lead the services of the non-oil sectors of the economy. We also continue with introducing advanced knowledge in order to optimize various technological solutions related with mobile communication for businesses and people. Successful adoption of the latest world tendency with growing range of M2M products enable us to contribute to local economy with faster and remotely managed processes.

LE: What are the key challenges facing the ICT sector regarding recruiting the best Azerbaijani talent?

CG: Recruitment and Human Resource development is no doubt a top priority and challenge in the ICT sector. AzerCell is very pro-active in this area. We operate several programs with various universities, offering scholarships and internships to the best students. The students will spend a year with us, as paid interns, and learn about many aspects of the company. Many of the students then stay on with the company. Training in the ICT sector is, of course, an on-going integral component of our business, since technologies are constantly evolving. If we recruit the best talent to our organization or sector, we know they will stay if they receive the best training.

LE: What role is the ICT sector playing within the shift from oil to non-oil sector economic dependency?

CG: Since our establishment back in 1996, the comfort and satisfaction of our clients has been of utmost importance for us. Throughout these years, AzerCell has been the role-model for innovative and life-changing solutions, driving the local telco market forward. We advocate fair competition as it leads further progress of the sector and enables better customer experience. In the current market landscape, every subscriber can choose the most appropriate telco provider and we are proud that despite the intense competition, every second person in Azerbaijan has chosen AzerCell!
Energy

BRIEFING
Energy sector developments: Shah Deniz 2 FID places natural gas in the limelight, as Azerbaijani state adjusts to drop in oil prices

INTERVIEW
Mr. Rovnag Abdullayev - President, SOCAR

INTERVIEW
Mr. Gordon Birrell - Regional President for Azerbaijan, Turkey and Georgia, BP

INTERVIEW
Mr. Christian Giudicelli - General Manager, TOTAL E&P Azerbaijan

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SOCAR: the pillar of Azerbaijan’s development is gradually going global

IN-DEPTH
Shah Deniz 2: construction works begin to deploy Europe’s most-awaited Southern gas corridor

IN-DEPTH
Europe’s energy security: can the Southern gas corridor replace Russia?

IN-DEPTH
Azerbaijan’s Contract of the Century, twenty years on

IN-DEPTH
Azerbaijan’s oil & gas deals: evolving international partnerships

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Azerbaijan’s oil fund: passing on the wealth

IN-DEPTH
Energy efficiency, an increasingly important issue in Azerbaijan

IN-DEPTH
Drilling in the Caspian: challenges and solutions
Energy sector developments:
Shah Deniz 2 FID places natural gas in the limelight, as Azerbaijani state adjusts to drop in oil prices

EVER SINCE the signing of the first production sharing agreement (PSA) in 1994 for the Azeri-Chirag-Guneshli (ACG) field, the fate of the Azerbaijani economy has improved dramatically. In the decades since, oil and gas exports have enabled the new country to develop a diversified economy, build its infrastructure, have heft in its foreign policy negotiations, and use the receipts from exports for social and regional development programmes.

Historically, observers going back as far as Marco Polo took notice of the gas coming out of the ground of the Caucasian khanate. Later on, Zoroastrians sought refuge in Azerbaijan from persecution in the Persian Empire and built a temple of fire in Ateshgah, close to Baku, precisely for this reason. In the early 19th century, Azerbaijan played an important role in the development of oil industries worldwide. Thus, the world’s first paraffin factory was built in Azerbaijan in 1825, and the world’s first oil field was drilled there in 1847.

Commercial production of natural and associated gas started during the 1870s and continued during Soviet times, reaching a peak of 23.5 million tons of oil in the 1970s, or over 71% of the Soviet Union’s production, and 14 billion cubic metres (bcm) of gas in the early 1980s. However, it was not until the signing of the Contract of the Century in 1994 between the Azerbaijani state and SOCAR, on the one hand, and a consortium of 11 companies - Amoco, BP, McDermott, Unocal, LukOil, Statol, Exxon, TPAO, Pennzoil, Itochu, Ramco and Delta - on the other, that Azerbaijan’s deep-water oil and gas fields were explored in a regulated manner, meant to benefit both the companies involved and the then war-ridden country.

Since independence in 1991, Azerbaijan has openly allowed foreign participation in its energy sector, and, to date, it is the regional country with the greatest number of PSAs signed. The state oil company, SOCAR, produces approximately 20% of the country’s oil output, and runs the mid- and downstream sectors (the country’s two refineries and the network of pipelines). It also participates in all the foreign consortia that sign PSAs with the Azerbaijani government. Meanwhile, the Ministry of Energy is in charge of handling exports and managing the agreements.

POISED TO BECOME an important gas exporter to Europe in 2019, Azerbaijan is currently the world’s 17th largest exporter of crude oil. Construction for the Shah Deniz 2 project was underway in 2014, while the drop in oil prices in the second half of the year forced the state to adjust its budget for 2015.
Offshore & gas fields

Discovered in the 1970s, the ACG continues to be the largest oilfield in Azerbaijan’s sector of the Caspian basin. It has been developed in three stages and required over $29mn in investment as of July 2014, by which time it had produced 2.5bn barrels of oil. It is operated by BP on behalf of the Azerbaijan International Operating Company (AIOC), an umbrella company that represents the interests of the other signatories to the PSA. The field covers an area of 167 square miles, has a shape similar to that of Manhattan and is located 120km east of Baku. It is being explored through six production platforms and two process, gas compression, water injection and utilities (PCWU) platforms. A web of subsea pipelines connects it to Azerbaijan’s largest oil terminal, Sangachal, which can process up to 1.2mn barrels of oil per day. The building of the Baku-Thilisi-Ceyhan (BTC) pipeline, which transported its inaugural oil exports in May 2006, was a landmark in the commercial exploration of the field. The second largest pipeline in the former Soviet Union, the BTC’s impact on the Azerbaijani economy cannot be overstated. In 2007, a year after oil exports began, Azerbaijan’s GDP grew by a record rate of 35%. However, aging ACG is no longer the only commercial offshore field, as Shah Deniz. "BP’s largest discovery since Prudhoe Bay" as the company touts it, was discovered in 1999. With gas reserves of over 1 trillion cubic metres (Tcm) or almost 40 trillion cubic feet (Tcf), the field is one of the world’s largest gas-condensate fields, and is operated by BP on behalf of its partners in the Shah Deniz PSA. The first stage of the field’s development, required a $4bn investment. Shah Deniz 1 has a production capacity of 9 billion cubic metres of gas per annum (bcm) and 50,000 barrels of condensate a day. The field was developed in seven years and, as of July 2014, it had produced 52.7 bcm of gas and 108.5mn barrels of condensate. The second stage of the field’s development, Shah Deniz 2, began with the signing of the final investment decision (FID) on December 17, 2013 between the Azerbaijan state and a BP-led consortium. The FID is seen as a landmark in the development of Azerbaijan’s energy resources, as it will take Azerbaijani gas all the way to European markets like Greece, Bulgaria and Italy. Dubbed The Contract of the 21st Century, the FID will add a further 16 bcm of gas production to the 9 bcm produced by Shah Deniz 1, and will require a $28bn investment in the upstream sector as well as the first portion of three interconnected pipelines that will link Azerbaijan’s Caspian shore to Italy’s Adriatic one. Estimated to require $50bn in total investment, the transnational project will enhance Azerbaijan’s importance to energy security in Europe, and diversify gas deliveries in Eastern and Southern Europe away from Russia. The first gas deliveries to Turkey and Georgia are expected to take place in 2018, and to Europe the year after. Throughout 2014, two of the main shareholders in Shah Deniz 2, France’s Total and Norway’s Statoil, sold their shares in order to focus on fields in which they are majority shareholders or operators. Total sold its 30% share to Turkey’s TPAO in May; while Statoil gradually divested its shares; it first sold a 10% share to BP and SOCAR at the time of the signing of the FID and, in October 2014, it sold out of the project, in a US $2.25 billion deal with Malaysia’s Petronas for its remaining 15.5% stake. According to the Oil & Gas Journal, as of January 2014, Azerbaijan had proven reserves of 35 trillion cubic feet (Tcf) of gas and 7 billion barrels of crude oil. Unlike neighbouring Iran, Azerbaijan is endowed with the lighter and more expensive varieties of crude, which it classifies as Azeri Light (light variety, extracted from the ACG field) and Azeri BTC (medium-light, comprised of Azeri Light and Shah Deniz condensate, with occasional addition of Turkmen Cheleken crude). The majority of the country’s gas reserves are associated with the Shah Deniz field, although the ACG also contains some gas and even greater reserves are believed to lie under the field. In 2011, Total discovered 12 Tcf worth of estimated gas resources in the Absheron formation. Declared commercially feasible in 2012, Absheron is expected to come on stream in 2021, after construction at the Shah Deniz 2 winds down. Total is the operator and holds a 40% share in it, while SOCAR holds an equal share and GDF Suez holds a 20% share. While Azerbaijan has largely been an oil exporter thus far, the developments at Shah Deniz 2 will change that by the end of the decade, as gas becomes more and more important in the country’s energy exports and energy sector as a whole. Outlook and importance of the energy sector in the economy

Despite the developments in the planning and building stages for Shah Deniz 2, energy exports have decreased in recent years and, corroborated with the drop in oil prices this year, so has the importance of the energy sector in the Azerbaijani economy. OPEC’s World Oil Outlook 2014 notices a “strong production decline” in recent years, when liquid supply fell to 0.9 million barrels per day (mb/d) in 2012, from a high of 1.07 mb/d in 2010, and will continue to drop to 0.87 mb/d in 2014. The reasons for this drop are ongoing production problems and maintenance work at a major oil refinery and technological upgrading at some of BP’s platforms, which caused production to be stopped for weeks at a time this year. Crude oil and condensate production dropped from 32.8mn tonnes in January-September 2013 to 32.1mn tonnes in the same period of 2014. Furthermore, the steep drop in Brent prices to under $90 per barrel in October-November 2014 prompted the Azerbaijani government to adjust next year’s budget calculations based on the new prices. The budget calculations were based on US $100 per barrel, although the actual receipts were higher in the first half year, when prices averaged US $107-$108 and spiked to US $115 in June. In October, Goldman Sachs slashed its forecast for Brent prices to US $85 during the first quarter of 2015, on the back of increased production in developing markets like Mexico and Brazil. In consequence, the weight of the energy sector in the Azerbaijani economy is expected to drop from 40.4% in 2014 to 34.9% in 2015. Renewable and clean energies

Hydrocarbons remain the mainstay of Azerbaijan’s energy production, but renewable and clean energy is increasingly making its way into the country’s energy mix. Currently accounting for 0.4% of energy production and 2.3% of consumption, renewable and clean energy is expected to account for 9.7% of energy consumption and 20% of production by 2020. The National strategy for the development of alternative and renewable energy sources 2012-2020 devised two implementations of new and wind projects, in order to reach this goal. One such plant, which allows for exports, which reached 2.1bn kWh in 2013, State-owned Azerenergy produces the vast majority of electricity. In 2013, it generated 20.8mn kWh, out of a 23.2bn kWh total power generated. NAR’s state energy agency produced 748.4mn kWh, while independent power plants contributed 1.67bn kWh to the grid, 84% of which was derived from wind farms. Natural gas accounts for 88% of power generation in Azerbai- jani. In 2012, 373 billion cubic feet (Bcf) were used for this purpose, out of the country’s total gas production of 607 Bcf. EIA anticipates an increase in domestic consumption of natural gas, as Soviet-era oil-fired power plants are replaced by the more efficient combined-cycle natural gas turbines. The country’s largest power plant, Azerbaijan TPP is oil-fired and has a capacity of 2,400 MW. However, large gas-fired plants like the ones in Shavran (800 MW) and Mingachevir (418 MW) are becoming more important in the power genera- tion sector. Hydropower plants like those in Ali Bayramli (1,050 MW), Shamkir (380 MW) and Yanlendik (150 MW) are also catching up, while there are currently no combined-cycle plants that can generate over 100 MW, the largest one being the Shaki plant with a capacity of 87 MW.
LE: The FIFA World Cup in Brazil was a great success for the country and was successful in stressing many very positive features about Brazilian people, culture and the “Brazilian Experience”. As the country’s biggest employer, how would you characterize Azerbaijan’s moral values, and what will the ‘Azerbaijan Experience’ for a tourist and businessman travelling here be?

