

MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL GRADUATE AND DOCTORATE CENTER

MASTER DISSERTATION

On the topic

**“FEATURES AND PROSPERITIES OF POST WAR DEVELOPMENT
THE KARABAKH ECONOMIC REGION”**

Mammadov Kanan Shafahat

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THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN
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THE KARABAKH ECONOMIC REGION”**

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Elm andı

Mən Məmmədov Kənan Şəfahət oğlu and içirəm ki, “Features and prosperities of post war development the Karabakh economic region” mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

“QARABAĞ İQTİSADI RAYONUNUN MÜHARİBƏDƏN SONRAKI İNKİŞAFI XÜSUSİYYƏTLƏRİ VƏ RİFAHI”

XÜLASƏ

Tədqiqatın aktualığı: Azərbaycan iqtisadiyyatının davamlı və dayanıqlı inkişafı regionların inkişafından asılıdır.

Tədqiqatın məqsədi: Azərbaycanın tarixi torpaqları olan Qarabağın işğaldan azad olunmasının və onların bərpa edilməsinin məsələləri nəzərdən keçirilir.

İsdifadə olunmuş tədqiqat metodları: araşdırmalar aparılarkən tədqiqat işində ümumi elmi metodlardan: təsnifləşdirmə və qruplaşdırmadan, ümumiləşdirmə, amillər üzrə təhlildən istifadə edilmişdir.

Tədqiqatın informasiya bazası: Dissertasiya işində həm yerli, həm də xarici ədəbiyyatlardan, elektron resurslardan, dövrü mətbuat mənbələrindən, o cümlədən Azərbaycan Respublikasının Dövlət Statistika Komitəsi və həmçinin başqa dövlət qurumları, Azərbaycan Respublikasının İqtisadiyyat və Sənaye Nazirliyinin statistik və hesabat məlumatlarından, Respublika prezidentinin fərman və sərəncamlarından, cari dövrün qəzet və jurnallarında olan məlumatların elmi-tədqiqat işlərinin yekunlarından istifadə olunmuşdur.

Tədqiqatın məhdudiyyətləri: Əsas məhdudiyyətlərdən biri mövcud pandemiya ilə əlaqədar Azərbaycanda və bütün dünyada kitabxanaların olmamasıdır.

Tədqiqatın elmi yeniliyi və praktiki nəticələri: işğaldan azad olunmuş ərazilərin bərpası, həmin ərazilərdə təbiətdən gələn ehtiyatlardan düzgün istifadə, ağıllı kənd və şəhər layihələrinin icrası və əhalinin böyük qayıdışının təmin olunması milli prioritetlik səviyyəsinə yüksəldilmişdir. Qarabağ regionunun infrastrukturunun bərpa edilməsi və ərazidə yeni ağıllı kənd və şəhərlərin yaradılması ölkəmizin qlobal bazarlara çıxış imkanlarının artırılması ilə yanaşı, işğaldan azad edilmiş ərazilərin inkişaf etdirilməsində əhəmiyyətli rol oynayır ki, dissertasiya işində işğaldan azad olunan ərazilərin Azərbaycanın digər ərazilərinə tam inteqrasiyası üçün əsas şərtlər və istiqamətlər müəyyən edilmişdir.

Nəticələrin istifadə oluna biləcəyi sahələr: Qarabağ iqtisadi rayonun təmsalında digər işğaldan azad olunmuş ərazilərdə bərpa və quruculuq işləri aparılarkən tədqiqat işi üzrə həmin ərazilərə ağıllı kənd və ağıllı şəhər layihələrin tətbiqi mümkün ola bilər.

Açar sözlər: Qarabağ, Dirçəliş fondu, ağıllı kənd, ağıllı şəhər, milli prioritetlər

“FEATURES AND PROSPERITIES OF POST WAR DEVELOPMENT THE KARABAKH ECONOMIC REGION”

SUMMARY

The actuality of the subject: Sustainable and sustainable development of the Azerbaijani economy depends on the development of the regions.

Purpose and tasks of the research: The issues of the liberation of Karabakh, the historical lands of Azerbaijan, and their restoration are being considered.

Used research methods: General scientific methods were used in the research: classification and grouping, generalization, and factor analysis.

The information base of the research: The dissertation is based on both local and foreign literature, electronic resources, periodical sources, including the State Statistics Committee of the Republic of Azerbaijan and other government agencies, statistical and reporting data of the Ministry of Economy and Industry of the Republic of Azerbaijan, decrees and orders of the President. and the results of scientific research in the journals were used.

Restrictions of research: One of the main limitations is the lack of libraries in Azerbaijan and around the world due to the current pandemic.

The novelty and practical results of investigation: Restoration of the liberated territories, proper use of natural resources in those territories, implementation of smart rural and urban projects and ensuring a large return of the population have been raised to the level of national priority. Along with the restoration of the infrastructure of the Karabakh region and the creation of new smart villages and cities in the area, increasing the country's access to global markets, plays an important role in the development of the liberated territories. The dissertation identifies the main conditions and directions for the full integration of the liberated territories into other territories of Azerbaijan.

Scientific-practical significance of results: In the example of the Karabakh economic region, it may be possible to apply smart rural and smart urban projects to other liberated areas during the restoration and construction work.

Keywords: Karabakh, Revival Fund, smart village, smart city, national priorities

ABBREVIATIONS

KOBIA	The Agency for Small and Medium Business Development of the Republic of Azerbaijan
PPP	The Public-Private Sector Partnership

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INTRODUCTION

Relevance of the research topic: Sustainable and sustainable development of the Azerbaijani economy depends on the development of the regions. Today, on the basis of our victory after the Second Karabakh War, the effective use of natural resources and the identification of environmental aspects in the occupied territories, where the role of the state is important and relevant. Focusing on the development of the liberated territories is aimed at increasing the efficiency of the use of national resources. The study of the development of these areas in our country should be based on the advanced experience of world science. It is possible to ensure the development of the national economy as a whole by ensuring the development of the liberated regions. Of course, since the development of the regions requires a large amount of money, it is possible to implement these measures, starting at a certain stage of economic development. So, first of all, the methodology of these measures must be developed. This methodology should be based on the experience of developed countries, as well as reflect the realities of the country. Otherwise, it will not be possible to form a progressive structure of the economy and create a mechanism for the efficient use of resources.

On the liberated territories in our country, which benefited from this rich experience A comprehensive action plan should be implemented to ensure the efficient use of natural resources and to identify environmental aspects and parties in this process. At the initial stage, the causes and problems that may hinder the ecological development of these areas should be investigated, analyzed, a strategy for the efficient use of regional natural resources should be developed and established, and an action plan for the use of modern equipment and technologies should be developed and implemented.

Statement of the problem and learning level: The work of scientists of our country and other foreign countries on the efficient use of natural resources and the identification of environmental aspects in the liberated territories was considered.

It should be noted that Mahmudov M.M., Mahmudova I.M., as well as other foreign scientists A.V. Bezdenezhnykh., V.I. Vidyapina and M.V. Stepanova et al.

Purposes and objectives of the research: As in any dissertation, goal setting is one of the main conditions for determining the success of the work. The purpose of the study is to identify the rational use of natural resources and environmental aspects in the liberated territories and to develop substantiated proposals and recommendations for their solution using advanced foreign experience and new methods on the role and support of states in this process. In accordance with these goals, there is a need to fulfil certain tasks facing the dissertation, which can be grouped as follows:

- Ecological review of the liberated territories, analysis of the ecosystem of the territories;
- Rational use of natural resources and identification of environmental aspects in the liberated territories;
- Carrying out reforms on planning and programming, restoration and restoration of rational use of natural resources in the liberated territories;
- To identify ways to increase the efficiency of the use of natural resources in the liberated territories and the economic aspects of the revitalization of the territories;
- Emphasizing the role of the state in the most efficient use of natural resources in the liberated territories;
- Selection of the main tasks facing the state in the implementation of the most efficient use of natural resources in the liberated territories;
- Establishment of a specific state "State Support Mechanism" to ensure the most efficient use of natural resources in the liberated territories.

Object and subject of the research: The object of research is the ecological and economic development of the liberated regions in general, and the subject is a set of theoretical, methodological and practical issues related to the ecological development of these territories and ways to improve activities in this direction. The detailed study of the object of research determines the level of study of the subject.

Research methods: Theoretical and methodological basis of the research is the theoretical works of representatives of various schools, modern western economists, the Constitution of the Republic of Azerbaijan, laws, normative legal acts on socio-economic development of the regions, as well as decrees and orders of the President. and theoretical provisions reflecting the research of foreign scientists on the economics of environmental development in the regions and the efficient use of natural resources. Generalization, statistical analysis, comparison, analysis and a number of methods were used in the research of the dissertation.

Research database: Azerbaijan Statistical Bulletin, various literature (Russian, Turkish), statistical indicators, websites and other resources were used in accordance with the topic of environmental development in the regions.

Research limitations: One of the main limitations is the lack of libraries in Azerbaijan and around the world due to the current pandemic.

Scientific novelty of the research: The research analyzes a number of key issues that attract attention as scientific innovation, and accordingly, different approaches are explored and commented on, which attract attention as scientific innovations.

Let's look at them,

- Analysis of the ecosystem of the liberated territories;
- Rational use of natural resources and identification of environmental aspects in the liberated territories;
- Planning, restoration and reform of the most efficient use of natural resources in the liberated territories;
- Identification and selection of the main tasks facing the state in the implementation of the most efficient use of natural resources in the liberated territories.

Scientific and practical significance of the results: The practical significance of the research is that the issues covered in the research can be used to develop an eco-development concept and strategy for the liberated territories based on the experience of other foreign countries in the ecosystem.

CHAPTER I. SOCIO-ECONOMIC CHARACTERISTICS OF THE KARABAKH ECONOMIC REGION

1.1. Economic potential of the Karabakh economic region

Azerbaijan's geographical position in the liberated Karabakh region and increasing access to Europe and Asia will further strengthen our country's active participation in international transport and communication and corridor projects.

This will further increase the economic and political prestige of Azerbaijan as a strategic and reliable state of the Caspian-Black Sea basin and the South Caucasus.

Professor Irshad Karimli, head of the department at the Azerbaijan State University of Economics (UNEC), said: He also had the opportunity to clarify his geopolitical and geoeconomic course. All these processes have brought economic, political, socio-cultural advantages to Azerbaijan, which has restored its territorial integrity, at the regional and especially international levels. At the same time, its location at the junction of two major North-South and East-West corridors has set Azerbaijan responsible tasks such as purposeful geoeconomic activity in the Caspian-Black Sea basin and the South Caucasus, as well as in Central Asia and the Middle East.

Factors that increase the regional and international prospects of the region, which currently has geoeconomic values such as Karabakh, have a positive impact on cooperation with near and far abroad. Today, Azerbaijan has become a very strong country in the South Caucasus, returning the economic potential and national natural resources of the liberated Karabakh region to the true owner of the Azerbaijani people. Thus, at present, Azerbaijan has 60 percent of the human resources of the South Caucasus, 90 percent of the fuel and energy, mining, natural-mineral and fertile land resources, and 80 percent of the economic potential.

All this shows that in Azerbaijan, including the Karabakh region, along with modern, progressive industrial and agricultural production, the opportunities to become a very important logistics and trade hub have increased. As a result of effective use of the country's strategic geographical position, it will increase the

attractiveness of transit cargo to transport corridors through the country, create conditions for the establishment of logistics and trade centers in the Karabakh region, as well as in all spheres of public life. First of all, let's start exploring the economic potential of the past.

