



中国传媒大学
COMMUNICATION UNIVERSITY OF CHINA



Institute for a Community
with Shared Future
人类命运共同体研究院



Socio-Economic Development in Azerbaijan after the Armenian War

By Mr. Jaleel Rathore, Member Board of Experts, Pakistan Research Center for a
Community with Shared Future (PRCCSF), Islamabad



Published on 7th August 2023

Abstract:

The major object of this study is to examine the war between Azerbaijan and Armenia in 2020 and its impact on the economy of Azerbaijan and how Azerbaijan's role over the development not only in their existing areas but also in the newly liberated regions. The study indicates that the war was started long ago and in 1994 ceasefire was implemented. These two countries before were the part of USSR since 1991 USSR was broken down into many parts and 15 states were separated from them.

Among these states, Armenia and Azerbaijan were also included which were separated from Russia. The conflict was made between Nagorno-Karabakh. In a real sense, the area of Nagorno-Karabakh was the area of Azerbaijan in the past.



The UNO also played a role but they did not succeed in the solution of this dispute. Turkey and Pakistan fully supported Azerbaijan while Armenia was supported by French and Russia. Likewise, after the attack, industrial and trade activities were stopped among the regions which spoiled both countries' economies.

Introduction:

For about 30 years, the territories of the southwestern part of Azerbaijan had been illegally occupied by Armenia. Therefore, the freedom of these territories was the main concern of both the domestic and foreign policy of the Republic of Azerbaijan. For many years, Azerbaijan tried to resolve the



clash peacefully and also conducted dialogues mediated by the Organization for Security and Co-operation in Europe OSCE Minsk Group's co-chair countries (France, the Russian Federation, and the USA). However, Armenia deliberately delayed the resolution of the Armenia–Azerbaijan conflict, thereby trying to protect the status quo established after the 1994 ceasefire contract. At that time, Armenia occupied not only the territories of the former Nagorno-Karabakh Autonomous Oblast (NKAO) but also seven surrounding adjacent districts, thus forcing their entire local population to leave their homes and making them IDPs in their own country. During the entire period of the occupation, the Armenian armed forces and illegal residents completely plundered and wiped out all settlements in the region. In addition, they mined huge areas of those territories to make them unsafe for Azerbaijanis to move through after the liberation. In short, a lot of work is needed on demining actions and transforming destroyed cities, towns, and villages. After liberation, the IDPs have become resettled in new places and formed more or less stable livelihoods. Thus, it is important to determine the economic potential and the possibilities of the liberated territories, so that resettlement is not only a call of patriotic need but also of economic expediency. This article will provide information on the social and economic potential of the liberated territories and analyze their possible uses.

Description:

After the conflict between Azerbaijan and Armenia over the Nagorno-Karabakh region, there have seen some social and economic developments in the Republic of Azerbaijan after 2020 till to now. Here are a few areas where progress has been observed:

Infrastructure Development: Azerbaijan has focused on rebuilding and improving its infrastructure in the affected areas. This includes the restoration of spoiled buildings and infrastructure such as roads, bridges, and public facilities. Reconstruction efforts have aimed to boost connectivity and accessibility in the region.

Azerbaijan is building new highways in the liberated areas. New highways are being built to facilitate connections. The total length of the highways completed and under construction in the region, is 723 kilometers (449



miles). The authorities aim to complete the construction works of the main highways in the region by 2025. The Azerbaijani government is planning to rebuild the city of Agdam which will be the modern city. There are more than 50'000 people will be expected to live there in the upcoming three to four years.

Economic Growth: The resolution of the conflict has created opportunities for economical expansion in Azerbaijan. The return of the territories under Azerbaijani control has led to the reopening of borders and the growth of trade routes. This has the potential to enhance regional economic integration and boost investments in various sectors, including tourism, agriculture, and energy. The Secretary General of the organization of Turkic State Baghdad Amreyev called the participants to promote trade, strengthen economical relationship and increase investment with

existing and productive initiatives and projects in the liberated territories of Azerbaijan. The Azerbaijani government is strongly focused on Information & Technology (IT), new technologies, sustainable development and it's renewable. Azerbaijan has built 200 houses in the Agali village of

Zangilan which has been restructured under the theory of a “Smart Village.” An agricultural park project was launched by Turkish and Azerbaijani investors near the smart Agali village. Agricultural



activities will be carried out with modern technologies on the Dost Agropark Smart Agriculture Campus, the foundation of which was laid by Turkish President Recep Tayyip Erdogan and his Azerbaijani counterpart President Ilham Aliyev.

Humanitarian and Social Reintegration: Efforts are being made to reintegrate displaced persons and refugees back into their homes and communities. Providing assistance and support to these individuals is essential for their well-being, as well as for social unity in the country. Initiatives related to healthcare, education, and housing is being implemented to facilitate this process.