RA: Azerbaijan has a rich history and culture, as well as moral values that are in harmony with the demands of the modern world. Its geographical position, rich natural resources, and ancient customs have kept our country in the limelight, and the economic achievements and successes in the international arena over the last few decades should not go unmentioned either. Azerbaijan truly is a place where Eastern and Western civilizations intermingle, where ancient monuments harmoniously blend with modern architecture. The people of Azerbaijan have always treated our history and culture with great respect; they protect and develop our material and ethical values, and are proud to introduce our culture to the world community.

Sincere hospitality and tolerance are well-known Azerbaijani traits, and is the first impression tourists visiting Azerbaijan will experience. In the last few years we have hosted several international events in the economic, humanitarian and sports spheres. The Eurovision Song Contest, U-17 FIFA Women’s World Cup 2012, Baku Humanitarian Forum, World Rhythmic Gymnastics Championships and other events have been important in introducing Azerbaijan to the world community. In 2015 Azerbaijan is proud to host Europe’s largest scale sports event - the first ever European Games, with thousands of competitors and spectators attending. Also, several group games and a quarter-final game of the UEFA European Football Championships will be held in Baku in 2020.

Azerbaijan has sufficient modern and dynamic infrastructure for organizing such mighty tournaments to the highest international standards. Several large-scale projects were successfully completed for preparations in 2012, and the largest infrastructure projects that will supply energy to the European Union. Agreements on Stage-2 for design, construction and supply works have been already signed, and some initial work in certain production areas has already been started. This project will see a pipeline system of some 3,500 km in length that will stretch from Azerbaijan to Europe, and also the application of cutting-edge underwater production technologies in the Caspian. Also, the Southern Caucasian Gas Pipeline, which is currently on stream, will be expanded and the Trans Anatolian Natural Gas Pipeline and Trans Adriatic Pipeline will be constructed.

LE: Current status of the Shah-Deniz project and what can be direct impact of this project on European energy security?

RA: Azerbaijan is famous throughout the world as an ancient oil and gas country. It is a historical fact that thousands of years before the modern era of drilling, oil was being extracted in Azerbaijan using primitive methods of production and delivered to different countries via caravan routes. In more modern times our country was ground breaking in using new industrial methods of oil production, for example transportation by tankers, on railway, via pipelines and also offshore oil drilling. Baku oilmen contributed significantly to the development of the global oil and gas industry, helped to develop advanced scientific and innovative methods, and then applied them to production. Unprecedented achievements were realised in delivering Azerbaijani oil products to international markets in the framework of “The Contract of the Century”, the 20th anniversary of which was commemorated on 20th of September this year. Azerbaijan has taken part in regional and global projects such as making the Azeri–Chirag–Guneshli oilfields operational, and constructing the Baku-Tbilisi-Ceyhan pipeline, which has contributed to a diversified system of multinational oil and gas pipelines. Today a new era is being ushered in the bright oil and gas history of Azerbaijan, which is directly linked to the Shah Deniz field development. In December last year the final investment decision was made in respect of Stage-2 of this project, meaning the intensive five-year negotiations held under the leadership of His Excellency Ilham Aliyev, the President of the Republic of Azerbaijan, came to a positive conclusion. Currently Azerbaijan plays a leading role in one of the largest infrastructure projects that will supply energy to the European Union. Agreements on Stage-2 for design, construction and supply works have been already signed, and some initial work in certain production areas has already been started. This project will see a pipeline system of some 3,500 km in length that will stretch from Azerbaijan to Europe, and also the application of cutting-edge underwater production technologies in the Caspian. Also, the Southern Caucasian Gas Pipeline, which is currently on stream, will be expanded and the Trans Anatolian Natural Gas Pipeline and Trans Adriatic Pipeline will be constructed.

LE: Which plans exist for expansion of international activity of SOCAR and will strengthen its global credit over and beyond the next three years?

RA: Thanks to achievements of the ‘Contract of the Century’ and other large-scale projects, Azerbaijan has managed to transform itself from a country that attracted investments inward, to a country investing outswards, into prospective areas of other countries. As an international organization susceptible to competition from other businesses, and with the purpose of expanding our geographical representation,
SOCAR approached international energy markets in 2007, and embarked on a course of implementing investment projects abroad, and in this short time period has achieved serious progress.

Building productive economic relationships through expanding the company’s international market activity holds an important place in the strategic development of SOCAR. From this SOCAR offices were established in 13 countries, a trading company founded in Switzerland, assets acquired in Georgia, Turkey, Ukraine, Romania and Switzerland. There is a plan to expand into Greece, which shows the confidence with which SOCAR enters the global energy market.

Since 2008, PETKIM, the leading manufacturer of the Turkish petrochemical sector, has been under the management of SOCAR. Our subsidiary in Turkey owns a majority percentage of equity capital in the company, making PETKIM our largest asset there. PETKIM controls approximately 30% of the petrochemical products market in the country, which SOCAR is planning to increase to over 40% through various projects and investments to be made in the years to come. As part of the ‘Value-site 2023’ project, we will embrace development prospects in the areas of petroleum refining, petrochemistry, energy and logistics.

We are keen to expand our geographical spread in international markets. With this objective in view, we are thoroughly analysing processes in the global oil and gas industry, and evaluating multiple proposals for expansion. We intend to focus more on overseas exploration and production in the coming years, alongside continuing with and expanding upon foreign investment projects and making SOCAR not just a National Oil and Gas Company but a well-known International Oil and Gas Conglomerate.

### Developing Expertise

By combining R&D and technological boldness

To secure the future of energy, Total has identified the following challenges for its R&D operations: to more effectively develop and process resources, to drive faster growth in alternative energies, to optimize the efficiency of the industrial base, to design innovative products, to address environmental issues and to fast-track the introduction of advanced technologies across the business base. We intend to invest €7 billion in R&D over the period 2010-2015. Thanks to recent advances in geological concepts and technology, for example, major oil and gas finds are now possible in places that not so very long ago would have been unexpected or inaccessible.

total.com
SOCAR: the pillar of Azerbaijan’s development is gradually going global

In the last two decades, Azerbaijan’s national oil company has left an indelible mark on the domestic energy sector. Nowadays, the company is hard at work to expand its international operations and its capabilities at home.

FOUNDED IN 1992 with the aim of overthrowing Azerbaijan’s Soviet-era energy company, the Azerinite State Concern or SOCAR (an acronym for the State Oil Company of the Azerbaijan Republic), has left an indelible mark on Azerbaijan’s energy sector and overall economy in its two decades in existence. During the last 20 years, the company has overseen the major developments in Azerbaijan’s energy sector; facilitated the diversification of the Azerbaijani economy; by acting as a bridge between upstream exploration and downstream industries and petrochemicals; invested in the development of research and development (R&D) in Azerbaijan; provided funds that the Azerbaijani state placed the Azerikimya petrochemical plant in its portfolio.

SOCAR has an important role in the country’s sustainable development, sponsored and organised numerous social initiatives and regional development programmes; expanded its network of subsidiaries to include operations in Ukraine, Turkey, Switzerland, Austria, Romania, Kazakhstan, Iran, the United Kingdom, and Georgia; became a shareholder in several transnational oil and gas pipelines; set an example for corporate governance and transparency in Azerbaijan; and positioned itself as an important actor in Azerbaijan, the Caspian, and the global energy market.

Through its partnerships with Singapore’s Keppel Marine, SOCAR has entered the maritime transportation and offshore drilling equipment industries. In 2013, the large-scale Baku Shipyard, which produces mainly maritime vessels, including tankers and cargo ships, was inaugurated as part of this partnership. The shipyard’s sister company, the Caspian Shipyard Company (CSC), had been producing aluminium and steel jack-up rigs for offshore exploration in the Caspian Sea since 1977.

SOCAR is also a key stakeholder in the network of pipelines that deliver oil and gas from Azerbaijan to Georgia and Turkey, the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and its accompanying Baku-Tbilisi-erzerum gas pipeline or Southern Caucasus Pipeline (SCP), with stakes of 25% and 16.7% respectively. Furthermore, SOCAR is a key stakeholder in the Shah Deniz 2 developments, and in the network of pipelines made up of the Southern Caucasus Pipeline extension (SCPX, 16.7% stake), Trans-Anatolian Pipeline (TANAP, 58% stake), and Trans Adriatic Pipeline (TAP, 20%).

One of SOCAR’s most important contributions to the development of the energy sector and the economy on the whole is its investment in research and development, which it accomplishes through its Science Fund and through the Oil and Gas Research and Design Institute. According to CEO Rovnag Abdullayev, “SOCAR is particularly interested in developing nanotechnologies. The institute has more than 2,000 certified inventions in its portfolio, which shows that we have already made achievements in R&D. In addition to this, the SOCAR Nanotechnologies Department holds 4 patents in nanotechnology. Elaborate technologies are being continuously tested on our well. The science fund is dedicated to stimulating scientists from the company to conduct research in the areas in which we are interested. We believe that, some day, our in-house research will contribute not only to the company’s future development, but to the development of the oil and gas industry all over the world.”

While the NOC’s importance to the economy of Azerbaijan and its energy sector cannot be overestimated, SOCAR is becoming a company with a global scope. In 2013, it was the largest taxpayer in neighbouring Georgia, where it has invested US $400mn since 2006. Its international investment portfolio, which exceeds US $20 billion, covers the petrochemical plants in Turkey, the network of pipelines that cross half of Europe, and petrol stations in Romania, Ukraine, Georgia and Switzerland, a business that the company is currently expanding. As a result, capital markets and investors recognise the company’s importance and evaluate its prospects positively. SOCAR’s first Eurobond issuance on the London Stock Exchange in 2013 was oversubscribed three times over, and created a precedent for the Azerbaijani state’s issuance in 2014.

In many ways, SOCAR is a pioneer that paves the way for the country and for smaller Azerbaijan companies to access foreign markets, investment opportunities and funding by building trust among investors in the brand that is Azerbaijan. From its E&P operations to its R&D projects, SOCAR demonstrates an unrelenting devotion to improving its capabilities, fuelling the domestic economy, and supporting Azerbaijan’s development. If late president Heydar Aliyev chose energy as a developmental strategy in the early 1990s, he couldn’t have asked for a better ambassador than SOCAR to carry Azerbaijani’s message of peace and development forward.
INTERVIEW WITH

Mr. Gordon Birrell (GB)
Regional President for Azerbaijan, Turkey and Georgia, BP

LE: 2014 marks the 20th anniversary of the Azeri-Chirag-Gunashli, ‘Contract of the Century’. What are the recent developments related to this project and what is your assessment of its impact for Azerbaijan?

GB: 2014 is an important year for the Azeri-Chirag-Gunashli (ACG) project. It marks the 20th anniversary of the signing of the ACG production sharing agreement and this year started with a major milestone achieved by ACG - the start-up of oil production from the West Chirag platform. This platform is the eighth world-class offshore platform that we have started up and are operating in a safe and efficient manner in the ACG field. It represents a big step forward towards stabilising ACG’s production and increasing recovery. On another level, we’ve recently upgraded some of the turbines on our platforms in the Caspian, using a new engine design, in order to inject gas at high rates throughout the year. We saw immediate production benefits and now we’re seeing long term improvements relating to one of the key challenges we face going forward – finding ways to stem the decline of offshore reservoir pressures. We will continue to focus on stabilising the production as part of our primary commitment to delivering our operations safely and reliably in the Caspian.

Almost all that we promised to deliver twenty years ago has come true. It’s been an extraordinary success story for everyone involved – and there are many stakeholders working in this partnership. What we see now after being present for 20 years is a country with a rapidly growing economy, a country, which has been put firmly back on track once again, becoming one of the world’s premier oil and gas producing nations. BP is proud to be part of all this massive historic development that has brought the country and its energy sector to where they are today.

We have already produced around 2.6 billion barrels of oil from ACG since 1997. ACG oil transported from the Caspian Sea to Ceyhan via the Baku–Thilisi–Ceyhan pipeline has been loaded onto some 2,700 tankers at Ceyhan and sold to the world markets. The processing facilities at Sangachal terminal for ACG and Shah Deniz are also noteworthy. They’re the largest by far in the BP world. More to the point, they’ve achieved extremely high safety records and operational availability of nearly 100% year-after-year. Bear in mind that ACG is a complex field.

LE: Doing business in Azerbaijan – what has been BP’s experience and what advice would you give to potential investors?