One of the success criteria in the power struggle between developed and developing industrial states is to provide energy from safe sources. This factor increases the geopolitical importance of the regions where oil and natural gas are found as energy sources. The Caspian region has the world's richest oil and natural gas reserves. This situation pushes us to focus mainly on the role of the energy factor in the emergence of regional problems and in solving existing problems. It can be thought that the energy factor, which has turned into an important geopolitical value in our age, may also be effective in solving the problems faced by Azerbaijan, which has rich oil and natural gas resources. For this purpose, first of all, the interests of the states that are influential in the region should be analyzed, conflicting issues should be determined and the possibility of emergence and resolution of problems under these conditions should be evaluated. In the post-Soviet period, it is seen that ethnic and regional problems remain as a "heritage" in countries that are members of the union, especially in countries that tend to flee from the center. Russia, the heir of the USSR, uses such problems as a means of pressure on these countries by keeping the former union members suspended from Moscow. For this reason, Russia, which has a significant geopolitical weight in the region, continues to have difficulties in its relations with countries such as regional Black Sea-Caucasus Region: Risks and Opportunities 111 and countries such as Azerbaijan, Georgia, Ukraine and Moldova, where ethnic problems are kept alive. The fact that Russia has rich energy resources has eliminated its dependence on foreign sources in this respect. Russia uses its oil and natural gas reserves as a means of geopolitical superiority in foreign policy. For this purpose, it tries to use not only its energy reserves, but also its transit opportunities due to its geographical location in line with its targets. By using its weight on the states of the region, it assumes a monopoly role in the marketing of natural gas and oil of neighboring countries to Europe. It

can be observed that Azerbaijan follows a more independent energy policy in the face of Russia's hegemony in this direction. Although this situation provides Azerbaijan with geopolitical superiority in many aspects, it has reduced the impact of the energy factor, which is thought to enable Azerbaijan to solve the Karabakh conflict, on Russia. Azerbaijan has established its strategic relations with the USA and European states on security, economic and political integration. In this context, the energy factor has an important place in Azerbaijan's relations with the Euro-Atlantic space. The fact that Azerbaijan oil and natural gas is an alternative to Russia and the Middle East resources and its ease of transportation has made it attractive for Europe. Providing this in a reliable way has also brought the issue of security of the region, which includes Azerbaijan, to the agenda. The Karabakh conflict is one of the conflicts that threatens the security of the region. Azerbaijan is trying to use the energy factor to provide the support of the USA and European states in the elimination of the Karabakh conflict. States in the Euro-Atlantic space are in favor of solving the Karabakh problem in order to ensure the security of the region. However, the demand for the solution of the problem within the territorial integrity of Azerbaijan creates the difference between the attitudes of Azerbaijan and Turkey and the attitudes of the western states. The primary approach of Western states is to stop conflicts and ensure security in the region where there are rich and safe energy resources, by whatever means. In this regard, Turkey's relations with Azerbaijan have unique characteristics. The energy factor is not a determining factor in mutual relations. Within the framework of Turkey's strategic cooperation with Azerbaijan, there are many reasons that lead to the solution of the Karabakh conflict within the territorial integrity of Azerbaijan, together with the secure energy guarantee.

The economist stressed that the Special Representative of the President of the Republic of Azerbaijan Emin Huseynov has great merits in Aghdam region: "Great and substantial work has been done there as a team in a short time. I recently visited Aghdam. Great and substantial work is being done here, and I am very confident and confident that the promotion and development of Karabakh will soon be the most serious topic of discussion in the world. If Fizuli International Airport was built in a

short time, this is a matter in itself. There are countries that we could not build in 6-7 years, we realized in a short time in Karabakh and Agdam. The restoration of factories and plants shows that work is continuing at a high level”.

In the Upper Karabakh economic region, as in other regions and districts of the republic, the administrative structure consists of local executive authorities and municipalities. Upper Karabakh economic region covers Aghdam, Tartar, Khojavend, Khojaly, Shusha, Jabrayil, Fizuli administrative districts and Khankendi city. These districts and the city of Khankendi are divided into administrative territorial units, cities, settlements and rural settlements. There are 7 districts, 8 cities, 8 settlements in the economic region and a total of 87 municipalities operate. According to the rules provided by the Constitution of the Republic of Azerbaijan, the head of the local executive authority is formed by the order of the President of the Republic of Azerbaijan, and municipalities are formed through elections. Heads of executive authorities of districts, cities and urban districts establish representations of executive power in villages and settlements located in their territories and carry out the appointment of executive representatives. It should be noted that in the districts divided into villages and settlements, municipalities are established on the principle of territorial units, not on the district as a whole. In such cases, there is no vertical or horizontal dependence between municipalities, and each municipality acts as an independent legal entity. In cities divided into districts and settlements, municipalities are formed by administrative-territorial units (Aslanli A. 2012).

The long-running Nagorno-Karabakh war between Armenia and Azerbaijan and the post-war processes, mainly the current occupation process, have had a significant impact on the region. Although the war is over, there are many negative reflections of the occupation process. Political, legal, human rights and economic dimensions of war and occupation are the main factors affecting the region. This conflict, which is the biggest threat to political stability in the region, brought along many human rights violations. From the point of view of international law, it is possible to see that many agreements and protocols have been violated by the

Armenians. In economic terms, it negatively affects the countries of the region, especially the countries that are party to the war, and many countries that cooperate with the region. The existence of the problem also hinders the regional and international economic integration of their countries. With the hope that the political, legal, human rights and economic effects of the Karabakh War and occupation will be understood correctly and the Karabakh Problem will be resolved as soon as possible, within the principle of the territorial integrity of Azerbaijan and with justice.

The Nagorno-Karabakh Issue in the Soviet Era The 1917 Bolshevik revolution in Russia caused the political, economic and socio-cultural balances to change in the region. Soviet Russia was thinking of continuing the colonial policy inherited from Tsarist Russia in a different way. For this reason, the right of independence granted to the peoples of the Caucasus in the first years was later usurped. During this period, the People's Republic of Azerbaijan (1918-1920), who lived in Azerbaijan for 23 months, was occupied by the 11th Red Army of Russia on April 28 and left its place to the Azerbaijan Soviet Socialist Republic. Along with Azerbaijan, the Soviet Socialist Republics of Georgia and Armenia were also established. Armenians continued their fraudulent policies, which they have been pursuing for centuries, during the Soviet period. This time, it is seen that the expansionist policy is carried out on paper, from Moscow. During this period, Armenians began to demand from Moscow that the Nagorno-Karabakh region be connected to Armenia with a thousand kinds of games. The two-year debate on this issue, whether to grant or not, was concluded with a decision taken in the Caucasus Bureau of Moscow, in the form of granting the region autonomy status. Thus, on July 7, 1923, the Nagorno-Karabakh Autonomous Region was officially established within the Azerbaijan Soviet Socialist Republic. For the first time in its history, Karabakh was divided under the geographical name of Nagorno (Upper) and Ova (Lower) Karabakh, and a political dimension was added to the issue. After that, Armenians started to increase in population in the Nagorno-Karabakh Autonomous Region and they

continued the civil assimilation work by Armenianizing Turkish place names. the center of the region (Svante E. Cornell, 2007).

Overview of the Historical Background of the Nagorno-Karabakh Problem²⁹, the name of Khankendi was changed to Stepanakert and three of the five districts were changed to Armenian names as Mardakert, Hadrut and Martuni⁴⁵. As for the ethnic structure of Nagorno-Karabakh in the Soviet period, the number of Armenians in Nagorno-Karabakh increased rapidly until 1939, and started to decrease after 1939. This decline continued until the emergence of the Nagorno-Karabakh problem in the 1980s.

Upper Karabakh economic region, one of the richest regions of Azerbaijan, covers the territory of Aghdam, Tartar, Khojavend, Khojaly, Shusha, Jabrayil, Fizuli administrative districts and Khankendi city. The total area of the economic region is 7.25 thousand sq.m. km and makes up 8.4% of the country's territory. Here, due to the complexity of the terrain, there is a variety of climates: from dry winters to temperate warm climates to cold climates. The summer is mild in the eastern and lowland regions. The average temperature in July is 22-25°C. The total active temperatures here fluctuate between 3500-4000°C. The winter season is mild. The average temperature in January is 0.2-1.8°C, the average temperature of the absolute minimum is 9-13°C. The number of days covered with snow is more than 30. In the highlands, summers are cool and winters are frosty and dry. The total active temperature here is between 3500-4000°C. The average temperature in July is 18-19°C, and the average temperature in January is -2-4°C. The duration of snow cover is 60-70 days, the number of frost-free days is 215-240 days. Annual precipitation is 460-650 mm. The humidification conditions of the area are assessed as non-humid and moderately humid. Currently, the territory of 4 administrative districts of the economic region (Khojavend, Khojaly, Shusha, Jabrayil) and the city of Khankendi are completely occupied, and the territory of Aghdam, Fizuli and Tartar regions is partially occupied by the Armenian armed forces. The total population of the economic region as of January 1, 2012 is 628.8 thousand people, which is 6.81% of the country's population. 32.8% of the population lives in cities and 67.2% in

villages. The population density in the district is lower than the national average, per square meter. 87 people per km. The basis of the region's economy is agriculture. In the division of labor of agricultural products in the country, the region is represented by fruit-growing, grain-growing, meat-milk and meat-wool sheep-breeding. The supply of agricultural products in the Upper Karabakh economic region is 3.67 percent of the country's supply (Aktaş H. 2001).

Natural resources - the economic region is rich in minerals, in the territory of which there are sulfur pyrites, limestone, cement raw materials, large polymetallic deposits. In mountainous and foothill areas, gravel, sand and other construction materials are available.

Economic reforms and regulations in the country's economy, sustainable measures and programs for the socio-economic development of the regions, the work done to develop entrepreneurship have begun to yield positive results. In 2005-2011, the gross output of the economic region increased almost 2.05 times. During that period, the average growth of this indicator in the country was more than 3.4 times. As can be seen, the growth rate of gross output in the region lags behind the growth rate in the country. Also, while the gross output per capita increased 3 times in the country compared to the compared years, the growth in the economic region was 1.8 times. The share of the Upper Karabakh economic region in the country's GDP (gross domestic product) fell from 0.79 percent in 2005 to 0.48 percent in 2011 (Gökçe M. 2014).

