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Azerbaijan 2030: From Karabakh Victory to Green Horizons – Five Priorities Building a Prosperous, Innovative Nation



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When the guns fell silent in November 2020, marking Azerbaijan's historic victory in the Second Karabakh War, the atmosphere in Baku was not just one of jubilation, but of profound anticipation. For nearly thirty years, the national consciousness had been dominated by the trauma of occupation. Yet, as the smoke cleared, the nation found itself standing at a pivotal crossroads. The restoration of territorial integrity was not an end, but a beginning—a foundation upon which a new, ambitious future could be built.



It was in this historic window of opportunity that President Ilham Aliyev signed the decree on **February 2, 2021**, approving "Azerbaijan 2030: National Priorities for Socio-Economic Development." This strategic roadmap is more than a policy document; it is a declaration of intent to transform a resource-rich post-Soviet republic into a resilient, high-income powerhouse. The overarching goal is clear: to forge a "strong state and welfare society" defined by modern living standards, competitive human capital, and a clean environment. As the world grapples with climate change and economic volatility, Azerbaijan is pivoting. The era of pure oil dependency is ending, replaced by a vision aligned with the UN Sustainable Development Goals (SDGs)—a shift toward a diversified, inclusive, and fundamentally "green" economy. But how does a nation famous for its "black gold" reinvent itself as a beacon of green energy and innovation?

The answer lies in five distinct national priorities that promise to reshape the South Caucasus by the end of the decade.

1. A Steadily Growing, Competitive Economy

For decades, Azerbaijan's economic pulse beat in rhythm with global oil prices. Vision 2030 seeks to break that synchronization. The first priority is the creation of a steadily growing, competitive economy driven not by crude exports, but by non-oil industries, private sector dynamism, and foreign direct investment (FDI).

The results of this pivot are already becoming tangible. In 2024, the divergence was striking: while the oil and gas sector grew by a modest 0.3%, the non-oil economy surged



by **6.2%**. With GDP reaching \$74.6 billion, the narrative of the Azerbaijani economy is shifting from extraction to value creation.

Take the **Alat Free Economic Zone (AFEZ)** as a prime example. Situated strategically near the Baku International Sea Trade Port, AFEZ is designed as a high-tech, export-oriented industrial hub offering investors a unique legal framework and tax exemptions. With Phase I complete and Phase II expansion approved in January 2025 aimed at increasing cargo capacity to 25 million tons, AFEZ is becoming the logistical heartbeat connecting East and West.

However, the transition is not without its hurdles. Reducing the lingering dependency on hydrocarbon revenues remains a massive undertaking. The 2030 targets demand a robust banking sector capable of financing small and medium enterprises (SMEs) and a regulatory environment that fiercely protects private property and competition. The government is pushing forward with privatization strategies to inject efficiency into state-owned enterprises.

Yet, with non-oil sectors now accounting for a dominant share of growth, the foundation for a resilient macroeconomic stability has been laid. The impact is visible in the bustling streets of Baku and beyond—new jobs are being created in logistics, agriculture, and tourism, fostering a new class of entrepreneurs who are building wealth independent of the oil derrick.

2. A Dynamic, Inclusive Society Based on Social Justice

Economic growth means little if it does not touch the lives of ordinary citizens. The second priority of Vision 2030 focuses on building a dynamic, inclusive society where the fruits of prosperity are shared equitably. The goal is to eradicate the vestiges of poverty and bridge the gap between the gleaming capital of Baku and the rural regions.

Azerbaijan's track record here is impressive. From a staggering poverty rate of nearly 30% in 2005, the country reduced this figure to 4.9% by 2015, maintaining it at a low **5.2% in 2023** despite global economic shocks. This was achieved not by accident, but through



targeted social protection programs, pension reforms, and consistent wage increases.

Consider the story of the Hasanov family in the regional town of Ganja. A decade ago, their financial security relied entirely on informal labor. Today, thanks to recent employment initiatives and formalized social security systems, they benefit from stable pensions and targeted social aid. The government's targets for 2030 aim to further institutionalize this security, ensuring minimum pensions meet modern standards and that vulnerable groups—including families of martyrs and war veterans—receive priority care.



The challenge ahead lies in addressing regional disparities. While Baku thrives, ensuring that a young woman in Sheki or a farmer in Lankaran has equal access to high-paying jobs is crucial for true social justice. Efforts to combat informal employment are ongoing, bringing more workers under the umbrella of state protection. By 2030, the vision is a society where high social welfare is a universal right, not a geographic privilege, and where every citizen has the opportunity to build a dignified life.

3. Competitive Human Capital and Modern Innovations

In the 21st century, the true wealth of a nation is its people. Priority three recognizes that to compete globally, Azerbaijan must transform its educational landscape and foster an ecosystem of innovation. The objective is to cultivate a "digital-native" generation capable of driving the knowledge economy.

Progress is palpable in the humming corridors of the **Azerbaijan Innovation Center (AIC)** branches in Baku and Ganja, and the vibrant SABAH Hub. Here, young entrepreneurs are turning ideas into scalable businesses. When 28-year-old Leyla Mammadova launched her agritech startup at a Microsoft Founders Hub event in Baku,



she represented the new face of Azerbaijani business—tech-savvy, globally connected, and supported by a growing network of incubators and tax incentives.

Reforms are sweeping through the education system, with a renewed focus on STEM (Science, Technology, Engineering, and Mathematics) and vocational training to match market needs. The government has introduced digital literacy programs that start in primary school, ensuring no child is left behind in the digital age. Tech parks offer generous tax breaks to IT companies, attracting both local talent and international partnerships.