GB: BP and its co-venturers in the ACG, Shah Deniz and Baku–Thilisi–Ceyhan pipeline projects have built very successful businesses here, based on a strong partnership and trust. A number of factors are responsible. They include a welcoming legal and political environment for international investors, including peace and stability in the region, and a robust legal foundation for the agreements that we’ve reached. The production sharing agreements have been respected and joint operating mechanics have proven reliable. We understand that BP and its co-venturers’ investments here have had a huge impact on society at many levels – jobs, training, contracts, sponsorships and through the way we do business and interact with the local business community.

To give a recent example, we have a partnership agreement with the Azerbaijan National Olympic Committee and are supporting the Baku European Games 2015. Essentially we see this kind of partnership helping to create more opportunities for young people, which resonates here. Azerbaijan is a young independent nation that is evolving, BP and its co-venturers have been part of almost all major developments in the country. Any large company planning to invest here needs to recognise that there will be wider responsibilities and commitments involved.

While we see a bright future for Azerbaijan’s oil and gas industry we can also observe the country’s firm intention to diversify its economy.

LE: The government’s Vision 2020 Azerbaijan economic plan focuses on the changing role of the oil & gas sector and the importance of economic diversification. What is your opinion of this?

GB: Today Baku is becoming the hub of the Caspian energy industry. New markets and new horizons are opening up all the time. With the right policies and supervision, we expect this trend will continue.

Plenty of new offshore oil and gas opportunities still exist. For example, the recent deal we signed with SOCAR to jointly explore the Shafag-Asiman block. Inevitably, over time, as oil and gas production grows, revenues from the hydrocarbon sector will also grow. At that point, the considerable investments we’ve made in people and technology will continue to benefit BP and Azerbaijan. Even now Azerbaijan has a skill base and technological capability that can attract business opportunities from its regional neighbours. This can only grow as investment in these areas continues.

It’s also worth pointing out that Baku is fast becoming a regional service sector for the industry, rather like Aberdeen in the North Sea or Dubai in the Middle East. Given the scale of hydrocarbon-related developments in the Caspian, that can only be positive.

While we see a bright future for Azerbaijan’s oil and gas industry we can also observe the country’s firm intention to diversify its economy. I think a comparison of this year’s state budget with that of ten years ago describes the changes in Azerbaijan’s economic development over the past decade more impressively than anything else. Economically, Azerbaijan has been developing at an amazingly fast pace. Also, it is very encouraging to see that last year’s GDP increase was also sourced from the non-oil sector growth primarily. For example, the recent deal we signed with SOCAR to jointly explore the Shafag-Asiman block.

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Shah Deniz 2: construction works begin to deploy Europe’s most-awaited Southern gas corridor

The agreement to build a Southern gas corridor stretching from Azerbaijan’s offshore Shah Deniz 2 field to Italy’s Adriatic shore has the potential to change the energy paradigm in Europe, and to turn Azerbaijan and its neighbours into trusted suppliers of gas to the old continent.

ON DECEMBER 17, 2013, a host of European and Azerbaijani dignitaries and oil company representatives gathered in Baku on the occasion of the signing ceremony for the Shah Deniz 2 Final Investment Decision (FID). Former UK Foreign and Commonwealth Secretary William Hague, EU Commissioner for Energy Gunther Oettinger, Italy’s former Foreign Minister Emma Bonino, the Turkish Minister of Energy and Natural Resources Taner Yildiz, the Georgian Prime Minister Irakli Garibashvili, Albanian Prime Minister Edi Rama and former Bulgarian Prime Minister Plamen Oresharski joined Azerbaijan President Ilham Aliyev, Minister of Energy Natig Aliyev, SOCAR CEO Rovnag Abdullayev and BP’s global CEO Bob Dudley in hailing the new deal as a groundbreaking and game-changing agreement, which would enable the deployment of a Southern gas corridor from Azerbaijan to Europe.

The FID, with an estimated cost of €25bn, marks a significant milestone, at the centre of which is the importance and the hopes associated with the new deal. While Russia had long been an unreliable energy partner for Europe, the unrest in Ukraine, which has only escalated in the year since the ceremony, was already beginning to worry the European energy community. Peaceful Azerbaijan had long been seen as an alternative gas supplier, but previous schemes to set up an energy corridor connecting it to the rest of the continent, such as Nabucco West, had fallen through. One of the largest investments of its kind, Shah Deniz 2 was understood to be the foundation of even greater energy trade between Azerbaijan and neighbouring countries, on the one hand, and Europe, on the other. A deal that could end Europe’s dependence on Russian gas, and therefore its limitations at the negotiating table with Russia.

The agreement stipulated the drilling of 26 subsea production wells at the Shah Deniz 2 field, the construction of two bridge-linked platforms, and of 500 km of subsea pipelines and flowlines connecting the field to the Sangachal terminal. Expected to create as many as 10,000 jobs in the construction phase, the majority of which would be filled by the local workforce, the project would also introduce foreign technologies, the level of the attendees speaking volumes about the importance of the project. The majority of which would be filled by the local workforce. The agreement to build a Southern gas corridor stretching from Azerbaijan’s offshore Shah Deniz 2 field to Italy’s Adriatic shore has the potential to change the energy paradigm in Europe, and to turn Azerbaijan and its neighbours into trusted suppliers of gas to the old continent.

At the time of the FID signing ceremony, the shareholders in the pipeline company have 25% each in the construction phase, the majority of which would be filled by the local workforce, the project would also introduce foreign technologies, the level of the attendees speaking volumes about the importance of the project. The majority of which would be filled by the local workforce.

Meanwhile, the potential to further develop the Southern gas corridor is far from exhausted. In the future, supply countries could include Turkmenistan, Kazakhstan and Iran, when logistical and political conditions allow. Furthermore, contracts in Azerbaijan’s sector of the Caspian basin, such as Absheron or Shah Deniz Deep, which lies under the existing Shah Deniz, could be connected to the network of pipelines. On the demand side, various Central and South-Eastern European countries like Croatia, Romania, Montenegro, Bosnia-Herzegovina, and Serbia have expressed interest in connecting to TAP via inter-connectors, to substitute their import dependency on Russian gas.

The Shah Deniz 2 FID was a bona fide agreement for Europe and Azerbaijan to engage in a long-term energy partnership; an agreement that defies the 5,000 km distance between the Caspian and the Adriatic shores, and that combines technology and US $50bn in financing to shift the energy paradigm in the old continent, away from Russia and towards Central Asia and Azerbaijan.

Europe’s energy security: can the Southern gas corridor replace Russia?

As Europe is evaluating solutions to end its dependence on Russian gas, the Southern gas corridor could be one of the answers with a significant impact on the old continent’s gas supply.

The show down over Eastern Ukraine between the Kremlin and Kiev this year has had European leaders worried about the continent’s energy security. Corroborated with the instability in the Middle East and North Africa, which sent gas imports from countries like Algeria and Libya plunging, the political developments in Eastern Ukraine have given a new sense of urgency to an age-old dilemma: how to replace Russia, an unreliable gas supplier, and thus free the old continent from its dependence on a politically-motivated and unpredictable energy ally?

Russia’s unreliability is common knowledge in Beijing, and has threatened gas deliveries to Western Europe previously, when a dispute over gas prices with Ukraine stalled gas exports for two weeks in January 2009. However, the seriousness of the political standoff over Donetzk this year has been unprecedented since the end of the Cold War, and is a source of concern for European leaders, as Russia is the source of 24% of the continent’s gas supplies. Few issues could make administrations more unpalatable than a lack of heating in the cold European winter, so the frantic search for a backup plan is very much ongoing.

While hydrocarbon imports are a controversial issue, and the electorate in different European Union (EU) member countries are divided over imports of oil and gas, preferring to replace those with renewable energy, there is no short-term, economically feasible way of replacing the over 160 billion cubic meters (bcm) of gas that Europe imports from Russia every year, or at least the 80 bcm that traverse Ukraine en route to Central, Southern and Western European markets, from renewable sources.

While Germany has derived 30% of its power supply from renewable sources in the first half of 2014, and smaller coun
Azerbaijan’s Contract of the Century, twenty years on

In the last two decades, the PSA signed for the ACG offshore field in 1994 has turned the tide in Azerbaijan’s economy, energy sector and international standing. As exploration efforts are beginning to see some difficulties, operator BP is using technology to retrieve the remainder of the reserves in the field.

IN AZERBAIJAN, September 20th marks the anniversary of the deal dubbed the Contract of the Century, a production sharing agreement (PSA) signed in 1994 between the Azerbaijani state and a group of 13 companies (Amoco, BP, McDermott, Unocal, Gramercy, Ceyhan, Exxon, Finnveden, Shell, Statoil, TOTAL, Petrofina and Repsol YPF) covering 13% of the country’s subsea oil and gas reserves.

The contract, which was signed in Baku in 1994, is known as the Contract of the Century due to its scope, size and the high expectations it brought. It was the first major international oil and gas agreement signed by Azerbaijan after the country gained independence from the USSR in 1991.

The PSA established a framework for the exploration, development and production of oil and gas resources in the Azerbaijani sector of the Caspian Sea. It aimed to bring new energy to the region by attracting foreign investment and technology.

The contract also established a mechanism for revenue sharing between the government of Azerbaijan and the companies involved. It included measures to ensure that the country would benefit from the development of its hydrocarbon resources.

In 1995, the contract entered into force, paving the way for significant progress in the country’s energy sector.

Over the years, the PSA has been instrumental in transforming Azerbaijan’s economy, energy sector and international standing. It has played a crucial role in the development of the country’s oil and gas resources, with production reaching an annual average of 835,000 barrels per day in 2010.

Despite the challenges and setbacks faced over the years, the PSA has continued to deliver substantial benefits to Azerbaijan, helping the country to become one of the world’s leading energy exporters.

However, the contract also faced criticism and scrutiny, with some parties questioning its terms and conditions. Despite these challenges, the PSA has stood the test of time, demonstrating its enduring value to Azerbaijan and the international energy community.

As Azerbaijan continues to focus on its energy sector and regional integration, the PSA serves as a testament to the country’s commitment to sustainable development and the importance of international cooperation in the energy sector.

In conclusion, the PSA signed for the ACG offshore field in 1994 has been instrumental in transforming Azerbaijan’s economy, energy sector and international standing. It has delivered significant benefits to the country and continues to be a key driver of the country’s energy transition.

The contract is now entering its final phase, with the focus on achieving the remaining reserves and ensuring a smooth transition to the next phase of development.

Looking ahead, Azerbaijan is poised to continue its journey in the energy sector, building on the foundations laid by the PSA and leveraging the lessons learned.

The country’s commitment to sustainable development, coupled with its strategic partnerships, will be key to harnessing its energy resources for the benefit of the region and the world.
Azerbaijan’s oil & gas deals: evolving international partnerships

Azerbaijan has come a long way from the explorations of the Nobel brothers in the 1870s, in what was a period of experimenting and pioneering, but also of mistakes. Nowadays, production sharing agreements (PSAs) and joint ventures (JVs) in the energy sector are designed to benefit the Azerbaijani state and its people, as well as the international companies that help it develop its oil & gas resources.

RESOURCES-RICH COUNTRIES endowed with mineral or energy wealth have traditionally chosen two very different approaches to exploration. For countries like Mexico, energy resources have long been a source of national pride, and their nationalisation an oft-abused motif adorning political speeches. As a result, resources remained in the hands of the state, and the sector was used to private participation, long after the government’s capacity to exploit them and adapt to technological advances had been exhausted. At the end of the space race, a Unit 4 State has long privatised its energy resources through concessions, which led to private sector and job growth, as well as the emergence of five of the world’s seven supermajors back in the 1940s, but also to questions about the use of the proceeds of oil and gas.

Meanwhile Azerbaijan chose a middle-of-the-road approach since the beginning of oil and gas exploration on its land, and adapted its energy collaborations to benefit both the state and its citizens, while maintaining its openness to foreign collaborations. Home to the world’s first drilled oil well, Azerbaijan began commercial exploration of its energy resources in the 1870s. In 1873, Robert Nobel, one of the three Nobel brothers and Alfred's sibling, visited the Askeren peninsula for the first time, and began exploration together with his brother Ludwig two years later. In 1877, the two inaugurated the world’s first oil tanker that shipped oil across the Caspian Sea to Russia, and which was named Zoroaster after the prophet that founded the cult of fire still practised in Azerbaijan at that time.