Upper Karabakh and our occupied surrounding regions, along with their historical and cultural value, charming nature, have underground and surface resources, rich economic potential, and extensive tourism opportunities. These regions are favourable in terms of agrarian advantage, raw material base and manufacturing industry. If we pay attention to the main parameters of the economic potential of these territories, we can see that as a result of the looting and exploitation of Armenia, the infrastructure of the region has been reduced to zero. As a result of the occupation, thousands of hectares of arable land were polluted with military waste, the Azerbaijani economy and the world's gene pool were damaged in the

number of billions of manats. Deputy Economy Minister Niyazi Safarov said this, citing statistics released by the ministry, 7 regional centers, 6 cities, 12 settlements, 830 villages, 700 hospitals and medical institutions, 6 state theatres, 368 clubs, 85 music schools, 600 industrial and agricultural enterprises were destroyed in the occupied territories. More than 1 million hectares of agricultural land, including about 128,000 irrigated lands, about 35,000 hectares of vineyards and orchards were destroyed and confiscated. Prior to the occupation, these regions accounted for 24% of the country's GDP, 41% of grape production, 46% of potato production, 18% of meat production and 34% of milk production. The occupation has seriously damaged the country's water resources. Occupied lands accounted for 25% of the total forest area or 280,000 hectares. The enemy has extracted a large amount of gold in Kalbajar through the illegal exploitation of our natural resources. Therefore, the development of Nagorno-Karabakh and its surrounding Lachin, Kalbajar, Gubadli, Zangilan, Jabrayil, Aghdam and Fizuli administrative districts requires a comprehensive and multifaceted approach. Of course, first of all, special attention should be paid to security and management issues. Ensuring security means clearing areas of mines and eliminating life-threatening biological and environmental violations. The organization of the border service and police control, and the activities of government agencies cover issues of administrative management. At present, the process of restoring various services in the liberated territories is underway. Within the framework of the "Azerishig in Karabakh" project, the OJSC is taking urgent measures to provide electricity to strategic facilities of special importance in the liberated territories. According to the company's officials, the creation of new power centers in the liberated areas, the creation of 110, 35 and 0.4-kilovolt networks using the latest technologies, electronic relay protection and automation systems, remote control system 35 and 0, Projects for the construction of 4-kilovolt power transmission lines have been developed, which are planned to be implemented in stages. Azercell Telecom LLC, in turn, is installing the first mobile infrastructure and fourth-generation LTE radio base stations in the liberated territories. Other

mobile operators - Nar and Bakcell - are also implementing an action plan in this direction, completing internal design work (Jentleson, Bruce W. 2010).

According to MP, economist Vugar Bayramov, the development and assessment of economic potential in our liberated territories, especially Lachin and Kalbajar, and their share in GDP show that the economy can develop and grow in these regions. The economic potential of the liberated lands is multifaceted and covers various areas of agriculture, industry and tourism. The liberated lands have great potential and opportunities for the development of viticulture, tobacco, cotton, cocoons, fruits and vegetables, melons and livestock. Corn, peas and grapes are typical crops of the region. It should be noted that Fizuli and Aghdam regions were among the leading regions in the country for the production of cotton, grain and grapes in the pre-occupation period. Jabrayil, Gubadli and Zangilan districts also differed in viticulture. Livestock was highly developed in Lachin, Kalbajar, Gubadli and Zangilan. It is obvious that the natural resources and agricultural potential of our liberated territories can create conditions for faster economic recovery in the region. It should be noted that before the occupation, numerous expeditions were conducted in the Karabakh region with the participation of international experts and well-known scientists (Svante E. Cornell, 2007).

According to the results of scientific research, these soils are especially distinguished in the Caucasus region due to the richness of genetic resources of biodiversity. The Karabakh region is also home to a number of essential oils, aromatic, medicinal, ornamental and other non-traditional plants. The nightingale growing in Shusha is considered a symbol of Karabakh. This unique and charming plant is already a symbol of the day of remembrance in honour of the souls of our martyrs of the Great Patriotic War. Nagorno-Karabakh and its environs Lachin, Kalbajar, Gubadli, Zangilan, Jabrayil, Aghdam, and Fizuli administrative districts have a large and extensive raw material base. These regions have a raw material base for gold, copper, mercury, iron, marble, chromite, perlite, lime, agate, as well as construction materials. For example, most of the construction materials for the reconstruction of Jabrayil, which was liberated from occupation, are in this region:

Tulus tuff, Chakmagchay, construction sand suitable for the production of sawdust, Garajalli clay suitable for brick production, volcanic ash suitable for cement production, clay, limestone, sand- gravel, jasper, chalcedony and forest resources. The Vejnali deposit in Zangilan district, the Gizilbulag deposit in Agdara district and the Zod deposit in Kalbajar district are rich gold deposits with industrial reserves. The development of metallurgy, along with a number of industries in Azerbaijan, could accelerate the development of the military industry. According to the Center for Economic Reforms Analysis and Communication, at first glance, the future exploitation of minerals can be carried out in three directions: non-ferrous metals and their metallurgy, construction materials and rare metals. Non-ferrous metals and construction materials are areas inherent in traditional economies, and existing resources will allow new forces to emerge in these areas. In addition, research and geological work can be carried out on the presence of rare metals in the region, which are widely used in high technology. We can assess the industrial potential of the region in 4 areas: rich water supply, electricity, industrial recreation opportunities and processing of rich minerals (Aslanli A. 2012).

The region is especially favorable for the development and growth of the processing and food industries. Our liberated lands are also rich in mineral and thermal water sources. These resources will be used for drinking water, land reclamation and electricity generation. By effectively managing water resources, Azerbaijan will both put an end to the enemy's hydro war against our country and gain control over Armenia itself. I would like to emphasize the freshwater resources of the Kalbajar and Lachin districts. Tartar, Agdara, Barda, Goranboy, Yevlakh and Agjabadi districts will be provided with irrigation water with the liberation of the Sarsang reservoir, the highest reservoir in Azerbaijan (125 meters) total capacity, ie by total weight of 560 million cubic meters. In addition, the release of the Khudafar Reservoir in Jabrayil and Zangilan means irrigating 75,000 hectares of new land. It is also believed that there are 11 groundwater sources in the region. Up to 40 per cent of Azerbaijan's mineral water resources were in the occupied territories. Of these, Upper and Lower Istisu in Kalbajar region, Bagirsag, Keshdek, Iligsu,

Minkend in Lachin region, Turshsu, Shirland and other mineral waters in Shusha region are of special interest and attention. It is possible to sell these waters in parcels, as well as to create resort-recreation zones in the springs. Speaking of the region's industrial recreation opportunities, it should be noted that the main electricity generation occurs in the areas of water storage and supply (Jentleson, Bruce W. 2010).

Of course, we are talking about Sarsang and Khudafar HPPs. The agreement reached by President Ilham Aliyev with the Iranian government on the construction and operation of the Khudafar and Maiden Tower dams and power plants on the Araz River is becoming increasingly important today. The Khudafar water junction will allow Azerbaijan to generate 368 million kilowatt-hours of electricity per year. There are also irrigation facilities.

As can be seen from our research on Karabakh and the experts we refer to, the industrial and agricultural potential of the Nagorno-Karabakh and surrounding Lachin, Kalbajar, Gubadli, Zangilan, Jabrayil, Aghdam and Fizuli regions is wide. The raw material base and natural resources are very large. All this gives reason to change the development of the region's economy in the short time after the recovery process. The Karabakh region, a mountainous region of the Lesser Caucasus, is famous for its diverse forests, rare plant monuments and animals. The total forest area of the region is about 246,700 hectares, as well as 13,197 hectares of valuable forest areas in the total area. Protecting the natural landscape, rare flora and fauna In the territories liberated from the occupation of the Lesser Caucasus, there were once a number of reserves and sanctuaries. These are Basitchay Reserve, Garagol Reserve, Lachin Reserve, Gubadli Reserve, Dashalti Reserve and Arazboyu State Nature Reserve. In the Basitchay gorge in the Zangilan area, the plane tree forest stretched for 12 kilometres along the river in the reserve. The trees growing here were 500 years old. The oriental plane tree, known for its antiquity, was once included in the Red Book. All this shows that the living nature, flora and fauna of the Karabakh region and ancient historical monuments have great potential for the development of basic tourism. The Azykh cave, one of the oldest settlements in the

world, the ancient monuments found in the mountainous and plain areas of Karabakh - dolmens in Khojaly, Khankendi complexes, Ganchasar (Ganzasar), Alban-Amaras, Yelisey, Khudavang, Agoglan - have a wide range of tourism opportunities. Today, there are about 50 hotels in Karabakh. There are also facts that several foreign companies invested in the region during the occupation. We believe that the illegal, criminal activities of such companies in the territories of Azerbaijan will be unequivocally stopped. Entrepreneurs who invest will also be prosecuted for their activities. The development of complex projects for security, construction of new infrastructure and development of demographic infrastructure in Karabakh seems realistic. On this platform, the joint efforts of the public, private sector and scientists should develop the tourism potential of Nagorno-Karabakh from scratch, attract natural and anthropogenic tourism resources. I would like to emphasize the mountainous and mountain tourism in the territory of Karabakh. He thinks that Karabakh will develop as a zone of reconstruction, antiquity, historical and cultural monuments, Ethno tourism. It will be one of the most beautiful tourist destinations in the world. Along with the development of tourism in Karabakh, the reunification of historical monuments built by Armenians is one of the important issues awaiting resolution. The restoration of the looted museums by the Armenian armed forces, the creation of new museums, as well as the establishment of a museum complex in Shusha, reflecting the glorious position of the Azerbaijani Army, maybe the basis. In my opinion, in order to materialize the traces of Armenian fascism and vandalism in the history of mankind, the samples of buildings destroyed in each of the liberated regions should be kept as historical exhibits. As the history of the countless crimes of the Armenian occupation policies, these exhibits will clearly reveal the essence of Armenian fascism to future generations, our compatriots around the world, and the world in general. The new economic value in the liberated territories will many times exceed the financial resources of the Azerbaijani state. The restoration of these areas will create many new jobs. Thus, as a result of the implementation of new infrastructure projects will affect the work of our citizens. Economic development will create new jobs. The formation of our victorious army is an attempt to stimulate

the development of the non-oil sector and the further prosperity of the Azerbaijani economy (Aktaş H. 2001).

1.2. Social aspects of economic recovery in the Karabakh economic region

As a result of the Amasya Treaty signed with the Safavids in 1555, Karabakh became a part of the Ottoman Empire and became a part of the Anatolian Turkishness. Then it was left to Iran with the Treaty of Ganja signed in 1735, and it was given to Tsarist Russia with the Treaty of Turkmenchay in 1828. In 1918, the Caucasian Islamic Army under the command of General Nuri Pasha took the region under control (Sayılan, 2007: s.4).

Karabakh, which has an area of 4392 square kilometers within the territory of Azerbaijan, is very rich in terms of underground and aboveground natural resources. In the historical process, Karabakh, which has always been within Turkish territory, has been a member of many Turkish states (Gökçe M. 2011: s.11-12).

According to Turkish mythology, Oguz Khan gave the name "black" to Karabakh. "Black", which has many meanings in Turkish culture, is used here in the sense of "big". Oguz Khan, who set out from the capital Karakorum, opened to the West, crossed the İtil River and took the Caucasus under control. He continued his life on the plateau in the Ağrı-Karabakh region. Then he had Damascus, Iraq and Anatolia. From here, it continued its spread in the region. There is still a Turkish density in the region, which has remained a Turkish homeland for many years. Russia, which had a say in the region with the Edirne Treaty signed in 1829, brought the Armenians they gathered from Anatolia and Iran to Karabakh with some policies and created an artificial ethnic region. However, the Turkish population was many times more than the Armenians in these periods. Despite Russia's ethnic plans, there were forty thousand Armenians and one million Turks in the region (Mustafayev B. 2013: s.197).

According to the first official census of the Russians in 1832, 64% of Karabakh was Turkish and 34% was Armenian. Especially during the First World War, the

intense migration movements of Armenians to Karabakh increased the Armenian population there (Gökçe M. 2011: s.11-12).

After Armenia took control of Karabakh, Armenian migrations to Karabakh started from many regions, especially the USA and Armenia (Khalilov 2008: s.51).