Regional Cooperation: Azerbaijan has shown an interest in regional cooperation and connectivity projects, such as the restoration of transportation links and the reopening of railway connections. These initiatives have the potential to enhance trade, attract investment, and promote regional



stability and development. Fuzuli and Zangilan International Airports are operational in the region while construction work continues at Lachin Airport.

Cultural and Religious Heritage Preservation: Azerbaijan has emphasized the preservation, maintain and restoration of cultural and religious heritage sites in the affected areas. These efforts aim to protect and showcase the diverse cultural history of the region, preserving its traditions and promoting tourism. It is important to note that post-conflict development is an ongoing process that requires sustained efforts by the Azerbaijani government and international partners. The ultimate objective is to ensure sustainable fiscal expansion, social well-being, and stability in the region.

Other Activities in the Region:

Azerbaijan now aims to fully recover the liberated territories. Despite the fact that the scale of the destruction makes the economic recovery process complex and time-consuming, Azerbaijan wants to make over the liberated territories into areas of modernized development. Thus, immediately after the war, the plan for the socioeconomic development of the liberated territories was prepared and the reconstruction process started. For the efficient organization of the recovery process, a “Coordination Headquarters” and 17 working groups in different areas were established. Initially, the \$2.4 billion is allocated for the restoration process. These funds will be used for the formation of infrastructure and ensuring the availability of utilities. At the next stage, priority will be given to private and foreign investments.

The initial steps taken in the restoration process were the construction of roads and highways. The first transport project, which launched during the war, was reconstruction of roads connecting Tartar city with Sugovushan and Talish villages in the North-East direction of Karabakh. The total length

of highways is 28.5 km and the first stage of reconstruction of these highways has already been completed. In the next stage, the other significant transport project is the Ahmadbeyli-Fuzuli-Shusha highway, which is 101.5 km in length and reduces the distance from the capital Baku to Shusha to about 363 km. Initially, \$29.4 million was allocated to accomplish this project. The final part of this road which connects Fuzuli and Shusha has a symbolic meaning for Azerbaijan as the road passes from the territory that was used by the Azerbaijani soldiers to liberate Shusha city, the cultural center of Azerbaijan. Therefore, President Ilham Aliyev named it “The Road to Victory”.

Along with the Ahmadbeyli-Fuzuli-Shusha highway in the southern part of Karabakh, Azerbaijan

constructing the Horadiz-Zangilan-Qubadli-Lachin road. It is also planned to connect Horadiz with Fuzuli and Shusa by railway. Other railway projects include the Barda-Aghdam railroad which is part of the Yevlakh-Khankendi railway (104 km). The construction of a 45-



kilometer section from Barda to Agdam has already started and initially, \$2.94 million has been allocated. The Horadiz-Agband railway will also be restored. This road is one of the main components of the Zangazur corridor. Along with highways and railways, the Azerbaijani government also plans to build three airports in the liberated territories. The first airport project is the Fuzuli International Airport, the foundation of which was laid on January 14. The runway of the

airport is 2,800 meters long. The new airport facilitates the travel of foreign visitors and tourists to the liberated territories, especially to Shusha. Fuzuli-Shusha highway will be connected to the Fuzuli Airport, which will make it easier for foreign visitors to travel to Shusha.

The aviation infrastructure has baggage conveyors, VIP lounges, a registration system, shops, restaurants, and other necessary facilities. Azerbaijan constructs the Zangilan international airport. The construction of the airport began in May 2021 and the airport was inaugurated on 20 October 2022 by the president of Azerbaijan Ilham Aliyev and president of Turkey Recep Tayyip Erdogan.



Green Energy Zone (GEZ) in the Liberated Territories:

One of the main directions in the course of economic development of the liberated territories is defined by the President of the Republic of Azerbaijan Ilham Aliyev as the transformation of liberated territories into a "Green Energy" zone. It is estimated that liberated territories have more than 4,000 Mw of solar and up to 500 Mw of wind energy potential. The process of establishing a green energy zone has already started and the Energy Ministry of Azerbaijan had meetings with international financial institutions. President of the Republic of Azerbaijan Ilham Aliyev put forward a strategic

vision for the establishment of a Green Energy Zone in the liberated territories and stated that the liberated territories have sufficient renewable energy potential.

Along with discussions of green energy projects, other energy projects have already started. Currently, two power lines are being laid to Shusha. The “Azerishiq in Karabakh” project is being implemented to supply electricity to government buildings. Works are also underway for the restoration of hydroelectric power plants (HPP) that were destroyed by the Armenian occupants. The

8-megawatt Gulabird HPP in Lachin region has already been put into operation. Restoration and reconstruction of two HPPs in Sugovushan, Khudaferin, and Qiz Qalasi HPPs in Jabrayil and Shukurbayli HPP in Fuzuli are also ongoing.