In 1879, the distillery that had been founded by Ludwig Nobel and Barons Peter von Billberg and Standertskjold three years before, became Br Lanobel, or the Petroleum Production Nobel Brothers, Limited, which eventually turned into one of the world’s largest oil companies in the early 20th century. Br Lanobel quickly expanded to other areas of the Czarist Empire, including Turkmestan and St Petersburg, and was producing over 17% of the empire’s oil by 1903. In Azerbaijan, which benefited from a high degree of autonomy back then, the effect of oil exploration was unprecedented; the new capital, Baku, saw its population increase by a factor of 25 over three decades, reaching 250,000 by the early 20th century. Exploration created numerous jobs and generated economic activity; the first oil pipeline in the world was built near Baku in 1906.

Despite the many firsts at this initial stage of Azerbaijan’s energy exploration, by the early 20th century, the differences between the Scandinavian capitalists, who owned oil fields purchased through legal sanctuaries sanctioned by the Emperor of Ministers, and the local workers were beginning to cause problems, with results such as the oil workers’ strikes in 1904. Br Lanobel’s operations in Azerbaijan and in the rest of Russia were nationalised after the Bolshevik revolution of 1917, but this first experience served as a lesson and an incentive for modern-day cooperation between the public and private sectors in Azerbaijan in the energy sector.

Azerbaijan’s oil & gas deals: evolving international partnerships

IN-DEPTH

Azerbaijan’s Contract of the Century remains a historical milestone, one that marks the moment when the country stopped being repressed, and became economically empowered. It also opened the way for agreements on other oil and gas fields of Azerbaijan, which have since attracted almost $5bn in investment in the energy sector. Over the past two decades, 34 companies from 15 countries have been exploring the onshore reserves and the offshore fields in the Caspian basin. For these reasons, September 20 carries a special symbolism for Azerbaijanis; it is a reason for celebrating change and has become a national holiday that honours the people working in the sector - the oilmen.

BP has made other improvements to its platforms in 2014, including a recent upgrade of the turbines based on a new engine design, which will allow gas to be injected throughout the year. According to Birrell, the move has had a noticeable effect, as “we are seeing long-term improvements relating to one of the key challenges we face going forward - finding ways to stem the decline of offshore reservoir pressures. We will continue to focus on stabilising the production as part of our primary commitment to delivering our operations safely and reliably in the Caspian.”

Despite recent difficulties, Azerbaijan’s Contract of the Century continues to provide advantages international collaborations nowadays. The PSAs divide production at the different fields between SOCAR and the operator (BP for the ACG field, for example, or Total for the Ashoher field) based on a rolling scale, in which SOCAR obtains as much as 90% of the total production if the rate of return exceeds 22.75% and other conditions are met. In the initial stages of the exploration at the ACG field, however, the Azerbaijani state received 30% of the production, while the operator BP and the other companies under the PSA received 70% of the production. As production has increased over the last decade, SOCAR now receives 55% of the production, and the operator the remaining 45%.

JVs are another form of cooperation preferred by SOCAR for engaging with partners in energy services. Thus, Azerbaijan’s state oil company operates over 35 JVs in Azerbaijan, Turkey and Georgia, which cover the spectrum from geophysical surveys (Caspian Geophysical Company, SOCAR-Fugro) to maritime and rig-building shipyards (Baku Shipyard and Caspian Shipyard Company), offshore platform producers (Bosshelf), and to consulting services (Interfax). The only JV for the exploitation of an oil well, however, is the SOCAR UMD one with the Nobel Oil Exploration Company; in an 80/20 share split.

Contemporary Nobel Oil has no connection with the Nobel brothers, however, as Br Lanobel was dissolved in 1919, but it nevertheless pays tribute to Azerbaijan’s first attempts at oil exploration, which paved the way for the country’s more complex and advantageous international collaborations nowadays.

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LE: What is the history of Total in Azerbaijan?

CG: Total has had a presence in Azerbaijan for the past 18 years. It has had several projects, including exploratory attempts: the first several years ago, around the Lenkoran-Talish Deniz block, was an unsuccessful project. We had a second attempt as a partner of Chevron in Absheron, which was also unsuccessful, and the third was again on Absheron, but this time as an operator. This one was signed in 2009 and resulted in a discovery in 2011, which we declared commercial in 2012. Since then, we have been preparing a development plan, which we aim to submit to the national company the second half of next year. Once the national company approves it, we are going to operate jointly with SOCAR for the development of Absheron aiming for first gas by the end of 2021.

LE: Can you tell us anymore about the project you are working on in Absheron?

CG: The Absheron field is around 500 – 600 meters in depth, which means that it will be a subsea development. We will develop the field by subsea wells linking them to a platform that is around 20km away. The production will then be exported to shore where we intend to build a terminal south of the Sangachal area. It will be a multi-billion-dollar investment of between 85-7 billion. We are switching to what we call the pre-project, i.e. the phase where we will further define the development and will be able to price the project more accurately. It’s a partnership with SOCAR, 40% and 20% for GDFSUEZ.

LE: How would you characterise your partnership with SOCAR?

CG: SOCAR is a very experienced oil and gas company. They have been producing hydrocarbons for more than a century, which means that people are familiar with the theory and the practice of oil and gas production. Although they might not be familiar with the most recent technologies from abroad, they are very open to learning and have a very positive attitude.

We have good relationship with SOCAR, it is constructive and very straightforward and we have a lot of respect for one another. As a French company, we often have a different cultural approach to tackling and discussing issues, and SOCAR has been quite understanding. We’ve been able to work well together. TOTAL has a tendency to be a company more oriented toward technology and that is something that I feel is appreciated by SOCAR.

LE: From an investor’s point of view, how would you describe the political climate for business here in Azerbaijan?

CG: Azerbaijan has been very reliable in terms of sanctity of contract which means it is not a place where tomorrow, and without any notice your tax is increased two or three times or they nationalise part of your assets. It is a country where they respect business commitment, which is a very positive aspect about Azerbaijan as a place to invest.

In terms of political stability, it is a stable country. We see a will and some action from the government in trying to diversify the economy, to move away from oil and gas and to create economic activity for young professionals.

LE: Other than SOCAR, what entities to you interact with on a daily basis?

CG: We also face the Azerbaijani administration and the various ministries: the Ministry of Environment, the Ministry of Energy, the Ministry of Tax, and the Ministry of Emergency situations to name a few. That is the life of a company registered here. We have rather comfortable status here since we have a PSA. This contract justifies our presence by law, which is very helpful. SOCAR is helping us as well to liaise to other entities in Azerbaijan, which we greatly appreciate.

The main challenge we have encountered was around immigration, work permits and visa process, however SOCAR has been very helpful in stepping into this issue and explaining the reasons and the conditions of our presence in the country. If you are able to communicate and anticipate the rules and how they change you can always manage, but you have to be vigilant and keep your ears open to what’s going on.

LE: For the smaller investors, what advice would you give when considering an investment in the oil or non-oil sector?

CG: There is a cultural background, which you need to understand. Let us start with the language. You have to learn Azeri, and it is not a particularly easy one. Since many people speak Russian, you can also use Russian, but you need to master these communication means with the administrative environment in order to be in a position to start your business. This has led many smaller companies to partner with a local company.

This is good because everyone brings their own contribution to the success of the project, and Azerbaijani companies can open doors, show the way, and explain what is going on. I think a key for success is having a good local partner. Another key is having local employees, which also is a good way of being in embedded the country and seeing how it works. At the moment we are 32 employees, eight of whom are expatriates, roughly 25%. All the rest are Azerbaijani.
LE: Is there a sufficient pool of high-quality, trained employees here or do you have to bring in experts from outside?

CG: It depends on what you are looking for. If you’re looking for an experienced deep offshore driller, it is clear you won’t find it in Azerbaijan, you have to bring someone in, but it also the reason why SOCAR called us in. We are now starting to see young people joining with a positive learning attitude, trying to be open, starting to speak English, studying outside of Azerbaijan. There is an investment in people that you have to make; I prefer to choose young men and women who seem promising and train them. We have four Total Azerbaijani employees being trained in the Total Group abroad at the moment.

LE: How seriously do you see the government acting to develop the non-oil sector?

CG: I cannot judge whether funds are enough or not, but what I see is that they try to generate activity in other sectors by creating firms and by financing. There is an investment in people that you have to make; I prefer to choose young men and women who seem promising and train them. We have four Total Azerbaijani employees being trained in the Total Group abroad at the moment.

Azerbaijan’s oil fund: passing on the wealth

Azerbaijan’s sovereign fund, SOFAZ, stay true to its mission to invest the country’s energy wealth into economic diversification and human capital, all the while paying close attention to transparency in its operations.

AFTER THE ADMINISTRATION of late president Heydar Aliyev set up the country’s energy strategy, the next step was to devise a way to efficiently manage the receipts from energy exports. A December 1999 decree set up the basis of the state oil fund of Azerbaijan (SOFAZ), an institution commissioned to use the earnings from energy exports in order to promote economic diversification and long-term development. A decade and a half later, SOFAZ has contributed to some of the largest energy and non-energy projects in Azerbaijan and abroad, has amassed US $37 billion in assets, and has become one of the initiators of transparency in extractive industries (EITI) worldwide, and of the international forum of sovereign wealth funds. The fund’s asset management policy has been revised over time, to allow for the investment in new asset classes, such as equity, gold, various currencies (the Australian dollar, the Korean won, the Turkish lira, and the Russian rouble, among others) and real estate in developed and, more recently, developing countries. In the last couple of years, SOFAZ has seen an unprecedented portfolio diversification, whereby it acquired 30 tonnes of gold, various investment-grade properties in Paris, Moscow, Seoul, and equity in publicly listed companies like Russia’s VTB Bank.

Despite this drive to seek new profitable investment opportunities, SOFAZ remains cautious, which is to be expected from a sovereign fund entrusted with the wellbeing of Azerbaijan’s future generations. Thus, over half of the fund’s assets are in Europe, a stable investment destination despite lacklustre growth in recent years. Furthermore, over 90% of its currency portfolio still consists of reference currencies like the euro (35.4%), the US dollar (31.7%) and the British pound (13.3%).

After investing several billion dollars in a significant minority stake in the VTB Bank in 2012, the fund’s largest private equity investment, SOFAZ continued with a $500mn purchase of 2.99% shares in the bank in 2013. While VTB’s fate is uncertain in light of the sanctions imposed on Russia’s financial institutions after this year’s clash over Eastern Ukraine, the fund’s other investments, which are traditional assets, are shielded.

According to SOFAZ CEO Shahmar Movsumov, the fund bases the majority of its acquisition decisions on a monitoring of the MSCI World Index, a public equities index in which the fund has previously invested. The index lists stocks from 22 developed markets and Hong Kong, meaning that the fund’s recent incursions into developing markets are the exception, not the rule. For instance, 6.84% of its portfolio is invested in international financial institutions, to which SOFAZ made a fresh commitment in 2013. In particular, SOFAZ recently invested in the International Finance Corporation (IFC) Global Infrastructure Fund, following previous commitments to IFC Catalyst and IFC ALAC funds.

The bulk of SOFAZ’s investments, however, are aimed at developing Azerbaijan’s economy and translating the energy capital into human capital. The fund has financed some of Azerbaijan’s largest infrastructure projects, such as the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Samur-Absheron irrigation system, the water pipeline from Gabala Region to Baku, and the Baku-Tbilisi-Kars railway. The fund also invests in the energy sector when necessary. Recent examples of such investments include the setting up of a closed joint company, Southern Gas Corridor JSJC, to which SOFAZ contributed by covering 51% of its start-up capital, and building a new semi-submersible rig in the Caspian in 2013 to support offshore exploration. SOFAZ is also financing SOCAR’s STAR oil refinery in Turkey and the new petrochemical complex in Azerbaijan, which will be located at the border of Garadag and Absheron regions, and is expected to come online between 2018 and 2020. According to Movsumov, the fund’s role “as a beneficiary of oil, gas, and transportation agreements” is to “transform depleting hydrocarbon reserves into financial assets generating perpetual income for current and future generations, and financing strategically important infrastructure and social projects on a national scale.” Financing the Trans Anatolian Pipeline (TANAP) project is among the initiatives that the fund has identified as contributing to Azerbaijan’s future development.

Between January and September 2014, SOFAZ allocated $285mn to the STAR refinery, second to the $321mn funding to support the internally displaced persons (IDPs) resulting from the conflict with Armenia two decades ago. A long-lasting thorn in Azerbaijan’s pride, the IDPs are a cause that SOFAZ has supported since its inception in 2001. The fund’s largest yearly allocation, however, remains the state budget, to which it contributed over $9.3bn in 2014.
Energy efficiency, an increasingly important issue in Azerbaijan

Energy efficiency is becoming an increasingly important issue in Azerbaijan. Improvements on the production side were followed by the development of a national energy efficiency strategy, and inept attempts at addressing inefficiencies on the demand side, particularly in the residential sector.