On the other hand, Turks living in Armenia in 1930 were subjected to intense tyranny and were subjected to various persecutions. Psychological pressures and arrests in the same year forced the Turks to migrate from here. In the 1941-1966 period, the forced expulsion of the Turks in Iranian Azerbaijan from the region and the intense pressure they faced during the process was described as a "great Soviet shame" (Attar A. 2005: s.92-93).

In order to understand the Karabakh problem in the best way, it is necessary to understand the policies carried out by Russia in the region since the 19th century. In addition, it is necessary to take into account the revolts of Armenians, who had never established a state until the 20th century, against the Ottomans, who called themselves "loyal nation" (Özkul and Vermez 2009: s.141).

The Azerbaijani Turks, who lost their majority in the region in the last century, could not stand against the purification policies followed by Russia and Armenia, and had to leave their homeland and migrate to Azerbaijan (Özkul O. and Vermez H. 2009: s.143-144).

The Ottoman Empire fought in the South Caucasus to eliminate the Armenian rebels in the region during the First World War, and defended the rights of Azerbaijan against the persecutions. However, with the Armistice of Mudros signed in 1918, the Ottomans had to withdraw their army from the South Caucasus. Then in 1919 the British occupied this place. Then they accepted the loyalty of the region to Azerbaijan and withdrew their soldiers. However, while the Azerbaijani army was trying to eliminate the turmoil in the region, this time the Red Army units occupied Baku in 1920 (Gökçe M. 2011: s.11-12).

As a result of the Bolshevik revolution of 1917, the political and socio-economic balance in Karabakh changed. The desire to continue the colonial policy in the region, which passed from the Tsarist to the Soviet rule, was eliminating the

independence rights granted to the Asian peoples. With the occupation of the Red Army, the Azerbaijan Democratic Republic came to an end, and from 1920 to 1991, the region came under the auspices of Soviet Russia. Armenians, taking advantage of the crisis Russia was in, started to demand Karabakh in 1987 (Gurel, 1992: s.183).

In Soviet times, Armenians made up 70% of Nagorno-Karabakh's population in 1989. When Soviet Russia started to break up, the Armenians, who constituted the majority in the region, wanted to join Armenia. However, the Soviet administration rejected this and declared that the region would remain dependent on Azerbaijan. Then, in 1989, the region was directly connected to the center (Yılmaz R. 2013: s.76-77).

With the declaration of independence of the Armenians in Nagorno-Karabakh, a conflict including Russia started in the region, and a permanent solution has not been produced until today (Yılmaz R. 2013: s.76-77).

The socio-economic development of the regions will be determined by the innovation and innovative indicators of pre-produced products, the growing role of small and medium enterprises and the optimal level of use of local natural resources. Preference will be given to regional development areas that provide high-quality economic growth parameters (increasing the profitability of economic activities, increasing labour productivity, reducing energy and material consumption of products, works and services). The most important task of regional policy is to support “growth zones”. These include industrial centers, high-efficiency agricultural areas, free economic zones, technology parks and innovation centers.

Economic reforms and regulations in the country's economy, sustainable measures and programs for the socio-economic development of the regions, work and processes in the field of entrepreneurship have begun to yield positive results. In 2005-2011, the gross output of the economic region increased almost 2.05 times. During that period, the average growth of this indicator in the country was more than 3.4 times. As can be seen, the growth rate of gross output in the region lags behind the growth rate in the country. Also, while the gross output per capita increased 3 times in the country compared to the compared years, the growth in the economic

region was 1.8 times.

The share of the Upper Karabakh economic region in the country's GDP (gross domestic product) fell from 0.79 percent in 2005 to 0.48 percent in 2011.

Table 1: Number of economic entities, by the end of the year

	2005		2007		2008		2009		2010		2011	
	legal	physical	legal	physical	legal	physical	legal	physical	legal	physical	legal	physical
Total across the country	70287	209170	79147	259808	86117	275006	89939	272597	93416	306933	75632	364581
Upper Karabakh economic district	1578	1408	1767	2391	1822	3680	1860	3721	1918	4357	1921	6086
Aghdam region	306	473	339	748	351	982	347	920	356	1167	353	1826
Tartar region	337	880	361	1301	390	1360	382	1266	367	1517	363	1910
Khojavend district	133	15	140	65	147	199	153	207	159	215	155	264
Khojaly region	55	-	56	-	52	2	49	2	45	2	44	13
Jabrayil district	177	-	191	1	165	2	174	2	187	2	175	109
Fuzuli	460	40	563	276	610	1135	653	1324	692	1454	729	1922
	110	-	117	-	107	-	100	-	112	-	102	42

Source: <https://economy.gov.az/media/pdf/yuxari-qarabag-2012.pdf>

As can be seen from Table 1, in 2005-2011, the number of legal entities engaged in economic activities in the region increased by 343, and the number of individuals increased more than 4 times. In recent years, as a result of increased economic activity in the region, there has been an increase in the average monthly salary, as in 2005 the average monthly nominal salary was 55.8 manat, in 2011 this figure was 215.3 manat, in other words, 3.9 has been many times. As a result, it is a clear example of the rapid pace of economic activity in the region.

**Table 2: General economic indicators of Upper Karabakh economic region
(in actual prices)**

	Gross output, mln. manat					Volume of industrial output, mln. manat					Total agricultural output, mln. manat							
	2005	2007	2008	2009	2010	2011	2005	2007	2008	2009	2010	2011	2005	2007	2008	2009	2010	2011
Across the country, total	17194.9	34573.4	45213.3	339578.5	47659.9	58916.7	9290.5	21807.7	29083.5	22563.6	27978.2	35026.9	1732.1	2765	3308.4	3565.9	3877.7	4525.2
Upper Karabakh economic region	136.6	216.9	300.6	225.2	273.0	280.0	3.73	8.8	9.09	9.60	10.2	11.6	54.9	91.2	133.1	150.9	138.7	166.2
Aghdam region	79.2	46.6	65.2	70.0	103.3	94.5	2.3	2.9	3.05	2.60	3.53	4.93	21.6	37.4	48.2	54.3	52.1	62.1
	31.2	47.7	68.3	67.9	76.1	88.8	1.2	3.0	4.1	2.98	3.21	3.36	17.4	27.3	34.2	38.4	34.4	38.1
Tartar region	2.3	3.7	7.5	9.8	6.4	9.1	0.16	0.14	0.14	0.15	0.19	0.35	2	3.8	7.3	8.5	60.6	6.8
	1	2.5	3.6	5.6	7.6	7.9	.	.	.	.	.	.	0.9	2.6	3.6	5.7	7.6	7.9
Khojavend district	2.3	4.8	5.5	6.6	7.6	10.0	.	0.1	0.16	0.18	0.37	0.56	2.2	4.3	5.4	6.9	7.2	9.4
	19.8	110.4	148.7	62.5	68.4	65.3	0.02	2.59	2.25	3.68	2.93	2.43	9.9	14.7	32.7	34.2	27.7	37.6
Khojaly region	0.8	1.2	1.8	2.8	3.6	4.4	0.04	0.03	.	.	.	.	0.7	1.1	1.8	2.7	3.5	4.4

Source: <https://economy.gov.az/media/pdf/yuxari-qarabag-2012.pdf>

It is proposed to stimulate business activity in priority development regions by providing tax incentives, subsidies and loans to private and public enterprises. The development of problem areas requires special attention. The main criteria for their identification are the difficult environmental situation, low level of economic development and relatively high unemployment. Today, problem areas include environmentally polluted areas, as well as areas with low economic potential and

high unemployment, with centers as small and medium-sized urban settlements. At the same time, we can classify our liberated regions in need of reconstruction as problem regions. The following measures should be taken to further improve the living standards and quality of life of the population in all regions, regardless of where they live: to ensure the development of social infrastructure and housing and communal services, housing construction, efficient operation of the real sector of the economy; to create conditions for expanding the needs and abilities of each person in the settlements, as well as the opportunities to realize the territorial and professional agility of the population. The main priority issues for the development of social spheres in the regions should be optimization of territorial division and development of the network of social service institutions, strengthening the material and technical base; establishment of multi-functional territorial social service centers, social service centers in agro-cities; Expanding the practice of visiting remote settlements by complex mobile field groups, including specialists from various services. Their effective specialization is impossible without the successful implementation of regional development tasks, the creation of conditions for the sustainable growth and balanced development of regional socio-economic complexes by government agencies, and the implementation of territorial development, given the level of centralization that provides the most optimal and high efficiency. The state should actively influence regional development processes by combining entrepreneurship and public initiatives and socio-political institutions, using various methods and market mechanisms. For this purpose, the Order of the President of the Republic of Azerbaijan “Main directions of the strategic roadmap for the national economy and key sectors of the economy” dated March 16, 2016, and the Decree dated December 6, 2016, approved the “Strategic Roadmap for the national economy of the Republic of Azerbaijan”. The Order and Decree set strategic goals for the development of two service sectors in the field of social orientation (specialized tourism, logistics and trade), two social sectors (affordable housing and vocational training as a complex issue), as well as ICT and telecommunications, utilities (Milli iqtisadiyyat və iqtisadiyyatın əsas sektorları üzrə Strateji Yol Xəritəsi, 2016).

National experts' current assessments of Karabakh's potential will be examined. Prof. According to Mammadov, the Karabakh Economic Forum can be considered as the largest and most popular event in the region, which is discussed by representatives of the world politics, economic welfare, social justice and solidarity. We can involve the World Bank and international financial institutions in the list of organizers. The mission of this economic forum will create a favorable environment for the development of political and economic cooperation. Important declarations on peace, justice and solidarity can be adopted at the Aghdam Economic Forum. The views expressed by the participants can be covered by the world media and discussed in expert circles. Imagine how much success it will bring us if the world press discusses every statement on peace and economic development voiced at the forum. Presidents, prime ministers, politicians, representatives of the world of science and the media can be involved in the forum. There are experiences in this regard, and I believe that the holding of the Aghdam Economic Forum, where peace statements are made, can serve both to promote Aghdam and increase prosperity in the region".

Prof. from our national experts. Mammadov noted that at the same time, it is important to use alternative sources of funding in the development of Karabakh's economic construction: "Today, the Islamic Financial Institute operates in 99 countries. Its assets are 4 trillion, and its annual growth is 15-20%. I think that in connection with the development of alternative sources of funding in Karabakh, there are very favorable conditions for the production of halal products. We can use it widely. Food establishments established under the halal brand in Aghdam are very important, and we have the opportunity to take certain steps in this area. It is also possible to train the necessary facilities and personnel in connection with the application of halal food standards. At the same time, there is a great potential for the fashion industry in Karabakh. Thus, it is possible to pave the way for the widespread development of the classical fashion industry of the 18th and 20th centuries in Karabakh".

According to the UNEC expert, "The first attack of Nazi Germany began on June 22, 1941 in Brest. I was told that I had to book a week in advance to get a guide at this museum. There is an influx of people to this museum. Imagine how many people will be interested in the occupation of Karabakh and the history of victory. For this, we already need to train chips, guides, a large number of specialists, talented and knowledgeable people. Millions of people visit the Brest History Museum. I emphasize that the time will come when Armenians will come there and be ashamed, they will be ashamed and apologize for the aggressive policy pursued by themselves, their fathers and grandfathers. People who came to the Brest History Museum showed us that those who fought against German fascism later came and found a Belarusian family here. This is a terrible event. Think about the responsibility of Armenians for the crimes committed by their grandfathers and fathers. This should be one of the most important issues for us".