As part of the Green Energy

Zone, electricity generation from renewable energy sources, energy efficiency measures, use of electric vehicles, installation of renewable energy facilities (especially solar panels) on the roofs of buildings, use of solar energy-based LED lamps in the lighting of streets and roads, use of renewable energy technologies in heating, cooling and hot water supply, application of smart energy management, measures such as waste energy targeted management are designed.

At the UN Climate Change Conference held in Glasgow, the government of Azerbaijan announced the intention to reduce greenhouse gas emissions by 2050 by 40% compared to the base year and



create a "Net Zero Emission" zone in the liberated territories. This, in turn, will contribute to the transformation of the liberated territories into a "green energy" zone.

On the other hand, Azerbaijan's President Ilham Aliyev has already declared Shusha the "Cultural Capital" of Azerbaijan. Historically, Shusha has been one of the important centers of historical, cultural, and socio-political life in Azerbaijan for centuries. President Ilham Aliyev decided to restore the historical appearance of Shusha, up to its former glory and reunite it with a rich cultural life, as well as promote Azerbaijan's rich culture, architecture, and urban planning in the international arena.

In addition to this, Zangazur Economic Corridor (ZEC) is the economic life-line of many regional countries of the South Caucasus and beyond. It is an ideal regional "Connecting Hub" of economies, trade & commerce activities, transport systems, blue economies, and above all greater regional connectivity. Thus rigorous development work is being considered to build this vital economic corridor as soon as possible. It is hoped that the construction of the ZEC will enhance the regional economy along with that of the countries of the South Caucasus and serves the interests of all stakeholders interested in the development of the North-South and East-West corridors.

In this context, a State Program of Socio-Economic Development of Regions of the Republic of Azerbaijan 2019-2023 called for "Smart Villages" in the near future. Hopefully, the smart villages will introduce agriculture based on modern technologies and joint management and control. The concept consists of 'smart' street lighting, cold-and heat-resistant homes, management of household waste, the installation of hydro and solar power stations, and bio-gas energy.

Azerbaijan's pursued a Model of Circular Economy (MCE) in Karabakh which is now addressing several of the "Sustainable Development Goals," such as sustainable cities and communities,



responsible consumption and production, and climate action. Karabakh has outstanding development potential in mining, the creative industries, knitwear, the food industry, tourism, agriculture, and green energy. In this connection, the government of Pakistan, an armed force of Pakistan and its private sector has already shown keen interest to make investments in the newly liberated areas of Karabakh.

Conclusion:

The immense socioeconomic development of newly liberated areas in Karabakh would be a stimulator to all regional countries and their economies too. It would be an ideal Initiative for further strengthening bilateral and trilateral benefiting socio-economic partnerships and geopolitical strategic ties. In this connection, Azerbaijan, Pakistan, and Turkey have already embarked towards this end goal of Trilateral Strategic Dialogue (TSD) which would provide a win-win proposition to all the countries. In addition, restoring territorial integrity will enable Azerbaijan to fully use the economic potential of this region, which will positively affect the well-being of its citizens and will also become an additional momentum for regional cooperation in the South Caucasus. According to some estimates, the use of natural resources in the territories formerly occupied by Armenia will enable Azerbaijan to extract up to a GDP of more than 32 percent. Now these resources will give a big momentum to the economy of Azerbaijan and will also contribute to the early return of local residents (former IDPs) to their homeland.

Full form of the words:

Union of Soviet Socialist Republics (USSR), United Nations (UN), Nagorno-Karabakh Autonomous Oblast (NKAO), Internally Displaced Persons (IDPs), Hydroelectric Power Plants (HPP), Model of Circular Economy (MCE), Zangazur Economic Corridor (ZEC), Megawatt (MV),



Organization for Security and Co-operation in Europe (OSCE), Green Energy Zone (GEZ),
Trilateral Strategic Dialogue (TSD)

References:

<https://genprosecutor.gov.az/en/page/azerbaycan/i-ve-ii-qarabag-muharibesi/44-gun-suren-veten-muharibesi-ii-qarabag-muharibesi#:~:text=As%20a%20result%20of%2044,pearl%20of%20Karabakh%2C%20the%20settlements>

<https://www.aa.com.tr/en/world/azerbaijans-liberated-karabakh-now-a-construction-site-for-modern-projects/2417129>

https://azertag.az/en/xeber/Socio_economic_development_of_newly_liberated_areas_of_Karabakh-1923106

<https://aircenter.az/en/single/azerbaijan-aims-to-transform-liberated-territories-to-high-tech-area--oped-658>