



中國傳媒大學
COMMUNICATION UNIVERSITY OF CHINA



Institute for a Community
with Shared Future
人類命運共同體研究院



Analysis of Azerbaijan's Digital Economy



By Ms. Hafsa Akram, Research Assistant, Pakistan
Research Center for a Community with Shared Future
(PRCCSF), Islamabad

Published on 11th December 2023

Azerbaijan has embarked on a transformative journey towards establishing a robust digital economy, marked by government initiatives, strategic partnerships, and comprehensive planning for digital Azerbaijan. President Ilham Aliyev's leadership is playing a pivotal role in the role of education in cultivating a digitally literate workforce. The incorporation of digital skills into school curriculum represents a



proactive step towards building a tech-savvy generation capable of contributing to the country's digital ambitions. As part of the government's social and economic strategy for 2022–2026, digital transformation takes center stage, signalling a commitment to leveraging technology for inclusive development and progress.

The government's aim to enhance internet connectivity for the population by 2024 underscores the recognition of digital connectivity as a cornerstone of economic development. Simultaneously, the emphasis on cybersecurity and data privacy legislation aligns with global best practices, showcasing Azerbaijan's commitment to secure and responsible digitalization. These measures are crucial for instilling public trust in the digital ecosystem, which is a prerequisite for sustainable economic growth.

To foster the pivotal role of small and medium enterprises (SMEs) in economic development, Azerbaijan has established dedicated agencies such as the Small and

Medium Business Development Agency and the Innovation and Digital Development Agency. These entities are providing the necessary institutional support for the development of small and medium enterprises (SMEs), fostering innovation, and contributing to economic diversification.

The "Digital Hub" program, with its three-phase approach, exemplifies Azerbaijan's ambition to position itself as a regional digital hub. The focus on sustainable backbone



infrastructure, the establishment of an internet exchange center, and the creation of a large regional data center demonstrate a comprehensive approach to fostering a conducive environment for digital businesses. The TransCaspian Fiber Optic project and the envisioned Digital Silk Road further highlight Azerbaijan's commitment to becoming a digital bridge between Europe and Asia.

Government Visions and Framework

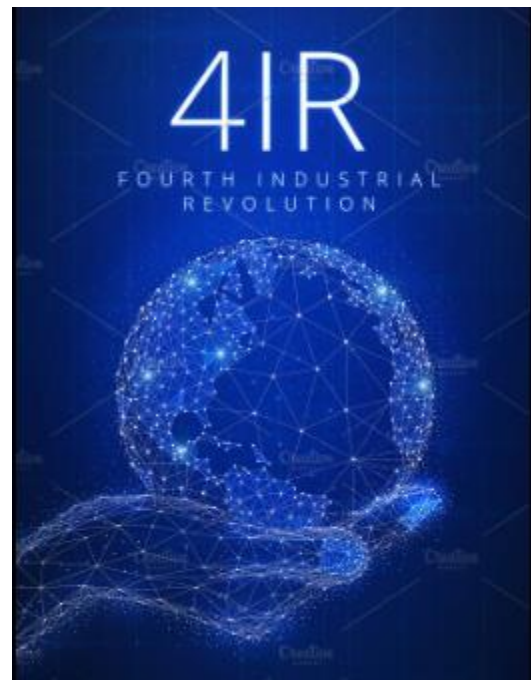
The key government initiatives, encapsulated in the digital vision, gap analysis, and recommendation framework, develop a systematic approach to digital transformation. National development priorities like "Azerbaijan 2030" and economic strategy for 2022–



2026 fulfills a structured pathway for achieving digital objectives and visions. The emphasis on data governance, measurable targets, and a logical framework underscores a commitment to accountability and results-driven governance.

The Government of Azerbaijan is working with the United Nations Industrial Development Organization (UNIDO) to fortify the innovation ecosystem, aiming to unlock the country's vast potential for comprehensive digital transformation, which showcases Azerbaijan's eagerness to leverage global expertise for fostering innovation. The exchange of knowledge and capacity-building activities facilitated by projects like those with the Government of Slovenia and the United Nations Industrial Development Organization (UNIDO) contributes to a vibrant innovation ecosystem.

The SIRI programme, as a government-led initiative, signifies Azerbaijan's strategic approach to adopting Fourth Industrial Revolution (4IR) technologies, which focus on infrastructure, policies, and workforce development and align with global trends, positioning Azerbaijan to harness the opportunities. The collaboration with the World Economic Forum further underscores the country's commitment to staying at the forefront of technological advancements.





The Online Azerbaijan project, targeting broadband internet access for households, exemplifies a commitment to bridging the digital divide. The public-private partnership model ensures efficiency and inclusivity, with high-speed internet becoming a cornerstone for economic participation, education, and innovation across towns and villages. A collaborative effort by multiple telecom operators will extend broadband Internet access to approximately 1.5 million households, establishing a comprehensive network covering the majority of regions in the country with a minimum internet speed of 25 Mbps, all implemented through a public-private partnership model.

Innovation in Digitalization

The Azerbaijani government is focusing on enhancing the efficiency of its operational mechanisms through digitalization, marking a significant shift towards modernizing administrative processes and fostering a more streamlined governance structure. This emphasis on digitalization aligns with broader efforts to transform Azerbaijan into an innovation hub for the export of information and communication technology (ICT) products. The recognition of innovation as a process, from conception to implementation, underscores the holistic strategy. The monitoring of emerging technologies, like City Digital Twins, showcases a forward-looking approach, ensuring that Azerbaijan remains adaptable to evolving trends.



In conclusion, Azerbaijan's journey towards a digital economy is characterized by a comprehensive and strategic approach. From foundational educational reforms to ambitious infrastructural projects, institutional support, and international collaborations, Azerbaijan is positioning itself not only as a regional digital hub but also an emerging global player in the digitalization landscape. As these initiatives unfold, Azerbaijan is poised to reap the economic, social, and developmental benefits of a thriving digital economy.