The professor said that from now on we should pay attention to the establishment of the institute of guides in connection with the strong promotion of individual regions in Karabakh: "Secondly, and most importantly, the Karabakh University should be established. We must take steps to establish Karabakh University. This university is already in the plan. But now is not the time for its construction, but for its launch. Because when factories and plants start operating in Karabakh, graduates of Karabakh University will have to work there. For example, Fizuli International Airport needed such specialists that we already need to work hard on this training. We must start preparing now. I believe that there are all the opportunities and potential for this. What steps should be taken now? First, as I said, it is necessary to establish a working group with academic circles on the introduction and development of alternative financial institutions in Karabakh. In the context of the restoration and development of Karabakh, a conference on "Alternative financial model in the economic development of Agdam: Opportunities and Priorities" may be held. Most importantly, I think we need to have a scientific journal on the entire economy, history and literature of Karabakh. This scientific journal can introduce the history and economy of Karabakh to the world. For example, if a researcher or

senator in the United States wants information about Karabakh, he will know that he can get this information from the Karabakh magazine published in Azerbaijan”.

Thus, the main tool to ensure the self-development of the regions, to stimulate economic activity is the implementation of appropriate tax and budget policies. It is more expedient to improve the budget system by differentiating the revenues and expenditures of different levels of budgets in order to protect the profit balance of the state, regions and taxpayers, and to provide their financial base with legislation. At the local level, fiscal policy should be aimed at strengthening the financial independence of the regions and giving local governments the power to make real expenditures balanced by financial resources.

Improving the investment climate in the Karabakh economic region requires:

- formation of infrastructure with regional investment (business centers, agencies, insurance, leasing companies, etc.), as well as the infrastructure of land and real estate market;
- strengthening the presentation of regional investment projects to domestic and foreign markets;
- investment compensation, tax benefits, soft loans, etc. stimulating the attraction of private investors to the regions through;
- Investment tax benefits for investors involved in the implementation of regional programs, expansion of priorities for the application of state grants and guarantees, and investment in assets of key activities.

In all regions, special attention should be paid to improving support for entrepreneurship by local governments and local governments. It is necessary to make more use of the opportunities provided to improve property relations. By strengthening the responsibility for the implementation of the legislation, it is more expedient to create a system of economic incentives aimed at increasing the interest of local governments and self-government bodies in business development (Видяпина В.И. и Степанова М.В. 2007: с.68).

It is important that the activities of local governments at all levels focus on the implementation of the most important functions that ensure the comprehensive and

effective development of the regions. They have a special responsibility for the work of enterprises and organizations that are subject to communal property.

These responsibilities include:

- Monitoring and approval of reports on economic and social development, housing construction, landscaping, road construction, utilities and social and cultural services to the population, development of programs for environmental protection, as well as the implementation of these programs;

- Legislative determination of profit tax rates for enterprises, organizations and other objects of communal property at the disposal of primary administrative-territorial units in accordance with the legislation, as well as the application of local taxes, duties and fees within their competence;

- determination of the legal regime of communal property of the relevant administrative-territorial unit (except for urban districts);

- making decisions on privatization of state property in the prescribed manner (except for urban areas);

- use and control of lands, mineral resources, waters, forests, hunting and fishing areas and other natural resources;

- Participate in the preparation, approval and implementation of planning and development projects for settlements, their master plans, solutions to architectural issues;

- control over compliance with norms (including local) during the construction of any facility in the relevant administrative-territorial units;

- Privileges, benefits, etc. to individuals and legal entities within its powers. giving.

The functions of the executive committees of the administrative units of different levels mainly coincide with the scope of responsibilities of the local self-government bodies of the territory. At the same time, there is a reduction and specification of the functions of the executive branch vertically from top to bottom (Armaoğlu F. 1991).

CHAPTER II. STUDY OF THE MAIN PROBLEMS OF RESTORATION AND DEVELOPMENT OF THE KARABAKH ECONOMIC REGION

2.1. Formation of the production base of the Karabakh economic region

After the end of the Patriotic War and the liberation of Karabakh, Azerbaijan has accumulated considerable economic potential. The number of economic reforms and regulations related to the optimal and efficient use of natural resources in our country is growing. Important steps have been taken to restructure the economy and social space in line with market requirements.

The occupation of the territories has not brought significant economic benefits to Armenia. Although these areas are rich in underground and surface natural resources, non-ferrous metal ores, gold, mercury, chromite, perlite, lime, marble, agate, mineral waters and other common minerals, as well as many resorts, Armenia has never has not been able to fully use this potential.

The agreement reached by President Ilham Aliyev with Iran on the construction and operation of the Khudafar and Maiden Tower dams and power plants on the Araz River with foresight speaks for itself today. The Khudaferin hydro junction will allow Azerbaijan to generate 368 million kilowatt-hours of electricity per year (<https://www.azerbaijan-news.az/view-202021/ilham-eliyev-qarabagi-azerbaycanin-en-inkisaf-etmis-mekanina-cevirecek>).

AzerGold CJSC and Azerbaijan Industrial Corporation have experienced, qualified personnel, export and investment opportunities to produce and process these resources (https://musavat.com/news/azad-olunan-torpaqlarimiz-iqtisadiyyatimiz-ucun-ne-demekdir_747381.html).

Thus, by attracting new natural resources, Azerbaijan has the potential to ensure the development of the western region, the growth of the mining industry, as well as the metallurgical complex. The development of metallurgy will accelerate the development of a number of industries in Azerbaijan, as well as the military industry. Our military industry must have a say in supplying the Azerbaijani Army with 5G technologies. A "construction boom" is expected in the liberated areas. As a result of the liberation of our territories, the forecasts for the development of the

non-oil sector over the years will have to be revised. Because this victory of our Army will also give impetus to the rapid growth of the non-oil sector. The full liberation of the territories from occupation will have a great impact on economic development. According to preliminary estimates and expectations, the gross output of the main economic sectors in the Upper Karabakh and Kalbajar-Lachin economic regions may increase by more than 2 billion manats in the near future (<https://www.azerbaijan-news.az/view-202021/ilham-eliyev-qarabagi-azerbaycanin-en-inkisaf-etmis-mekanina-cevirecek>).

Before the occupation, the occupied territories provided about 35-40 per cent of the agricultural products produced in Azerbaijan. When Armenia was under occupation, this zone was inefficient for Armenia. Despite the fact that there are more than 250,000 hectares of fertile and favourable lands in the territory of Karabakh alone, only 7% of these areas have been used (<https://agroeconomics.az/az/article/34/igaldan-azad-olunan-erazilerimizde-kend-teserrufa/>).

At present, there are great potential and opportunities for the development of viticulture, tobacco growing, cotton growing, cocooning, fruit and vegetable growing, melon growing and animal husbandry in the liberated lands of Azerbaijan. At the same time, there is the necessary potential for the development of the processing and food industries.

The liberation of Azerbaijani territories will also make a significant contribution to ensuring food security in our country. In particular, the level of self-sufficiency in livestock products will improve. At present, the level of self-sufficiency in the territories of the Republic is 82.5 per cent for meat and meat products, and 86.2 per cent for milk and dairy products. According to our forecasts, after the resumption of economic activity in the liberated territories, we will be able to meet domestic demand for these products in our country, as well as the level of self-sufficiency in cereals (except rice) will reach 70 per cent (<https://fed.az/az/iqtisadiyyat/azerbaycanda-fors-major-halda-ehalinin-erzaqla-teminati-ucun-kifayet-qeder-ehtiyat-var-75971>).

Access to the occupied water resources of Azerbaijan, where 72.7% of water resources are formed abroad, is important (<https://azersu.az/en/static/7/link/5>).

These resources will be used for drinking water, land reclamation and electricity generation. By effectively managing Azerbaijan's water resources, Azerbaijan will both end Armenia's hydro war against Azerbaijan and gain control of Armenia itself. In particular, the Kalbajar and Lachin regions are rich in freshwater resources, and even the Arpa and Bargushad rivers, which feed Lake Goycha, the source of fresh water in Armenia, are in these regions (https://azertag.az/xeber/Qarabagda_geden_tikinti_quruculuq_isleri_olkemizin_sureтли_inkisafina_boyuk_tohfe_verecek-1855829).

In addition, the Sarsang Reservoir, the highest dam in Azerbaijan (125 meters) with a total capacity of 560 million cubic meters, will adequately supply Tartar, Agdara, Barda, Goranboy, Yevlakh and Agjabadi districts with irrigation water. The Armenian side opens reservoirs in spring and autumn to damage Azerbaijani lands by creating artificial floods (<https://www.xalqcebhəsi.az/news/project/33636.html>).

About 40 per cent of the country's mineral water resources are in the occupied territories. With these waters, it is possible to sell both in parcels and to create resort-recreation zones in springs (<https://www.azerbaijan-news.az/view-202021/ilham-eliyev-qarabagi-azerbaycanin-en-inkisaf-etmis-mekanina-cevirecek>).

On the basis of 2 liberated reserves, 4 shrines and historical monuments, the tourism potential of Azykh Cave, one of the oldest settlements in the world, will be revealed and existing opportunities will be created, which is a great development for tourism development (<https://apa.az/az/xeber/sosial-xeberler/Isgaldan-azad-ediln-razilrd-2-dovlt-tbit-qorugu-4-yasaqliq-var-640472>).

Although Armenia plans to build 30 small hydropower plants (HPPs) in the liberated territories by 2020, only 16 of them have been commissioned. The total capacity of these HPPs is at the level of Sarsang HPP, which was commissioned in 1976 and has a capacity of 50 megawatts (https://azertag.az/xeber/Oktyabrin_20_si_Energetikler_Gunudur-1618815).

In order to ensure and form the production base in the Karabakh economic region, it is necessary to develop an investment plan in priority areas and special strategies within these areas. Thus, the potential resources of the region should be re-examined, the existing production factors of the regions should be taken into

account, a package of proposals for investments by the state and at the same time by private institutions should be formed and presented to investors.

Taking into account the current geological position, climatic conditions and potential resources of Karabakh, it is possible to identify the priority areas:

1) Tourism sector - The location of Karabakh in the Lesser Caucasus Mountains of the region, its special potential geographical location can be an impetus for the significant development of tourism potential. In fact, the income from the tourism potential of the Karabakh region may exceed the income from the tourism potential of the country as a whole. For this, the nature and ecological potential of historical places, as well as the region, must be restored, and modern tourism conditions must be formed by applying the goals set by international tourism organizations. The availability of various medical resources in the region will also support the development of medical tourism.

2) Agrarian sector - The fact that the region belongs to favourable climatic conditions, as well as lands suitable for agriculture, will give a great impetus to the development of agriculture, crop production, vegetable production, as well as the development of livestock. The total area of agricultural lands in 7 regions is 535,000 hectares. In this regard, the development of agriculture through the latest technologies will contribute to meeting local demand, as well as create value for the export of products to foreign countries (<https://azmarka.az/manset/2952-igaldan-azadilmis-razilrimizin-iqtisadiyyatimiza-hansi-guc-qatacaq-ekspert-ilginc-rqmlr-aciqladi.html>).

3) Mining industry - mining-chemical (sulfur pyrites, soda ash, lithographic stone) raw materials, precious-jewellery (jadeite, agate, obsidian (camel's eye), nephritoids) in the occupied territories of Karabakh with proven reserves of non-metallic mineral deposits in Karabakh and jewellery (jasper, marble onyx, felzite tuff, listvenite), as well as sawdust, facing and construction stones, cement raw materials, astringents, mineral paints, raw materials for building bricks, concrete aggregates and road construction with total reserves of tens of millions of cubic meters. is represented by building materials as raw materials. The development of

this industry also creates a special basis for the production of different types of products in parallel.

