

Country Risk and Governance

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Country Comparison: Energy Infrastructure Investments in Georgia or Azerbaijan

Investment Scenario:

Project: Energy Infrastructure Investment in the Southern Caucasus (to be specified)

Organization: European Investment Bank (EIB supports drive for net zero emissions outside the EU, funded projects in this field in the past, EIB lectures throughout the term allow deep understanding of functioning of the organization that can be further applied in this country risk assessment)

Relevance: The Southern Caucasus is an increasingly important region for the European energy market. The EU demands more access to oil and gas from the Caspian region, particularly Azerbaijan, but potentially also from the Central Asian states of Turkmenistan, Uzbekistan and Kazakhstan. At the same time, green transition efforts affect the EU and the Southern Caucasus equally and a joint coherent transition of the energy market is in the interest of all involved actors of this energy partnership. Cooperation in the energy sector is furthermore a highly relevant opportunity for the states in the Southern Caucasus to deepen its relations to the European Union in an environment of regional geopolitical tension.

Interest in a comparison: The comparison of Georgia and Azerbaijan seems particularly interesting in this scenario, since both countries are important economic and increasingly also political partners of the European Union. While shared characteristics in size, history, culture and GDP per capita represent a foundation for substantial comparison, the two countries differ significantly in their political and economic system. While Georgia presents itself very open to the West, recently applied for membership in the European Union and built up a very dynamic business-friendly environment, Azerbaijan is an autocratically governed rentier state regime, that highly depends on fossil fuel exports, but recently increasingly adapts to green transition efforts.

Country Profiles:

	AZERBAIJAN	GEORGIA
FORM OF GOVERNMENT	presidential republic	parliamentary republic
POPULATION	10.1 million	3.7 million
GDP PER CAPITA	5,598 US\$	5,014 US\$
CURRENCY	Azerbaijan- Manat (AZN)	Lari (GEL)
BUSINESS CLIMATE ASSESSMENT	C	A3

Hypothetical Structure:

1. Introduction and presentation of the region
2. Country profiles
3. Comparison of economic indicators
4. Comparison of political indicators
5. Comparison of social indicators
6. Comparison of alliance networks and standing in international context
7. Conclusion