THE DECEMBER 2013 announcement that the Ministry of Energy was preparing a National Action Plan for Energy Efficiency (EE) was hailed as welcome news, because the move could finally help Azerbaijani consumers reduce their energy consumption by up to 40%. The Azerbaijani government had already passed different policies and strategies that indirectly targeted EE, including its regional development strategy, which promotes clean and renewable energies and aims to eliminate inefficiencies in power generation, distribution, transmission, and consumption, but a national EE strategy was much awaited.

Power demand in Azerbaijan has had an unusual evolution in recent years, as a 2007 price hike from US $24/MWh to $75/MWh led to a four-year drop in demand, despite continued economic growth. A gasification programme that replaced natural gas for electricity in central heating was partially responsible for this anomaly. However, demand has been growing since 2012 and is expected to double by 2022, which gives rise to EE challenges. As a new tranche of SOCAR’s capital, average consumption of electricity in Azerbaijan is only a fourth of the EU average, but the country’s continued industrialisation will increase power consumption in the economy. According to Movsumov, “our philosophy is that we are managing the national wealth, and therefore are accountable to the people of Azerbaijan. Accountability starts with transparency. Since our first day, we have published detail about the fund - our assets, strategy, internal procedures, audited accounts. Azerbaijan was the first country that published EE reports and became fully compliant with EEI requirements in 2009, and we continue to be one of the leading countries in the implementation of EE guidelines.”

Judging by the level of SOFAZ impact on the Azerbaijani economy, and its approach to accountability, the country’s oil and gas wealth is slowly, but surely and judiciously, being employed to benefit generations to come.

Drilling in the Caspian: challenges and solutions

While the Caspian Sea is home to some of the world’s largest oil and gas reserves, drilling in its cold waters has posed significant challenges for operators, which has prompted them to introduce new technologies to enhance production.

THE SHAH DENIZ II project and the tremendous feats of engineering that are the Trans Anatolian and Trans Adriatic pipelines point to one of the main problems concerning oil gas exploration in the Caspian Sea: the reserves are far away from the markets, the European one in this case, and therefore require large investments in transportation infrastructure. From Shah Deniz II, the offshore gas reserves would have to travel from depths as low as 6,000 meters through 500 km of submarine pipelines to reach the Sumgayit offshore terminal, and from there another 3,500 km to the coast of Italy. The pipelines are projected to cost over US $10 billion each to build, and take years to complete; this is good news for job creation, but such significant investments have taken years to negotiate.

The Caspian’s heavy winds and periodically freezing waters also increase the cost of drilling. And while most of the reserves are located within 100 km of the coast, there are large areas of the Caspian that remain unexplored because of territorial disputes between Azerbaijan, Iran and Turkmenistan over fields like Sirdar, for instance. The fact that the Caspian’s status was settled in September 2014 was a step forward that could pave the way to resolve these disputes among riparian states. It could also mean that Russia, the former regional power, would cease its attempts to control activities that take place outside its territorial waters.

Over a decade, the hydrocarbon and geopolitical complications, the geology of the Caspian seabed has its own challenges for drillers. According to Haliburton, which has assisted various operators in the Azerbaijan and the Caspian region, common problems include poor hole cleaning, tripping issues, narrow pore pressure, unsuccessful casing and liner runs. Haliburton’s solution to these problems has been well monitoring through an applied fluids optimisation (AFO) system, which oversees wells in real time for pressure, casing runs and hole

industry went down from consuming 48% of the power generated to only 17% in 2013. Besides this, industrial companies have invested heavily in reducing the 9% inefficiency in their use of energy that the International Finance Corporation (IFC) estimated they could correct in a 2010 study. Meanwhile, in the residential sector, the UN paper points out that, “Despite the formidable construction engineering that well aware of energy efficiency requirements, they do not observe them in practice due to the increased cost of such projects.”

Help is on the way, as various projects are working to correct this state of affairs in the housing sector. A EU-funded project titled ‘Energy savings in buildings, EE strategy’, helps with financing such projects, providing technical assistance, and in raising awareness about the importance of EE. So far, ESB has conducted a pilot project to assess the costs of renovating old buildings, and achieved a reasonable repayment period for the modernisation of the 20-year-old residential building it selected, together with a host of benefits related to energy savings, animal efficiency and emission reduction.

Meanwhile, the State Fund for the Rational Use of Energy Resources offers subsidies for the refurbishment of buildings, and the State Agency on Alternative and Renewable Energy Sources of Azerbaijan (SAARES) ran a project in collaboration with Norske energi between 2011 and 2014 focused on technical assistance in energy auditing, certification and management of the building’s operation. A number of buildings, such as the Flame Towers, the Heydar Aliyev Centre, and the Four Seasons and JW Marriott hotels. Tekdemir expects construction, infrastructure, IT and oil and gas to continue to account for the majority of the company’s future projects, and energy savings, animal efficiency and emission reduction.

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cleaning efficiency, while simulating probable scenarios before problems occur. Different offshore fields, however, pose different challenges. At the Guneshli field, for instance, SOCAR faced issues related to stuck pipes and fluid loss. According to Ramin Isayev, General Director of one of SOCAR’s joint ventures, SOCAR-AQS, Guneshli is “unique as there are at least 12 pay zones, some of them as thick as 120-150 meters, while a typical field elsewhere has one or two pay zones, 5-10 meters thick. The field is highly prolific, but also raises the question of how to carefully target each of these pay zones. In the beginning, we drilled mostly S-shaped and vertical wells, but eventually realised the project was best served by horizontal drilling and multi-lateral wells.”

And while sand at the Azeri-Chirag-Guneshli (ACG) field interferes with the pipeline network, an early bathymetry of the Shah Deniz field revealed that, north of the reservoir, there are 12 mud volcanoes that produce debris flows over 5 km wide. In order to address the issue of debris and sand interfering with reserves, operator BP has introduced a series of technologies that were new to the Caspian Sea. For instance, an integrated surveillance information system (ISIS) allows engineers to monitor wells and, when the sand rates are too high, to choke back the wells in order to reduce sand production. Meanwhile, another technology, chemical consolidation adds strength to rock formations without affecting their permeability, thus reducing the amount of sand they release.

One of BP’s many sand control techniques pioneered in Azerbaijan is using open hole gravel packs, which are multi-layered metal screens that are packed off in an open hole with selectively sized gravel and that attracts and retains sand. For the ACG, the gravel pack were designed to run in an oil-based mud with shunt tubes to ensure effective gravel placement across the active screens. The world's first subsea water injectors, complete with expandable sand screens and downhole flow control valves, were put on line at the deepwater Guneshli field. These technologies reduced the number of required dedicated injectors and, by running them subsea, BP avoided complex extended reach drilling from the platform. They also helped reservoir engineers to manage depletion in an efficient manner, and improve oil recovery from the field.

Another issue affecting E&P operations is that, at shallow surfaces, mud interferes with well monitoring equipment. The technology devised to address this problem, and to deliver accurate subsea pipeline monitoring at poor visibility, was an autonomous underwater vehicle (AUV) that carries out acoustic surveys instead of photographic ones. And while this technology enables workers to monitor the pipelines on the outside, with the help of a pipeline inspection gauge that is inserted in the pipeline, engineers can also see problems inside pipelines, such as instances of corrosion.

Other firsts at the ACG include extended reach drilling (ERD), which allows for the drilling of wells located far away from the platform, thereby increasing recovery. The longest such well drilled by BP so far was at 6.4km from the Chirag platform. Furthermore, high-angle drilling increases production rates at wells with a large formation thickness. In 2012, BP piloted a smart technology in Azerbaijan called well advisor, which has been introduced elsewhere since then - the North Sea, Trinidad, the Gulf of Mexico. The smart technology affords safe, reliable and efficient well operations using real-time information to boost drilling and reduce non-productive time. Each well advisor console presents information and analysis of a particular well construction activity. The technology has been a success, reducing non-productive time by about 70 days and, as a result, generating huge savings.

BP’s experience at the ACG, the common problems it encountered and the technologies it developed as a result, will undoubtedly inform its exploration of Shah Deniz II and Total’s drilling at the Absheron field. Surveying at the latter already started in 2013, and has been on of the largest geophysical surveys every conducted by Total. As works are moving into the pre-project stage, and the company is preparing to invest up to $7bn into the field, past experiences can only help maximise E&P at Azerbaijan’s next major field.
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Banking on success and sustainable growth

AZERBAIJAN’S BANKING sector has gone through massive changes over the past decade, with investment from abroad pouring into the sector, helping to create a vibrant, modern system. The Government’s plan, to diversify the economy away from oil and gas, has lead to the need to improve the banking sector, as there is also a distinct need to spread the wealth throughout the population. It is currently estimated that around US $1 billion of the total economy remains wary of depositing in the sector, and the improved transparency that is now on offer should prompt this money to be placed in the system.

There are 43 Azerbaijani banks in the country’s financial system, two foreign banks with a presence, and a further five with offices in the country, showing that there is a long way to go before the country is fully engaged with the global financial sector. However, 20 international financial institutions have investments in the sector, showing there is interest in the country from a fiscal perspective, even when the relatively small population is taken into consideration. The five biggest banks in the country, International Bank of Azerbaijan, Kapital Bank, Xalq Bank, Bank Standard and Pasha Bank currently hold almost 60% of the market, which allows for a certain level of competitiveness in the sector, although this could be further developed, thus creating an even more competitive marketplace for deposits and other fiscal instruments.

The system escaped the global recession well, thanks to the relative discipline it showed with lending, meaning it is primed to enter markets from a strong position, which broadly tally’s with the country’s ratings outlook. Fitch Ratings 2014 judgment has the sector as ‘broadly stable’, and Moody’s 2013 gave the system a ‘stable’ outlook. This confidence now needs to be improved, and further regional expansion by the major players in the industry must be a priority.

Azerbaijan has many advantages in the financial sector, especially when taking the expansion of Islamic banking into consideration, where its geographical position places it in the perfect location to grab business from Iran, and its central Asian compatriots Turkmenistan, Kazakhstan, Kyrgyzstan and Uzbekistan. With a population that is 90% Muslim, the introduction of an Islamic system would also seem to be a perfect solution to increase engagement with the financial sector, which would then, as mentioned, allow the sector to expand throughout the region. With regulatory reforms passed that make Sharia banking easier, this is an aspect of the sector that should rapidly develop.

The Central Bank of Azerbaijan recently delayed an increase in banking capital, ostensibly to allow the sector to adjust to these new rules before they are in place, to better allow the sector to prepare to meet new regulations such as Basel III. By having a well capitalised sector, the country will benefit greatly, and avoid any possibility of a run on any institution should it meet any trouble. This sensible, regulatory decision shows the determination of the Aliyev Government to avoid many of the pitfalls of rapid growth in the sector, and to intelligently learn from the mistakes many European and Western banks made in the run up to the 2007/8 financial crisis, which has taken the best part of five years for some institutions and countries to escape from.

Thanks to the stability of the Aliyev Government, the country has become a firm favourite for inward investment, but is still struggling somewhat to tear itself away from oil and gas money. A strong and competitive banking sector would greatly help this need for diversification. Developing, for example, better micro-financing and rural banking will help move more of the country’s wealth away from Baku, which currently accounts for almost 90% of all deposits in the country. The creation of more than 100 credit unions that provide lending in these remote and rural communities, as well as the less developed cities throughout the country, has helped this particular aspect of the sector post 45% growth, which is one of the highest rates of growth in the world.
Azerbaijan’s Islamic finance sector set to grow, amid hopes of regulatory changes in 2015

Azerbaijan’s largest bank, IBA, is leading the efforts to pass an Islamic banking law next year, which would boost the development of the sector domestically and enable IBA to assist neighbouring countries in kick-starting their own Sharia-compliant banking.

Islamic Finance took centre stage in the global capital markets this summer, when the United Kingdom became the first western country to issue sukuk, or Sharia-compliant sovereign bonds, and the Gulf region followed suit with a US $3 billion bond from global investors and was oversubscribed ten times over. The British government’s move only confirms what investors in the Middle East have known for a while: that Islamic finance is a promising investment and source of funding. For the better part of the last decade, Sharia-compliant banking has been growing at double-digit rates. According to Ernst and Young’s World Islamic Banking Competitiveness 2013-2014 report, growth in Islamic banking assets averaged 17% between 2008 and 2012, and is expected to average 20% in the next five years. The sector is undoubtedly gaining traction, as it is expected to reach the US $2 trillion mark, or slightly less than total global bank lending in the last year.