4) Energy production - There are abundant rivers and reservoirs of special importance in the Karabakh region. The power plants to be built here will take over a certain share of the country's energy supply, as well as energy exports.

5) Mineral waters - There are both natural and medical mineral waters in the Karabakh region. The production, packaging and marketing of this water are some of the most successful investments. At the same time, the therapeutic use of these waters will give a special impetus to the development of medical tourism in the region.

6) Cocooning - In general, when examining the main areas of activity of the regions located in the southern part of the Karabakh region, it is determined that cocooning is a special source of income. From this point of view, the operation of special cocooning and silk-growing points in the Zangilan, Jabrayil, Gubadli, Fuzuli regions will have a special impact on the development of the region and its side areas.

7) Winemaking - The existence of special vineyards in the Karabakh region and the regular involvement of the population in this field creates the basis for the development of winemaking. In this regard, the construction of wineries and vineyards in many regions of Karabakh is important and necessary.

8) Carpet weaving - It is an undeniable fact that Karabakh carpets have always been considered the most expensive and highest quality carpet in the world. Even the price of the Jabrayil carpet on the world market was around \$ 150,000. Continuation of carpet weaving culture and production will be considered as a special income-generating field in the next stages.

9) Logistics Sector - The construction of the new Baku-Nakhchivan-Turkey railway, the country's location at the intersection of East-West and North-South corridors, restoration and repair of the historic Silk Road will allow it to become an important logistics and trade centre in the region. In this context, the construction of

new airports in order to create new trade hubs, logistics centers, as well as to provide air transport is of particular importance (<https://www.bbc.com/azeri/azerbaijan-55666386>).

In order to develop each of the above-mentioned areas, to attract various businesses and new investments, the state must define a number of strategies and develop special plans in this direction. Based on these plans, the production base of the Karabakh economic region can be developed and improved.

2.2. Formation and development of the labor market of the Karabakh economic region

The liberated regions of Azerbaijan have great economic power and investment potential. The organization of proper entrepreneurial activity in the liberated areas, but before that, the restoration of production capacity, the formation of service and cooperative associations, support for attracting investment by local and foreign investors are among the priorities of the country's future strategic goals.

The full restoration of Azerbaijan's territorial integrity has opened up new opportunities for the country's economy. On the other hand, the restoration of the liberated territories is a burden on the country's economy. The Azerbaijani state has allocated 2 billion manats from the 2021 budget for the restoration of liberated territories. Probably, this is a small part of the funds required for this work (<http://newtimes.az/az/politics/7421/>).

At this stage, one of the most priority and important issues, perhaps the first, is the clearing of mines placed by Armenia in the territories of Azerbaijan during the occupation. Azerbaijani experts believe that it will take many years, even more than 10 years, to completely clear the mined areas. Armenia's refusal to provide mine maps to Azerbaijan exacerbates the situation.

Despite these problems, Azerbaijan continues to rebuild the liberated areas. Baku intends to build "smart cities" and "smart villages" in the region. For example, the first pilot project has already been launched in the liberated village of Agali, Zangilan region. Along with the restoration of cities and villages, new roads, railways, as well as new airports are being built. For example, new airports are being

built in the liberated Fizuli and Zangilan districts, as well as the Fizuli-Horadiz-Agband railway (<http://newtimes.az/az/politics/7421/>).

In addition, these areas, which have great potential and opportunities in terms of renewable energy, have been declared a "green energy" zone, and the Gulabird hydropower plant in Lachin region has already been repaired and restored. Dozens of hydropower plants in Lachin and Kalbajar alone are still in need of rehabilitation and repair. In addition, the Khudaferin and Maiden Tower hydroelectric power stations on the Araz River will be restored and repaired. In the end, the generation capacity in the liberated areas will be increased to 240 megawatts. It should be noted that 25% of Azerbaijan's water resources fall on Karabakh and other liberated territories.

Thus, the restoration work in the liberated areas continues at full capacity. The lands here are being cleared of mines, and big plans are being implemented to restore the areas.

But this process is accompanied by another difficulty. We are talking about reconciliation with neighbouring Armenia and the reintegration of the Armenian population of Karabakh. It is true that the November 10 statement signed between the parties put an end to the war and created new opportunities for peace and cooperation in the South Caucasus. Looking at Article 9 of the statement, it is noted that all economic and transport relations in the region should be opened, first of all, between Armenia and Azerbaijan. Negotiations have already begun between the three sides on the establishment of the Zangazur Corridor, and preparations are underway. He also said that the construction of the Azerbaijani part of the Baku corridor will be completed soon (<http://newtimes.az/az/politics/7421/>).

As a result of the research, the process of monitoring about 312 state-registered historical and cultural monuments has been carried out and completed to date. In addition, more than 105 objects of historical and archaeological significance that exist in these areas but are not registered with the state have been identified. During the assessments, about 571 cultural institutions and service institutions were identified, of which 286 were libraries, 237 culture houses, club places, 19 museums,

24 music schools for children, 2 galleries, 1 cinema, and 2 are theatres. It is possible to say that each of the enterprises was destroyed by the Armenian aggressors (<http://mct.gov.az/az/umumixeberler/13467?fbclid=IwAR0fTp0lBEIIX8L9cK2rbhPOyQJq9yGyv7FXzGIzxyaXtG9hS1SRb6pOvY>).

The current analysis and evaluation process allows us to predict how these territories will be recaptured by the 30 years of Armenian aggression against industrial enterprises, historical and cultural monuments, and illegal activities in these regions. It should be noted with regret that in addition to the destruction of all buildings, temples, mosques, as well as bridges in the liberated areas, but also often used inappropriately, insulting the national and moral values of the population. The most destroyed real estate examples of the Armenian armed forces were religious temples, tombs, madrassas and other places used by the population on a daily basis (Aslanlı A. 2015: s.21).

Such treatment of the vast cultural heritage of the occupied territories, as well as the unique temples of special importance, is also a terrorist act against the world heritage. Other areas destroyed by the Republic of Armenia were parks, parks, hospitals and other government agencies serving the population.

Due to all these reasons, the formation of service and cooperative unions in the liberated areas of Azerbaijan is important. The establishment of strong local government structures is essential for the revitalization of these areas (Mədəniyyət.- 2019.- 26 aprel.- S.1-2.).

Among the 1606 municipalities operating in the country, it is possible to see the municipalities of Agdam and Fizuli. Ascertain areas of these districts are not occupied, and local self-government structures operate in those settlements. Today, there are 14 municipalities with 11 settlements and 79 villages in Agdam, 21 municipalities in Fizuli, including 1 city, 16 settlements and 18 rural municipalities. It should be noted that the resettlement of the population in the liberated territories, as well as other institutions, will begin to form local self-government institutions. The analysis shows that it is possible to create about 259 municipalities in the liberated territories. Shortly after the formation of municipalities in the liberated

areas, it is impossible to create budget revenues and ensure the sustainability of these institutions. Thus, the new beginning of the settlement process in these areas, as well as the fact that the population is not fully settled, shows that they can not pay state taxes (<https://bakuresearchinstitute.org/az/how-should-self-government-be-established-in-the-liberated-territories/>).

Also, the property and land plots to be owned by the municipality have not been identified due to the lack of land reforms. In such a situation, it is impossible for municipalities to sell, lease or use land and property. Also, the uncertainty of municipal property in this short period of time makes it impossible to budget for payments to advertising companies, commercial facilities, public catering and other service associations, parking and parking areas on the property and land plots that represent that property. For this reason, the creation of new service structures is also important. Also, the vast economic potential and opportunities of the lands liberated during the Great Patriotic War create new opportunities and opportunities for cooperatives, businesses, especially SMEs, and individual entrepreneurs who must actively participate in the formation of cooperative relations and business opportunities in these areas. The Public Council under KOBIA must shape its activities in accordance with the needs, requirements and proposals of the new era. Ensuring full participation and activity in the specific activities of the Agency, formation and further development of communicative relations between KOBIA and the population, as well as the business community, providing support mechanisms to individual entrepreneurs as a result of KOBIA's forward-looking policy and promoting the use of such tools - Ensuring the sustainability of private sector relations by organizing large-scale events in various directions is among the activities expected from this Public Council. Within the framework of Azerbaijan's overall development strategy, in accordance with the goals of sustainable development and the conditions of the 4th Industrial Revolution, the liberated territories are being integrated into the country's economy, taking into account local specific parties, sources and prospects. Thus, the Agency for Small and Medium Business Development of the Republic of Azerbaijan (KOBIA) is one of the main

agencies willing to contribute to the process of revival and development of Karabakh (<https://smb.gov.az/storage/KOB%C4%B0A%20%C4%B0CMAL%202020.pdf>).

Other agencies, such as KOBIA, will also play an important role in changing the country's short-, medium- and long-term goals in line with the country's future strategy, with the establishment of service and cooperative associations in the liberated territories.

Other institutions include the Public-Private Sector Partnership (PPP). WHO is a long-term contract between the public and private sectors for the provision of public (public) infrastructure or services, internationally known as a public-private partnership (PPP), where the private sector bears certain risks and management obligations, as well as payments. to the private sector. based on performance results. With the implementation of such projects, the state transfers a number of services provided by it to the private sector, while retaining the mechanisms of ownership or control, and as a result, the state has the quality infrastructure in accordance with pre-defined requirements, and the population has quality services (<https://smb.gov.az/az/nav/dovlet-ozel-sektor-terefdasligi>).

DOST models - In international practice, the types of DOST projects include the form of assets involved (new or existing), functions assigned to the private sector (design, construction/reconstruction, financing, maintenance and operation) and payment (user fee, government). payment) or both) depending on the combination of parameters. In general, more than 10 DOST models are used in practice. Examples include Build-Operate-Transfer, Build-OwnOperate-Transfer, and Build-OwnOperate-Transfer. -Owner-Operate), "Build-Present-Use" and so on. can be noted.

Features of the DOST model - Taking into account the costs and revenues to be achieved during the construction and operation of the infrastructure facility increases the efficiency of service provision. Optimal risk distribution is a key principle of any DOST scheme. The project identifies potential risks and divides them between the public and private sectors. In this case, the risks are directed to the party that manages them more effectively. Another important element of the DOST

model is responsible for performance. Thus, payments by the state to the private sector are made on the basis of work done or results obtained in accordance with predetermined quantitative, qualitative and time norms. At the same time, during the preparation of the DÖST project, detailed research and analysis, including “value for money”, comparison with traditional procurement (public sector comparator), feasibility study, etc. This provides a good opportunity to select and successfully implement a suitable project (<https://smb.gov.az/az/nav/dovlet-ozel-sektor-terefdasligi>).

PPP (Public Private Partnership) advantages (<https://smb.gov.az/az/nav/dovlet-ozel-sektor-terefdasligi>):

For the state:

- Involvement of local and foreign investors in the implementation of infrastructure projects using alternative financing mechanisms;
- Optimization of investment expenditures envisaged in the state budget;
- Renovation of the country's infrastructure with the participation of the private sector;
- Improving the quality of public or public services;
- Ability to use the investor's experience, skills and modern approaches (innovations);
- Distribution of risks to the private sector.