The targets for 2030 are ambitious: drastically improving PISA rankings, achieving universal digital literacy, and increasing R&D funding to foster a true innovation ecosystem. The government understands that without competitive human capital, the diversification of the economy will remain a pipe dream. Challenges in international competitiveness remain, but the investment in youth—the country's most valuable resource—promises to yield high returns in the form of a skilled workforce and a thriving culture of innovation.

4. The Great Return to the Liberated Territories

Perhaps the most emotionally resonant of the five priorities is "The Great Return." This is not merely an infrastructure project; it is the healing of a national wound. The vision involves the complete reconstruction of Karabakh and East Zangezur, turning ruins into thriving, smart communities.

The scale of the undertaking is staggering. By mid-2025, the government had invested over **\$910 million** in that year alone into reconstruction. Today, more than **48,000 people** are

living and working in the liberated territories. The Great Return Program aims to resettle 140,000 people (34,500 families) by 2026.



The symbol of this rebirth is the **Smart Village of Aghali** in Zangilan. In 2022, the Aliyev family was among the first to visit, witnessing displaced families returning not to the mud-brick houses of the past, but to energy-efficient homes equipped with high-speed internet and solar panels. Alongside Aghali, massive infrastructure projects like the operational Fuzuli International Airport and the newly opened Lachin International Airport serve as lifelines connecting these regions to the world. Zangilan International Airport further integrates the region into the global transport network.



In Shusha, the cultural capital, residential complexes, schools, and hotels are rising from the ashes, restoring the city's historical grandeur. The Aghdam Industrial Park is already operational with ten enterprises, creating local jobs. Highways like the Victory Road and the Ahmadbayli-Fuzuli-Shusha road snake through the mountains, while new hydroelectric stations in Jahangirbayli, Zangilan, and Shayifli power the region with clean energy.

The rebuilding of villages like Horovlu, Mashanli, and Karkhulu is a testament to the nation's resolve. Yet, challenges remain immense—chief among them the slow, dangerous work of demining vast areas of land. Despite this, the "Great Return" is transforming from a slogan into a lived reality. For thousands of Azerbaijanis, it means reclaiming their ancestral homes, rebuilding communities, and restoring a heritage that was once thought lost.

5. A Clean Environment and Green Growth

In a twist of irony, the country that gave the world its first industrial oil well is now positioning itself as a leader in green energy. Priority five commits Azerbaijan to a clean environment and "green growth," targeting a **30% share of renewables** in its electricity generation capacity by 2030.





This is not empty rhetoric. Renewable energy already accounts for 18.8% of installed capacity (approximately 2 GW). The landscape of the Absheron peninsula and the liberated territories is changing. The **230 MW Garadagh Solar Power Plant**, developed with Masdar, is fully operational, and the **240 MW Khizi-Absheron Wind Farm**, a project by ACWA Power, began operations in January 2026.

"Karabakh and East Zangezur should become a green energy zone," President Ilham Aliyev has declared, mandating that the reconstruction of these regions be powered entirely by renewable sources.

Plans are already in motion for 9 GW of planned wind and solar capacity. Memorandums of Understanding with giants like Masdar, SOCAR Green, and ACWA Power envision 3.5 GW of offshore wind projects in the Caspian Sea. In Jabrayil, the Shams and Ufug solar plants are set to harness the region's abundant sunlight. Azerbaijan is also eyeing the export of green hydrogen to Europe, positioning itself as a key partner in the continent's energy security.

This transition is not just about energy; it is about ecological restoration and efficient water resource management. The challenge is balancing this aggressive green transition with the economic reality of current fossil fuel exports, but the trajectory is undeniably toward a cleaner horizon. By embracing green growth, Azerbaijan is ensuring its energy security while contributing to the global fight against climate change.

Interconnections: A Unified Vision

These five priorities do not exist in isolation; they are deeply interconnected gears in a single engine. The "Green Growth" (Priority 5) creates the sustainable jobs required for a "Competitive Economy" (Priority 1). The "Great Return" (Priority 4) provides the physical canvas for applying "Modern Innovations" (Priority 3) in smart city planning. Meanwhile, an "Inclusive Society" (Priority 2) ensures that the refugees returning to Karabakh are supported by a robust social safety net.



This holistic approach strengthens Azerbaijan's position as a regional leader. By actively developing the Middle Corridor trade route and serving as an energy transition hub for the Caspian, Azerbaijan is securing its economic sovereignty. Its progress is recognized globally; the country ranked **64th in the 2025 Sustainable Development Report** with an SDG Index score of 72.9, signalling steady advancement toward international development benchmarks. Azerbaijan is not just a transit point; it is becoming a bridge between East and West, resilient to external shocks and confident in its sovereignty.

Conclusion: A Nation Transformed

As we look toward the horizon of 2030, the picture of Azerbaijan that emerges is one of profound transformation. It is a nation that has successfully pivoted from the battlefields of 2020 to the wind farms of the Caspian, from the oil rigs of Baku to the smart villages of Zangilan.

By 2030, Azerbaijan aims to be a country where innovation drives growth, where nature is protected, and where every citizen—regardless of their region—enjoys a high standard of welfare. The realization of Vision 2030 will mean that the victory in Karabakh was not just about regaining territory, but about regaining the future.

As President Ilham Aliyev stated when unveiling the priorities,

"We must find new 'driving forces' conducive to sustainable economic growth... The implementation of these goals requires the formation of an effective framework of macroeconomic policy."

For the young entrepreneur in Baku, the returning family in Shusha, and the farmer in the green plains of Mughan, Vision 2030 is more than a policy paper—it is a promise of a prosperous, innovative, and resilient Azerbaijan. The journey has begun, and the destination promises a brighter future for generations to come.