Against the backdrop of the 2007-2008 banking crisis in the US and Europe and of solid economic growth in Muslim-majority countries, Islamic banking is becoming an increasingly popular alternative to conventional banking. Characterised by compliance with the principles of Sharia, such as the prohibition of usury or interest and of investments in assets that are haram, like alcohol, pork or gambling, Islamic banking is dominated by Iran, which accounts for almost half of global

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With multinational corporations increasing their presence in Azerbaijan, keenly eyeing up sectors outside areas of traditional inward investment – oil and gas, the energy sector, and towards services, agriculture and tourism – how should Azerbaijani businesses adapt to these new models of governance?

“I tailor my commercial activities towards a more American style of governance. I believe that the US and Europe and of solid economic growth in Muslim-majority countries, Islamic banking is becoming an increasingly popular alternative to conventional banking. Characterised by compliance with the principles of Sharia, such as the prohibition of usury or interest and of investments in assets that are haram, like alcohol, pork or gambling, Islamic banking is dominated by Iran, which accounts for almost half of global

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In previous funding rounds the bank invested in defences and infrastructure and services,” says Olly Norojono, ADB’s Resident Director for Azerbaijan. “Efficient and reliable infrastructure will help create and expand economic opportunities in the non-oil sector, and improve access to markets and production inputs, particularly in secondary towns and rural areas.”

However, the main priority of IBAs Islamic Banking Division at the moment is drafting a legislation proposal for Islamic finance, which will be forwarded to the central bank and the government next year. The bank received a US $42m grant from the IDB to work on the legislation, which, according to Gurbanzadeh, is much needed. “Because they cannot charge interest, Islamic banks need to own assets in order to operate. We are not able to buy real assets and sell them. The second issue is that of taxation. Conventional banks are not required to pay VAT and they benefit from special taxation for different operations. But Islamic banks face the issue of double taxation, which is charged from the bank and from the client,” he says.

Jafar Babayev, General Manager at Ansar Leasing, the country’s largest Islamic leasing company, confirms that taxation is an issue. Sharia-compliant leasing companies purchase assets independently and are required to pay VAT, but are prohibited from charging VAT from lessees. “More regulation should also bring more rights for Islamic leasing companies, such as the waiving of our VAT duty,” he believes.

In order to eliminate these operational constraints, Gurbanzadeh says that a comprehensive legislative overhaul is needed that would include an Islamic banking law and changes to the tax, banking and customs laws to accommodate Sharia-compliant financial institutions. The process will be a result of the group’s work, an Islamic banking division was founded at IBA in 2011.

Azerbaijan’s Relationship with the Asian Development Bank has enabled the country to continue its solid rise towards first world status
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Building the future with an eye on the past

SINCE GAINING INDEPENDENCE in 1991 Azerbaijan has looked to diversify its economy, and also to build for the future, both in the sense of looking at improving infrastructure in the country, and in creating a modern architectural style that befits the country. Proud of its past, and wary to forget it, the country has embarked on the path of building monuments to celebrate its unique culture. The Flame Towers, Heydar Aliyev Centre, Crystal Hall and many other buildings show the vision of the Government in creating lasting memories for the local population and for visitors to the country.

There has also been an explosion in the construction of residential buildings, hotels throughout the country, and other necessities for a modern country. According to the Central Bank of Azerbaijan, the sector marketplace grew 40.9% in 2013, an astounding rate of growth when the 2012 figure of 24.86% is taken into account. The high level of construction shows the confidence of investors into the sector that there is not only value, but also great profit to be made in bricks and mortar. But there is still much work to be done, with the expansion of the Baku metro system a prime example of the infrastructure needed to help push the economy forward. The need to build both the habitable space and the infrastructure to make it realisable highlights how far the country needs to come.

Also vital for the sector is the availability of mortgages for the local population, as this will be a key driver of future growth, and help develop the sector, creating competition between both lenders and construction companies. This will then tally well with the increasing retail spend of the population, driving economic growth even further. There needs to be a careful balance, however, of the rate of building and the occupancy rates, as a glut of high standard office or retail space could deflate the nascent market. The same can also be said about the housing market, which will, after the end of the inaugural European Games in 2015, take ownership of the athletes and media villages, adding thousands of apartments to the local market. How the Baku and central Government deal with the desire of the sector to build, and of the needs of the population to live comfortably, will decree how profitable and sustainable the sector will stay into the future.

Baku’s explosion in quality and monumental architecture is to be admired. By creating iconic buildings, attention is being drawn to the country as a place where ideas can come to fruition, and as a place for capital to find a productive home. Azerbaijan has been working closely with a number of international bodies, such as the Asian Development Bank, to improve aspects of corporate governance, which will in turn influence the desire of international investors to place their capital in the country. The construction sector holds a powerful draw for these investors, but there should be elements of caution, lest the country fall in the path of Dubai, which struggled to fill its glut of office and retail space after their building boom in the early turn of the century.

But there are fantastic plans for the expansion of Baku in the most modern of ways, with the Khazar Islands project, and Baku White City two of the most daring to be talked about. White City will be home to 50,000 people and up to 12,000 businesses, all housed in a huge eco-friendly development. The investment opportunities are great, and the sustainable nature of the development will appeal to investors looking to the future of construction around the region. There has also been a proliferation of high quality hotels built around the country, and the looming European Games in 2015 will bring thousands of first time visitors to fill the expanded capacity.

The need for the tourism industry to be developed alongside the rest of the economy shows how interlinked plans for economic expansion are. Coupled with the fact that the construction industry is a major employer in the country, totaling over 100,000 out of the 4.4 million-strong workforce, and the need for well thought out development is key to the country’s success. Nevertheless, the oil and gas industry will continue to provide the bulk of the foreign direct investment for the construction industry, especially now the ‘Contract of the 21st Century’ has been agreed on, meaning huge investment in the pipeline that will connect Azerbaijani oil and gas to the European markets. Expected to run into the many billions of dollars, the pipeline will help growth for the short to medium term, but after then, all eyes are on the housing and retail market.
Heydar Aliyev Centre – sweeping, graceful centre for the progression of Azerbaijani society, designed by Zaha Hadid.

The Heydar Aliyev Centre is a unique monument of architecture. It has no analogues in the world and is a multi-purpose building symbolising modernity. The appearance of the building allows one to put forward various theories. Some think it resembles a wave, others associate it with wind. This is natural – everyone’s thoughts are based on fantasies. In any case, this building is unique from both architectural and functional points of view." — Ilham Aliyev, President of Azerbaijan

In 2013 the Centre held a remarkable exhibition called, 'Life, Death and Beauty,' of iconic Andy Warhol works, where more than 100 selected pieces, including a short film by Andy Warhol, was displayed, which was the first time Warhol’s art had been exhibited in Azerbaijan, highlighting the desire of the centre to broaden the cultural space in the country. Other major exhibitions held in the centre included: ‘Fly to Baku: Contemporary Art from Azerbaijan,’ the world premiere of ‘Cradle to Cosmos’, ‘This Wild Africue’ by Adrian Stern, works of the fashion designer Renato Balestra, who presented his new collection that was nurtured in traditional Azerbaijani floral ornamentations. However, the venue is not only a cultural but also political place, with, for example, a dinner being held for the participants of the 23rd Annual Session of the OSCE Parliamentary Assembly entitled ‘Helsinki +40: Towards Human Security for All.’ Alongside this, the centre is preparing for a milestone event, the Milano Expo 2015, where the centre will be Azerbaijan’s organising partner showing the determination of the management to branch out and expand the reach of Azerbaijani culture outside of the country’s borders.

Piers Gough of CZWG Architects described the centre in the best way possible, he said, "An intoxicatingly beautiful building, which is the embodiment of her office’s powers. It is as pure and sexy as Marilyn’s blown skirt. Without an ounce of awkward argumentative modernism in its bones. It rather reads like a sweet love letter to Zaha’s home-land."

"The Heydar Aliyev Centre is a temple of culture that has become one of the most successful projects of modern Azerbaijani architecture."

Opening Azerbaijan up to the world

The touring display titled ‘Azerbaijan Treasures: through the wave of history’ was exhibited across the globe, and is now an permanent exhibition in the Heydar Aliyev Centre. The exhibition contains rock engravings of Gobustan, ancient coins, commemorative medals and books, and attempts to reflect the natural resources, countless pieces of textiles, sculptures and metalworks created that span centuries. This eye-catching exhibit aims to share the rich history of the country and its cultural heritage with visitors, and takes you on an adventurous journey through the history of Azerbaijan, allowing you to ‘virtually’ travel to different areas and ages of Azerbaijan. For example, the exhibition displays unique samples of ancient crafts, in particular the Azerbaijani carpet weaving school, and traditional Azerbaijani musical instruments are presented standing on a small red carpet in front of each musical instrument, allowing the visitor to both listen to the instrument, and see the beauty of Azerbaijani weaving. One of the must-see exhibitions at the centre is ‘Mini-Azerbaijan,’ which offers miniaturized versions of famous sights, historical and architectural monuments, buildings of Baku and the different regions of the country. The Heydar Aliyev Centre provides access to various scientific and cultural research projects, and welcomes new ideas that will open up opportunities for young talents in many areas of study, making it a ‘hot-spot’ for civic engagement, and a trigger for change and development throughout the country.

Another aim of the centre is to help schools to enhance their curriculum, and to enable students to learn new skills and valorize the building by the most brilliant students who are presented in the form of informal learning environments, which remove barriers to children engaging with information that can often be presented in ‘adult’ ways. Regarding the influence of the centre on local peoples lives, Saffet Kaya Bekiroglu said that it gives an interesting perspective on Azeri people and Azeri culture, and as he explains, “I see the building as a kind of socio-cultural cradle. I think they [the visitors] enjoy it, and it’s a new perspective.”

Interestingly, very few straight lines were used in the design of the building, and everything is flawlessly connected, with smooth transitions between the different levels of the exterior and interior, and continue the analogy of landscape, rolling like the hills of the Azerbaijani countryside. The building’s predominantly white colour symbolises the bright future of the country, and natural light penetrates deep into the building through the shaped glass, which continues the architectural language of fluidity. The building sits in seamless, yet somewhat stark harmony with its location, as there is an adjacent landscaped area which includes decorative lakes, meant to mirror the buildings reflectiveness. “It’s an architectural landscape where concepts of seamless spatial flow are made real – creating a whole new kind of civic space for the city,” Hadid said.

The building combines the traditions of the nation, and reflects the ambition, potential and optimism for the future that Azerbaijan has. In an interview with Dezeen magazine the architect said that the building “reflects the romance and optimism of Azerbaijan,” which gained independence from the Soviet Union in 1991. The centre was designed by the Pritzker Architecture Prize winner, Zaha Hadid, who was project leader for the Heydar Aliyev Centre said that the building “reflects the more significant contributions to humanity and the built environment through the art of architecture.” In 2014, The Heydar Aliyev Centre brought her yet another award, winning Design of the Year by London’s Design Museum. While speaking at the 2014 Design of the Year award ceremony in London, she named the Heydar Aliyev Centre an incredibly ambitious project which "was always my dream to design and build a theoretical project, and that was the closest thing to achieving that" she said.

In 2010, at the Berlin Design Days event, Zaha Hadid, the world’s most successful 21st century architect, was accorded with the title of ‘Honorary Austrian Woman of Honour’ by the Austrian President. The Heydar Aliyev Centre has been designed to host the country’s major cultural events, and since its opening in 2012, the Heydar Aliyev Centre has hosted a number of exhibitions and implemented various cultural projects both for residents and visitors of Baku. The centre’s goal is to promote the history, customs and traditions, ethnic and cultural heritage of Azerbaijan to as wide an audience as possible.

The Heydar Aliyev Centre is sweeping, graceful, for the progression of Azerbaijani society, designed by Zaha Hadid.

In-depth

The building encompasses 57,000 square-meters of a museum, alluring exhibition halls, concert venues, administrative offices, a fully equipped media centre and a park. The building is one of the latest masterpieces of legendary award-winning Iraqi-British architect Zaha Hadid.