For investors:

- Long-term, repayable investment;
- Implementation of the project with the participation of the state (possibility of partial financing of the project from the budget);
- Opportunity to receive additional guarantees;
- Distribution of risks with the state;
- Expanding private sector participation in the economy and governance.

In international practice in the field of DOST, the DOST model has been widely applied in the implementation of state (public) infrastructure projects in a number of countries. Among them are the United States, Great Britain, France, the Netherlands, Australia, South Korea, Turkey, Brazil, India, China, Mexico and others. countries

are particularly noteworthy. According to the World Bank, between 1990 and 2018, 6,135 WHO projects worth about \$ 1.5 trillion were implemented in developing countries. A significant part of Turkey's well-known large-scale projects, including Istanbul's new airport, Eurasia Tunnel, Yavuz Sultan Selim Bridge, Osmangazi Bridge, a number of city hospitals and domestic railway projects, have been implemented using the DOST model. According to the World Bank's Private Participation in Infrastructure Projects database, the \$ 35 billion Istanbul Airport project is the most privately owned DOST project. Other important DOST projects include the North Stream gas pipeline project (\$ 10 billion), which connects Russia's gas fields with the European Union's energy markets, the THD Grand Est project and France's largest fibre-optic project (1 billion euros), and football. . Construction and renovation of stadiums for Euro 2016 (e.g. construction of PierreMauroy stadium in Lille for 618 million euros), Blankenburg tunnel in the Netherlands (1 billion euros) and Afsluitdijk dam (810 million euros), 1915 Canakkale bridge in Turkey (3.1 billion euros).) and Bilkent Laboratory (711 million euros) and others. can be noted (<https://smb.gov.az/az/nav/dovlet-ozel-sektor-terefdasligi>).

The DOST model plays an important role in attracting local and foreign investors to implement relevant infrastructure projects by reducing public investment costs and applying alternative financing mechanisms. In some countries (Australia, the Netherlands, Chile, etc.) even DÖST projects are selected only from projects included in the public investment program. The Asian Development Bank, the European Bank for Reconstruction and Development, the Fund for Sustainable Infrastructure, the Islamic Development Bank, the International Finance Corporation and other international organizations provide support to improve the WHO environment and develop WHO projects (<https://smb.gov.az/az/nav/dovlet-ozel-sektor-terefdasligi>).

One of the main directions of the socio-economic policy pursued in the Republic of Azerbaijan in recent years after the Second Karabakh War is the development of the labour market and the efficient use of labour.

The reforms carried out in the country have led to fundamental qualitative changes in the economy, and dynamic economic development has been ensured. Appropriate measures have been taken to ensure the economic development of the regions, further improve the social welfare and living standards of the population, and develop the country's economy, especially the non-oil sector. In order to ensure employment, new jobs, enterprises, infrastructure facilities, etc. are created.

In 2020, the economically active population in the country increased by 872.4 thousand people compared to 2005 and amounted to 5252.5 thousand people, of which 4876.6 thousand people are engaged in the economy, and 375.9 thousand people are unemployed (<https://www.stat.gov.az/source/labour/az/000.doc>).

As a result of reforms in the country's economy in recent years, significant positive changes have been achieved in the labour market. Thus, if in 2005 the share of public sector employees was 30.3% of the total number of people engaged in the economy, in 2020 this figure decreased to 23.0%, and the number of private-sector employees increased 1.3 times during this period.

In 2020, 2486.0 thousand people or 51.0% of the total number of people engaged in production were employed in production areas (agriculture and fishing, industry, construction), and the number of people engaged in services was 2390.6 thousand people. This accounted for 49.0 per cent of the employed population.

In 2020, 1698.7 thousand people or 34.8% of the total number of people employed in the economy fell to the share of employees. Most of the employees were employed in large and medium enterprises.

From 2005-to 2020, the average monthly nominal wage of employees increased by 6 times and reached 707.7 manats

(<https://www.stat.gov.az/source/labour/az/000.doc+&cd=1&hl=tr&ct=clnk&gl=az>).

If we look at the labour market in the Karabakh economic region, we must first make a certain analysis of the current period. Within the framework of this analysis, the number of the employed population in the Karabakh economic region, the number of employees, the average monthly nominal wage, the number of unemployment benefits, the number of the economically active population, the

number of unemployed and the methodology of distribution of the employed population by economic areas should be studied.

We will analyze these processes on the basis of indicators provided by the State Statistics Committee of Azerbaijan.

Table 3: Number of employed population by administrative-territorial units of Karabakh economic region (end of the year)

	2010	2015	2017	2018	2019	2020
Karabakh economic region	350,8	379,2	391,4	394,9	398,2	392,0
- total						
including:						
Khankendi city	-	-	-	-	-	-
Agjabadi district	55,5	60,0	62,1	62,7	63,2	62,0
Aghdam region	84,8	90,1	93,0	93,4	94,1	92,7
Barda region	67,9	71,9	74,2	75,6	76,3	75,5
Fizuli region	53,7	58,0	59,9	60,6	61,1	60,2
Khojaly region	11,8	13,9	14,2	14,2	14,4	14,0
Khojavend district	19,2	21,6	22,3	22,3	22,5	22,1
Shusha district	13,5	15,6	16,1	16,1	16,3	15,8

Source: <https://www.stat.gov.az/source/labour/>

According to Table 3, the number of employed people is the highest in the Aghdam region compared to the above economic regions with a phased interval for 2010 and 2020.

Table 4: Number of employees on administrative-territorial units of Karabakh economic region (thousand people)

	2010	2015	2017	2018	2019	2020
Karabakh economic region - total	67,9	70,7	68,4	68,7	69,5	67,7
including:						
Khankendi city	-	-	-	-	-	-
Agjabadi district	13,2	13,6	14,2	14,1	14,1	13,6
Aghdam region	15,2	15,9	13,0	13,1	14,0	14,1
Barda region	17,0	17,7	17,5	17,9	17,2	17,0
Fizuli region	9,5	10,7	10,7	11,0	9,9	9,5
Khojaly region	1,1	1,2	1,2	1,2	1,2	1,2
Khojavend district	1,4	1,5	1,4	1,4	1,5	1,5
Shusha district	2,5	2,3	2,1	2,0	3,9	3,3
Tartar region	8,0	7,8	8,3	8,0	7,7	7,5

Source: <https://www.stat.gov.az/source/labour/>

According to Table 4, the highest number of employees in 2010 and 2020 is in the Barda region, compared to the above economic regions.

Table 5: Average monthly nominal salary of employees on administrative-territorial units of Karabakh economic region (manat)

	2010	2015	2017	2018	2019	2020
Karabakh economic region - total	187,1	242,0	242,2	279,5	344,9	409,9
including:						
Khankendi city	-	-	-	-	-	-
Agjabadi district	192,0	246,4	241,6	261,2	341,8	398,9
Aghdam region	181,1	227,4	235,0	278,3	333,6	396,5
Barda region	176,8	244,8	242,3	268,0	342,7	394,9
Fizuli region	202,5	248,5	235,4	287,2	359,0	440,7
Khojaly region	216,0	268,4	269,9	331,8	404,9	511,2
Khojavend district	214,4	256,0	262,2	290,4	380,9	506,1
Shusha district	222,0	277,9	296,0	486,4	353,2	410,2
Tartar region	173,9	230,5	243,0	269,5	338,4	414,9

Source: <https://www.stat.gov.az/source/labour/>

According to Table 5, the average monthly nominal wages paid to employees in the above-mentioned economic regions in 2010 and 2020 are variable in manats, and the region that pays the most salaries to the last year is the Khojaly region.

Table 6: Number of people receiving unemployment benefits in administrative-territorial units of Karabakh economic region (person/end of the year)

	2010	2015	2017	2018*	2019*	2020*
Karabakh economic region - total	16	63	297	18	19	11
including:						
Khankendi city	-	-	-	-	-	0
Agjabadi district	16	7	70	4	2	0
Aghdam region	-	7	54	2	-	1
Barda region	-	20	91	5	3	3
Fizuli region	-	5	6	3	4	0
Khojaly region	-	4	10	-	-	0
Khojavend district	-	3	14	1	2	0
Shusha district	-	7	18	2	3	5
Tartar region	-	10	34	1	5	2

Source: <https://www.stat.gov.az/source/labour/>

* Recipients of unemployment insurance

Table 6 shows the number of people receiving unemployment benefits in 2010 and 2020 in phased intervals relative to the above economic regions, where the ratio is variable over the years, while the highest number of people receiving unemployment benefits in the last year is in Shusha.

Table 7: Number of the economically active population in administrative-territorial units of Karabakh economic region (end of year / thousand people)

	2015	2016	2017	2018	2019	2020
Karabakh economic region - total	399,1	406,8	411,3	415,1	418,0	422,0
including:						
Khankendi city	-	-	-	-	-	-
Agjabadi district	62,6	63,9	64,7	65,3	65,7	66,1
Aghdam region	95,1	96,9	98,1	98,4	99,0	100,1
Barda region	75,6	77,0	77,8	79,2	79,8	80,7
Fizuli region	61,4	62,6	63,3	64,0	64,4	65,1
Khojaly region	14,7	14,9	15,0	15,1	15,3	15,4
Khojavend district	22,8	23,3	23,5	23,5	23,7	23,9
Shusha district	16,6	16,9	17,1	17,2	17,4	17,4
Tartar region	50,3	51,3	51,8	52,4	52,7	53,3

Source: <https://www.stat.gov.az/source/labour/>

According to Table 7, the highest number of the economically active population in the Aghdam region is the phased interval for 2010 and 2020 compared to the above economic regions.

Table 8: Number of the employed population in the distribution of economic activities by administrative-territorial units of the Karabakh economic region in 2020, thousand people

By economic regions (cities and districts)	Total	Agriculture, forestry and fishing	Mining industry	Processing industry	Production, distribution and supply of electricity, gas and steam	Water supply, waste treatment and disposal	Construction	Ticaret; nəqliyyat vasitələrinin təmiri	Transport and warehousing	Tourist accommodation and catering
Karabakh economic region - total	392,0	191,0	0,2	12,4	1,1	0,8	29,3	53,4	8,9	4,0
<i>including:</i>										
Khankendi city	-	-	-	-	-	-	-	-	-	-
Agjabadi district	62,0	31,8	0,1	2,5	0,2	0,1	3,8	6,1	1,7	0,7
Aghdam region	92,7	47,6	0,0	1,7	0,1	0,2	7,4	14,4	1,6	0,7
Barda region	75,5	39,3	0,1	2,8	0,2	0,1	4,7	7,0	2,1	0,8
Fizuli region	60,2	31,1	0,0	1,8	0,2	0,2	3,8	7,1	0,8	0,6
Khojaly region	14,0	4,4	0,0	0,7	0,0	0,0	1,5	3,5	0,5	0,2
Khojavend district	22,1	11,2	0,0	0,5	0,0	0,1	2,1	3,8	0,5	0,1
Shusha district	15,8	0,7	0,0	1,1	0,0	0,0	3,0	4,7	0,4	0,3
Tartar region	49,7	24,9	0,0	1,3	0,4	0,1	3,0	6,8	1,3	0,6

Source: <https://www.stat.gov.az/source/labour/>

Table 9: Number of the employed population in the distribution of economic activities by administrative-territorial units of the Karabakh economic region in 2020, thousand people