Hadid is the first woman to receive the prestigious Pritzker Architecture Prize, awarded for an architect who has shown, "talent, vision and commitment, which has produced consistent and significant contributions to humanity and the built environment through the art of architecture." In 2014, The Heydar Aliyev Centre brought her yet another award, winning Design of the Year by London’s Design Museum. While speaking at the 2014 Design of the Year award ceremony in London, she named the Heydar Aliyev Centre an incredibly ambitious project which “was always my dream to design and build a theoretical project, and that was the closest thing to achieving that” she said.

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IN AZERBAIJAN there has been two distinct worlds, one before the oil boom and the other after. The original oil boom began in the late 19th century when, one of the world’s first oil wells was drilled in the Caucasian ‘City of Winds’, Baku, which is located at the crossroads of Europe and Asia. It is actually a little known fact that famous Nobel brothers, Robert and Ludvig, produced the first oil in Azerbaijan in 1870. The country first caught the eye of the Nobel brothers in 1872 when they took a trip to Azerbaijan after joining a competition for plots of land offered by Russia, and six years later the brothers would invite advanced technical staff from Europe to Azerbaijan, and establish a shareholding company. After the formation of the company, oil products were distributed from Azerbaijan to all over Russia, Central Asia and Europe by train and by ship. Oil refineries, smoke and dust caused health problems for the inhabitants of the city, and the many complaints would eventually lead to the establishment of the ‘Black City’ in the eastern part of Baku - the first industrial district to the city. The new metro station will run under the ‘White City’ office building. The Baku ‘White City’ boulevard will be the next completed structure in the project, and is expected to open in early December 2014. The building will be the starting point of a vibrant promenade along Nobel Avenue, and will become the first certified ‘green’ construction within both the project and Azerbaijan. It will push the development of ecological design in the country, and lead to the application of innovative technologies and improve the quality of the environment through its innovations. The ‘White City’ office building has already received awards from the Asia Pacific Property Awards, which bodes well for the future of the environmental and ecological situation in Azerbaijan, a primary concern for President Ilham Aliyev and his administration. Despite the country’s environmental challenges there has been noticeable, and positive, changes in the city as regards urban sustainability over the past few years. “As a result of the oil operations that were carried out without compliance with environmental regulations, this place turned into a Black City,” President Ilham Aliyev said in the groundbreaking ceremony of the ‘White City’ project in 2011. “Huge efforts have now been made to clean it up. Oil waste has been siphoned out from a depth of several meters and other environmental measures taken. In general, the cleaning of this area is an extremely important issue for the ecology of Baku. But the establishment of a new city in this cleaned area is a major event for our country,” he added. Indeed the project is being developed in a way that gives hope to residents that they can find a sustainable development pathway that addresses the environmental, social and economic challenges this historic, yet modern and dynamic city faces. The master plan also addresses sustainability, and to limit carbon emissions, buildings will be situated close together on tree-lined streets to encourage people to walk rather than drive. The ‘White City’ project is not completed yet but it is has already been announced as the winner of the prestigious MIPIM Asia Awards in 2013 in the category ‘Best Project of the Future of Central and West Asia’. The urban project of ‘White City’ offers tremendous opportunities for foreign and local companies in Azerbaijan. Delegations of Chinese Shenyang Yuanda Enterprises Groups, Japanese company Kosugi Zosen Co, representatives from Italian companies, entrepreneurs from Dubai, Qatar and Saudi Arabia have visited the ‘White City’ project office and expressed interest in collaboration, and investing in the project. Envoys of the Prime Minister of UK Trade, Member of Parliament Professor Charles Hendry visited the office of ‘White City.’ “Economic cooperation is well developed between our countries, there are many other areas in which cooperation would also be strengthened. UK is interested in investing in the areas that the government considers to be priorities of Azerbaijan,” he said. The ‘White City’ is a project of the future, and a great example of transformation. The ambitious project will become a haven for locals, businessmen and visitors alike, and one of the most successful and beautiful architectural masterpieces in the region becoming the ‘Cannes of the Caspian.’
Flame Towers – connecting the historical to the modern

AZERBAIJAN IS FAMOUS as the ‘Land of Fire’, the country where the oil and gas deposits are so plentiful they flow from the ground without the help of modern technology, and have done so for thousands of years. What better a symbol then, of the country, than the Flame Towers in Baku, a representation of the Azeri nations past as a both regional centre for religion, oil production, and of its future as a modern forward thinking country?

People still argue about the origin of the expression ‘Land of Fire’, and one of the earliest examples dates back to Persian times, specifically the age of Atropates (circa 350 BC), when the country was described as a place ‘Protected by the (Holy) Fire’, where the sacred flame preserves the people who live close to it.

Throughout Azerbaijan there are numerous sites, specifically around the Absheron peninsula, where there is natural gas seepage from the ground that creates the effect of burning land, as such a flame that never ceases, and one that attracted the attention of the ancient communities that lived in the area. In fact this pull was so strong that a religion sprouted up around the practice of worshipping fire, called Zoroastrianism, which took hold in the 6th century BC. This practice was one of the earliest incarnations of a belief in one universal, Supreme god, and there is a distinct possibility that it influenced other world religions such as Judaism, Christianity and Islam.

Zoroastrianism spread throughout the region, and ancient Baku became one of the main centres of the religion, bringing wealth, people and external influences to the country. However, with the rise of Islam as the major religion of the Persian area, Zoroastrianism began to fall out of favour with the greater part of the population, although it is still practised in some forms by a small amount of people.

The human interest in the area around Absheron and the fire producing lands continued unabated, and at Ateshgah, Indian pilgrims constructed a fire temple for worship, which still stands and is one of the most popular tourist destinations for both local and foreign visitors. Another tourist attraction in Absheron, where the gas burns the hills to this day, is Ya-Naredg, where a 10-metre wall of fire of burns regardless of the weather conditions.

The oil boom made Azerbaijan, in particular Baku, attractive for capital inflows from around the globe, leading to many well-known entities such as the Nobel and Rothschild brothers, arriving in Azerbaijan in the late 19th century to exploit the oil wealth of the country. Oil production made Baku known worldwide as the ‘Black Gold’ capital by the turn of the century, and as the country’s fame grew exponentially, so did the number of specialists, and the number of oil wells also.

With this new-found wealth Baku developed at a rapid pace, and the previously provincial city transformed itself into a cosmopolitan, European style capital with the architecture that befitted its standing as the prime destination for oil and gas exploration and export. New boulevards and tree-lined streets rose from the ground, and the fame of the old city spread throughout the world.

With the advent of the 21st century, Azerbaijan and Baku needed a new symbol to represent the progress the country had made after the signing of the ‘Contract of the Century’, the development of the Shah Deniz field. A new, iconic building was needed to show the world that Azerbaijan had arrived, but also to link the past to the current state of the country. The Flame Towers became the new symbol of the renewed independent Republic of Azerbaijan. Located at the highest point of Baku, the organic, inner-twing towers became the new beacon for the largest city on the Caspian Sea to announce its arrival to the rest of the world.

The Flame Tower complex was designed by global construction company HOK, in collaboration with Aznino MMC and Dia Holdings, showing the desire of the Government in creating an iconic building. HOK, the company behind buildings such as the Abu Dhabi National Oil Company Headquarters, in Abu Dhabi, and Xeros PARC, in Palo Alto, California, United States, is one of the world’s leading architecture firms, and has a reputation for delivering mega projects, designed to express the dreams of the contractors.

As Barry Hughes, Senior Vice President of HOK says, “Our aim was for the bold form of the towers to create a unique focal point on Baku’s skyline, and we were keen to that dynamic vocabulary into the interior spaces. By creating a fluid boundary between the interior space of the pavilions and the exterior context, the retail and leisure spaces would serve as a natural connection between the Towers and their different uses. Linking the scheme to its surroundings and thus reinforcing the existing urban context was considered critical from the earliest stages of the design process”, says.

The Flame Towers are the tallest skyscraper in Baku, standing at 190 metres, and in total the complex consists of three separate, yet visually interconnected buildings of different height, designed to be used for different purposes, covering an area of 234,500 square metres. The tallest 39-storey ‘Flame’ is a residential tower that sits to the south of the site, accommodating 130 luxury apartments with breathtaking views of Baku and the Caspian Sea. The northern building is a hotel consisting of 218 suites spread over 37 floors, and operated by the international chain Fairmont Hotels. Within the hotel tower there are restaurants and entertainment venues, as well as conference rooms and a fully equipped business centre. The office tower on the west side of the complex provides more than 148 flexible, class A commercial offices over 34 floors, and the three towers are linked by an atrium that provides leisure and retail facilities.

The Flame Towers complex looks almost alien in the ancient city of Baku, the luminous LED light show that happens every night drawing the look of visitors and locals alike. Standing atop the biggest hill of the city, the Towers are an announcement of the intention of the Aliyev Government in creating a modern metropolis for the 21st century, a forward thinking nation that also has kept its past close to its identity. The LED show creates the effect of flames licking up the side of the Towers, synthetically highlighting the effect oil money has had on the country and its capital, whilst showing the desire of the country to move away from solely being an oil exporting nation and towards a diversified economy, and one that is ‘open for business’.

The complex has garnered the attention of the world leading organisations, as one of the most memorable pieces of architecture of the last decade. In 2013 the Flame Towers won the award for ‘Best Hotel and Tourism Resort’ at MIPIM, the largest investment exhibition of innovative projects in the European real estate market.

In searching for a new definition of their country, Azerbaijan’s can look to their past with pride, and to the future with hope. The Flame Towers truly encapsulate all that is great about the Caspian Sea powerhouse, and shows the determination of the country to become more than the ‘Land of Fire’.
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Where to eat, sleep, relax and play

**HILTON BAKU**
18 MEETING ROOMS
PILLARLESS BALLROOM
24H BUSINESS CENTRE
RESTAURANTS
SKY GRILL
ROOFTOP BAR
24H FITNESS CENTRE, SPA

www.hilton.com/baku

The Hilton Baku is just a stroll away from the UNESCO-protected walled city, Icheri Sheher, but still in the heart of Baku's business district and just 30 minutes from the Heydar Aliyev International Airport. With more than 2,300 square meters of meeting space adaptable to suit any needs, and WiFi throughout the building, you can stay as productive there as you are in the office. Relax in eforea, the spa experience that brings together the best elements of world relaxation under one roof, and leave feeling renewed. Or take in the panoramic views from the 360° cocktail bar, and dine in Sky Grill or Cilantro where your taste buds will be enlivened.

**FOUR SEASONS HOTEL BAKU**
ROOMS: 171 rooms, including 27 suites and two presidential suites. GUEST SERVICES: 10 penthouse spa treatment rooms, fitness centre, indoor pool, hammam and steam room, facilities.
DINING: Karpa and Zafferano for global flavours, Bentley's or executive suites where you will find all the comforts of home and more, or relax in one of our restaurants serving the finest European and Azerbaijani cuisine, complete with spectacular views of Baku, the majestic Caspian Sea and of course, the world famous 12th century Maiden Tower. The Sultan Inn is a place where East meets West, and where the modern world and the history of Azerbaijan meet in perfect harmony.

**THE LANDMARK HOTEL**
ROOMS: Deluxe, spacious rooms, landmark suites and presidential suite. GUEST SERVICES: 24-hour room service, luxury fitness centre, 5th floor swimming pool, sauna, steam room and massage facilities. DINING: on-site bar overlooking Baku's panorama, two restaurants serving Asian and European dishes.

www.thelandmarkhotel.az

**FAIRMONT BAKU**
ROOMS: 388 rooms, suites and apartments. GUEST SERVICES: Over 2300sqm of multi-use meeting space, a 3500sqm spa facility – ESPA, tennis court, indoor and outdoor swimming pools. DINING: Featuring seven different food and beverage operations ranging from chic bistro to juice bars and fine dining experiences.

www.fairmont.com/baku

**JW MARRIOTT ABHERON BAKU**
ROOMS: 243. DINING: Fireworks Urban Kitchen offering delicious steaks, Razmatz Cafe Cocktail Bar & Lounge with the largest vodka selection in Baku and ‘ZEST Lifestyle Cafe’ as an alternative twist to all-day dining.

www.jmwabheronbaku.com

**PARK INN BY RADISSON BAKU**
ROOMS: 248 rooms, superbly located across from Park Boulevard. GUEST SERVICES: Business centre, conference and meeting rooms, fitness room.

www.parkinn.com/hotel-baku

**EXCELSIOR HOTEL BAKU**
ROOMS: 61 rooms and suites. GUEST SERVICES: high-tech gym, indoor and outdoor swimming pool, running track, tennis court, squash courts, sun terrace and summer garden, meeting and conference facilities. DINING: six establishments ranging from elegant dining with local and international cuisine to relaxed café food.

www.excelsiorhotelbaku.com

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The Sultan Inn Boutique Hotel & Restaurant is aresplendent five star hotel situated in the most desirable part of the ‘Pearl of the Caspian’, the old city of Baku. Luxuriate in one of the 31 sumptuously appointed suites where you will find all the comforts of home and more, or relax in one of our restaurants serving the finest European and Azerbaijani cuisine, complete with spectacular views of Baku, the majestic Caspian Sea and of course, the world famous 12th century Maiden Tower. The Sultan Inn is a place where East meets West, and where the modern world and the history of Azerbaijan meet in perfect harmony.

**QAFQAZ SPORT HOTEL**
ROOMS: 95 rooms and 21 luxury villas in Gabala. GUEST SERVICES: indoor and outdoor swimming pool, fitness centre, sauna, spa, business centre, hair salon, conference and meeting facilities. DINING: indoor and outdoor dining offering European, local and Mediterranean cuisine, full room service, on-site bar.

www.qafqazsporthotel.com

**JUMEIRAH BEACH HOTEL**
ROOMS: 176 room, three-bedroom cottages. GUEST SERVICES: Waterpark and slides, ‘Talise Spa’ and hammam with nine treatment rooms, ballroom for weddings, conferences and events. DINING: eclectic mix from Asian fine dining on the hotel rooftop, to fresh seafood on the pier or cocktails on the cliff-top bar.
**SKY GRILL**

Dining on the 24th floor of the Hilton hotel in downtown Baku. The restaurant is located in an historic 17th century building, an authentic restaurant in the heart of Old Baku and located in an historic 17th century building, an authentic restaurant in the heart of Old Baku and located in an historic 17th century building.

**MUGHAM CLUB**

An authentic restaurant in the heart of Old Baku and located in an historic 17th century building. Mugham Club will take you back to the spirit of the wealth Western middle ages. Surounding high-quality Azerbaijani traditional dishes under the fig trees in the courtyard of this unique place, you can sit in Mugham, the national folk music rhythm. Caucasian dances won’t leave anyone indifferent. This restaurant is a favourite of both visitors to the city and locals, so booking a table beforehand is recommended.

**IMERETI**

25-30 manats

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Visitors to Baku can also taste stunning Georgian cuisine, which is very famous in the Caspian Sea, in the homey Imereti restaurant. The Imereti region in the neighbouring country is famed for diverse and satisfying cooking, and this restaurant creates the atmosphere of a traditional Georgian feast with soft background music and a cozy interior that lends itself to friendly conversation. The restaurant prepares a large variety of Georgian cheese and meat dishes and don’t miss a chance to taste the wine here, an indispensable part of any Georgian table.
especially sensational as a light blue glass forms dominate the skyscrapers. Their 21st-century southern arm rise three sinuous its Caspian bay-front. On the around the Maiden’s Tower, a here and in the nearby parks a 15th-century palace complex now used as restaurants) plus caravanserais (four of them heritage Site. Partly encircled by UNESCO has recognised Baku’s B) The Old City.

How much time do you have? A) The Heydar Aliyev Centre

Even if you just stop outside, you simply have to see this extraordinary creation. Although it’s some way out of the centre, the location is right beside the main route into town from the airport. Don’t forget to ask your taxi driver if you’d like to see it as you pass through.

B) One The City. UNESCO has recognised Baku’s medieval core as a World Heritage Site. Partly encircled by atmospheric crenellated walls, there’s a scattering of antique mosques, art galleries and old inns (www.mvdialya.com) now used as restaurants plus 20th-century cultural centres (www.shivunhabah.com) recently restored with an imaginatively histrionic muse. You could spend the whole day wandering here and in the nearby parks and avenues of early 20th century buildings. But if time is limited, just be sure to take half an hour to stroll the area directly around the Maiden’s Tower, a nine-level tower that’s so myste- nious that experts still imagine as to its purpose or even from which millennium it dates.

C) The Flame Towers. Central Baku is cradled in a gently rising geological amphitheatre that echoes the curve of a rock-bound bay from. On the southern arm rise three sinuous skyscrapers. Their 21st-century blue glass forms dominate the city by day. But by night they take on a specially sensational as a light show creates the impression that there really are 60-storey flames on the near horizon. You can see this spectacle from many vantage points right in the city centre – notably from the base of the funicular railway beside the Baumur Gür statue. From the Maiden’s Tower that’s barely 100 m away, a sweeping up through parkland past the carpet museum, magnum cup and Little Venice canal pools. To get close to the towers take the funicular up to their base and, while you’re there, wander through the Martyr’s Avenue cemetery to some brilliant city viewpoints surveying the city and bay.

**FULL DAY’S CITY TOUR**

If you want to get to a wider range of Baku’s sights, there’s a hop-on hop-off bus service (www.volobus.ae) which will get you there. That service’s main advantage is that you can simply jump aboard without needing to take a ticket at one of the short linguistic misunderstandings with taxi drivers. If you go, you get a commentary in eight languages. However, it only runs every 45 minutes or so and realistically you don’t really need to disembark at more than a few of the 15 stops. If you are at all independent minded, you probably prefer to do it yourself. Try the following:

1) Start with a taxi ride to the Heydar Aliyev Centre (www.heydardavudievcenter.com) and walk around it observing from multi- ple angles. Photographers could easily spend an hour or more with impossible dropping into the 2015 Carpet Museum (www.museum.az). Reward yourself with tea or a beer in one of numerous cafes or sip a margarita at the store lounge bar-restau- rant Sabih (afron.com; res- taurants/sabih).

2) From east side of Heydar Aliyev Centre take bus 14 three stops to MIM (www.mim.az), the city’s biggest gallery of contempo- rary & modern art. Or con- tinue, five stops further to the Old City where you’ll find plenty of smaller galleries as well as a plethora of intriguing sights.

3) Visit the mystical Maiden’s Tower and ponder whether it was sun temple, fortress or astro- nomical observatory. Savour the great views from the top and fascinating street scenes at the base.

4) Have lunch at Noqta or on the rooftop restaurant of Sultan’s Inn, with great views back to- wards the Maiden’s Tower.

5) Walk up through the winding lanes of the Old City emerging eventually at the fortified ‘Dou- ble Gates’ in the city wall.

6) Stroll around Fountains Sq, the city centre of passeggiata then follow the grand sweep of Istiglaliyyat Street with its numerous fine facades. Walk past the fine Wedding Palace to A khundov Gardens where old men in flat caps often sit playing the local board game, nard.

7) Take bus 18 up to the Flame Towers. Or of taking a taxi ask the driver for Ush Alov.

8) Walk through Shakhilfis- Xi, an abandoned, once isolated city of national martyrs, to get a first-hand view of the processional routes over Baku Bay.

9) Take the funicular down to Baumur Gür statue.

10) Stroll along the Boulevard enjoying ever-changing views across the Caspian Sea or sip a margarita at the store lounge bar-restau- rant Sabih (afron.com; res- taurants/sabih).

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**SHORT DAY TOURS AROUND BAKU**

For a full day combine the Gobustan tour below with Qala and Marashkan Shuvalov in the Absheron tour, linking the two with a drive right along the full length of the Caspian seaside.

**TIME:** Five to six hours

**TRANSPORT:** Local driver up to at least 70 minutes (70 Euro) for an excursion like this, but agencies ask for more. Using a combination of buses (120 and 193) plus a taxi from Gobustan town to the petrochemical area, you could make the trip possible for around 30 minutes.

**ABSHERON EXCUR- SIONS – CASTLES, FIRE TEMPLES AND CURiosItyes**

The Absheron Peninsula is Baku’s mossy but intriguing back yard, an un-groomed mix of suburban settlements, ancient village cores, rotten oil workings,官方微信 sites, Caspian beaches and the odd castle tower all mixed together in an unpre- dictable blur. You’re unlikely to get picture postcard viewpoints but there are some fascinating curiosities for those with a taste for folk culture… and it’s all an easy drive from the capital.

Start by driving up the ev- ergreen mountain ridge above Baku, to see a series of small stony little shrines to mountain gods. Don’t imag- ine Mt Fuji or Hawaii – these volcanic formations are grey moons and pools of grey mineral slurry throwing out gulps of cold water, well and in the nearby parks and avenues of early 20th century buildings. But if time is limited, just be sure to take half an hour to stroll the area directly around the Maiden’s Tower, a nine-level tower that’s so myste- nious that experts still imagine as to its purpose or even from which millennium it dates.

**A WEEKEND AROUND BAKU**

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Baku to Tbilisi, Georgia

If you have business in both Baku and Georgia, why not take a long weekend and do the journey by road instead of flying... be sure to drive the slightly longer ‘northern route’ via Shamakha, Gabala, Sheki and Qazgatala. This journey takes you through an amazing variety of landscapes with access to several of Azerbaijan’s most attractive country towns.

If doing the trip in two days, you might make brief stops in Shamakha and Ismayilli, grab lunch in Gabala then spend the evening in Sheki where there’s a remarkable hotel occupying a former caravanserai. Visit the colourful khan’s palaces, explore the cobbled old town streets and drive up the pretty mountain valley to Shaki with its ancient church and charming rural setting. Next day, drive through patchworks of woodland and fields at the base of the High Caucasus foothills making stops at Qax and Qazgatala. As an extra bonus when you leave Azerbaijan this way you’ll find yourself in the heart of Kakheti, Georgia’s classic wine country.

If you have three days for the trip, add a side excursion through a dramatically narrow-cut side valley to the ‘coppersmiths village’ of Lahij and stay the first night in Gabala, taking the opportunity to ride that town’s network of cable cars. Or visit the beautiful valley behind Qax that leads up to the old castle village of Ilisu. Consider adding an overnight stay in Telavi, Georgia.

TIME: Approximate driving times without stopping: Baku-Ismayilli three hours, Ismayilli-Gabala 45 minutes, Gabala-Shaik two hours, Shaik-Qax 45 minutes, Qax-Qazgatala 40 minutes, Qazgatala-Bakalan/Georgian Border 30 minutes. Allow around half an hour to cross the border. Border to Telavi 90 minutes, Telavi-Tbilisi 90 minutes.

TRANSPORT: An inexpensive alternative to driving the whole way is to take the overnight sleeper train from Baku to Shaki. That arrives early morning, about stopping some 15km outside the town centre. Jump in a cab to central Shaki, spend the day there then continue in bus hops to Qax, Qazgatala and Bakalan from it’s a short taxi hop to the border. A taxi from the Georgian side to Tbilisi with several stops shouldn’t cost more than 40 Euros.
PERSONAL relationships are very important in Azerbaijan, so establishing a good rapport before you discuss business is a key factor in achieving your goals.

THE OFFICIAL language is Azerbaijani, and both Turkish and Russian are widely spoken. Learn a few words to help you navigate and ask for help if you need it.

JUST like any other major city, Baku has severe problems with traffic jams in the morning and afternoon rush hours. Plan your travel wisely so as not to be late.

TRADITIONALLY, and in a formal situation, when greeting someone you should use their first name, then ‘Hanum’ for women, and ‘Bey’ for men.

THEME is a much loved national ritual, and is often served with jam or chocolate. Expect to be offered tea during meetings, and to offer it if you are hosting one.

GETTING around Baku is now easier thanks to the metro system, and the new, metered ‘London’ taxi cabs are a quick way to travel outside of peak times.

WHEN buying clothes or gifts from one of the many bazaars, try to haggle for the best price from the vendor. Your negotiation skills might surprise you!

TRADITIONALLY, and in a formal situation, when greeting someone you should use their first name, then ‘Hanum’ for women, and ‘Bey’ for men.

WHEN invited to a house for dinner, take flowers or pastries, and ask the shop to wrap them for you. It is polite to reciprocate hospitality with a small gift.

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Where history inspires innovation

The Azeri culture brings various unique elements together to form an outstanding cultural legacy. The enigmatically charming Giz Galasi, or the Maiden Tower, is a source of mysterious tales and fables, and the eerie feel only adds to the charm of the place. Throughout history, the tower has inspired a multitude of artists, providing a gorgeous bird’s eye view of the old city and its rare architectural ancestry that the locals take a great deal of pride in.

Along with the well-forgotten old, a number of modern, state-of-the-art projects liven up the city. Heydar Aliyev Center, designed by the Iraqi-British architect Zaha Hadid, is an example of a contemporary piece of architecture harmoniously woven into the historic landscape of Baku, inspiring the newer generations of artists and creators.

www.azcb.com