By economic regions (cities and districts)	Information and communication	Financial and insurance activities	Real estate transactions	Professional, scientific and technical activities	Provision of administrative and ancillary services	Public administration and defense; social security	Education	Provision of health and social services to the population	Activities in the field of recreation, entertainment and art	Provision of services in other areas
Karabakh economic region - total	1,2	0,8	1,6	1,4	3,2	16,9	32,8	12,9	7,3	12,8
<i>including:</i>										
Khankendi city	-	-	-	-	-	-	-	-	-	-
Agjabadi district	0,3	0,1	0,2	0,2	0,3	2,8	5,6	1,9	1,1	2,5
Aghdam region	0,1	0,1	0,3	0,2	0,6	2,7	8,3	2,4	1,5	2,8
Barda region	0,4	0,3	0,3	0,4	0,5	2,7	6,2	3,1	1,9	2,6
Fizuli region	0,1	0,1	0,4	0,2	0,6	2,4	6,0	2,2	1,3	1,3
Khojaly region	0,0	0,0	0,1	0,0	0,2	1,0	0,9	0,5	0,2	0,3
Khojavend district	0,0	0,0	0,0	0,1	0,4	1,3	1,0	0,6	0,2	0,2
Shusha district	0,1	0,1	0,1	0,1	0,2	1,5	1,4	0,9	0,7	0,5
Tartar region	0,2	0,1	0,2	0,2	0,4	2,5	3,4	1,3	0,4	2,6

Source: <https://www.stat.gov.az/source/labour/>

Tables 8. and 9 show the ratio of the number of people engaged in economic activities in the administrative-territorial units of the Karabakh economic region, and the dynamics of this ratio varies from year to year. The city of Khankendi, which has no minimum division, is due to the restrictions and occupation policy pursued by Armenia. At present, our liberated lands are expected to increase in comparison with this year, and this growth will increase significantly in the coming years with the full restoration of these territories, and the labour market will develop.

Thanks to Ilham Aliyev's military-political and diplomatic skills, the courage of the heroic warriors of our brave army, the perspective development directions of

our liberated territories and two new economic regions, including the Karabakh region as a whole, open wide opportunities for employment of IDPs.

The revival of economic activity in these areas is a very important condition for ensuring sustainable settlement. Earlier, during the opening of the Khari Bulbul Hotel in Shusha, the head of state and his family members were instructed to involve local people in the work. Mr President was informed that the hotel staff were originally from Shusha. The head of state asked one of the employees, "You did not live in Shusha, did you?" After receiving a "No" answer, he said, "You will live now."

Ensuring employment, reducing unemployment, even on the agenda of developed countries, is a topical issue. As a result of the purposeful socio-economic policy pursued in Azerbaijan, the unemployment rate has fallen sharply over the past eighteen years, and the creation of new jobs has become sustainable. The fact that one in ten of the country's population is living in IDP deprivation is an indicator of the strength of our state and the effectiveness of public administration. It should be noted that increasing the employment of IDPs has been one of the priorities of state policy in recent years. This issue is of special importance on the eve of the return to the homeland as a result of the great victory over Armenian fascism. The most important task now is to solve the problem of employment of IDPs, who are expected to return to their ancestral homes after restoration and repair work.

Infrastructure projects and programs implemented in the liberated territories on the instructions of the President are important in terms of creating new jobs. For example, 500 local citizens are working on the construction of Fizuli International Airport, most of the IDPs. More large numbers of local residents, including IDPs, are involved in other major infrastructure projects.

As one of the vulnerable groups of society, IDPs have been given priority in the active employment programs that have become widespread in our country in recent years. With the support of the self-employment program, thousands of IDP families have created small farms, businesses and gained a stable income. The "Employment Support in Azerbaijan" project, implemented jointly by the State

Employment Agency under the Ministry of Labor and Social Protection and the World Bank from 2020, will cover a five-year period. The aim of the project is to create access to the formal labour market and decent employment for IDPs, as well as other vulnerable groups, by involving them in the self-employment program. The self-employment program will also contribute to the establishment of a large number of agricultural and production-oriented households in the liberated areas.

As it is known, a special research group established at ADA University with the participation of specialists from various scientific and educational institutions conducted a survey among 65,000 IDPs in February-April of this year on the basis of state order. In order to effectively organize the return to Karabakh, the respondents answered various questions, including what they will do in the future in their homeland. In addition, a survey was conducted among IDP entrepreneurs and their commercial and business intentions were studied. The results of the research have been submitted to the relevant government agencies and will be revealed in the programs and research of socio-economic development of the liberated territories. The research group said in a statement that the work does not end with the return of the population to the liberated territories. "Of course, the main issue is to provide them with housing and permanent jobs. There is work to be done by the state, and it has already begun: the construction of airports, the construction of roads to Shusha and other areas, the restoration of railways in the direction of the Zangilan corridor and many other things ... As I said, this is a complex and time-consuming task. " It was noted that the task is to develop a more effective repatriation program for people who have suffered for many years.

There is no doubt that the private sector will also contribute to the restoration and repair of the liberated territories, as well as their reconstruction. At the end of last year, the Small and Medium Business Development Agency of the Republic of Azerbaijan (KOBIA) called on entrepreneurs to submit business projects related to the liberated territories. Entrepreneurs who applied to the agency were even told that they would be provided with information, advice, coordination and other support and services on the economic and investment potential of the liberated territories.

According to the working group on economic issues of the Interdepartmental Center under the Coordinating Headquarters for the centralized settlement of issues in the liberated territories, there were 657 appeals to carry out entrepreneurial activities in those territories. It was noted that the priority of investment projects is analyzed, potential projects are identified and included in the database.

It should be noted that by the Decree of the President of the Republic of Azerbaijan dated May 28, 2021, the production, processing (recycling) and sale of competitive products in the industrial sector through the application of modern technologies, which have the necessary infrastructure and management structures for entrepreneurship, as well as Aghdam Industrial Park, which is used to provide services and promote the effective operation and development of entrepreneurs, has also been established. The establishment of such industrial parks in other liberated areas will provide jobs for IDPs returning to their homeland and give them an opportunity to create decent living conditions.

Meetings are held with relevant government agencies, individual entrepreneurs and companies to open shops, pharmacies, ATMs, gas stations and other workplaces in the liberated areas to meet basic needs.

The Karabakh Revival Fund provides financial support and investment in the restoration and reconstruction of territories, including the transformation of the region into a sustainable economy and a prosperous region, and measures and programs to develop public-private partnerships in this area. On the initiative of the First Vice-President of the Republic of Azerbaijan Mehriban Aliyeva, the Foundation organized the “Karabakh. Center ”project has been implemented and an appropriate internet information portal has been created.

According to experts, the restoration and reconstruction of the liberated territories will have the potential and opportunity to make up at least 8% of the country's economy. This means the formation of more than 5 billion manats of new value annually and the creation of 10,000 new jobs in Karabakh in the coming years.

The transformation of Karabakh and East Zangazur into a paradise is the main goal of the Azerbaijani state and its wise leader, and all material and spiritual

resources have been mobilized to achieve this goal. There will be a lot of jobs in these regions, where high socio-economic development is already boldly predicted.

CHAPTER III. THE MAIN DIRECTIONS OF THE TRANSFORMATION OF THE KARABAKH ECONOMIC REGION INTO ONE OF THE LEADING CENTERS FOR THE DEVELOPMENT OF THE NATIONAL ECONOMY OF THE REPUBLIC

3.1. Prospective directions of development of the world economy in the 21st century

Developments that began in the last quarter of the twentieth century brought many innovations in the economy and financial markets, and therefore new approaches and theories. These innovations formed the cornerstones of the economic and financial infrastructure of the new system, called the global system, in the twenty-first century. We can list them as follows:

- 1) Floating exchange rate regime.
- 2) Liberalization of capital movements.
- 3) Conversion, currency exchange and creation of foreign currency.
- 4) Opening financial markets for everyone.

These four developments have led to a paradigm shift in the economy. Economies that were previously closed or semi-closed have become so expressive that diseases have spread much faster. The crisis that began and affected individual economies or regions in the past has begun to have a much broader impact on this new order. On the other hand, although the slightest crisis has caused serious upheavals in the past and has had a long-lasting effect, this great articulation is not so long now. Behavioural economics and behavioural finance approaches that emerged in the twenty-first century tended to examine issues that affect people's behaviour, especially micro-markets, from a psychological and sociological perspective, along with economic impacts.

Floating exchange rate regime - Until the last quarter of the 20th century, a stable exchange rate and intervention-based exchange rate regime prevailed between countries. In the fixed exchange rate regime, the Central Bank sets the exchange rates of the national currency against foreign currencies and tried to protect this

exchange rate with foreign exchange reserves. If the reserves were not enough, this time import restrictions would be applied to prevent foreign exchange inflows as much as possible. If the local currency depreciated due to inflation or other reasons, and the Central Bank could not maintain exchange rates by using its reserves or restricting imports, it would devalue and devalue the national currency. In the twenty-first century, the floating exchange rate regime has become the exchange rate regime used by the whole world. In this system, the ratio of currencies to foreign currencies is determined in the market. This value can change at any time and can be transformed into a new value according to the strength of the economy (Əlirzayeva T. 2007: s.57).

Freedom of Capital Movement - Another important difference between the economy of the twenty-first century and the structure of the previous century is the liberalization of capital movements, ie cash flow. In the past, the movement of capital was not so free. It was a long-standing permit for an investor from one country to invest in another country, to invest in that country's securities and stocks, or to open a deposit account in another country. Liberalization of the movement of capital created conditions for the free movement of funds from one country to another. While this freedom of movement helped meet financial needs, it also increased the spread of crises (<https://bakuresearchinstitute.org/az/capital-flight-does-the-balance-of-payments-capture-the-flying-capital/>).

Conversion, Currency Conversion and Currency Creation - In the past, when talking about conversion, it was understood that a coin could turn into gold. Later, when the gold equivalent of money disappeared, this concept also evolved. As a result of the change that began in the last quarter of the twentieth century, when the word conversion is mentioned, it is understood whether a currency is freely converted into a foreign currency at the exchange rates formed in the market at that time. The freedom and ease of currency conversion have led to the maintenance of more stable foreign currencies instead of the national currency and their use as a unit of account. This is called currency exchange or dollarization. Although it is not legal to create a dollar for the Fed, there is a political limit, but a person living in any

corner of the world does not have such a limit. He can convert his local currency deposits into dollars with the instruction (<https://www.taxes.gov.az/az/post/54>).

Making Financial Markets Open to Everyone - Until the twenty-first century, financial markets were not open to everyone. Those who wanted to trade in these markets had to find an intermediary or a person and let them do their business. However, anyone who has the authority to log in to the system by registering through the program of any institution can perform these operations. The fact that financial markets are open to everyone means, on the one hand, the sharing and use of information, but also the spread of fluctuations in these markets to the masses (Sadıqov M.M. 2002: s.128).

Consequences of the changes created by the economy of the twenty-first century

The floating exchange rate regime has relieved the pressure on the currency. Therefore, the fear that the money formed in the past could lose its value with a sudden devaluation has disappeared. This fear gave way to a sense of confidence that "even if it loses its value, it will remain in place."

The freedom of movement of capital, along with the development of digital technology, allowed money to travel around the world in a short time. In the past, it was permissible to leave money when there was a problem in one place, but now it can go elsewhere instantly with digital transactions. In the past, "panic attacks to get money out quickly" have now been replaced by "a little quieter behaviour."

The conversion gave people the power to exchange currency and create foreign currency with the local currency they had. In this case, in the past, only the Central Banks printed money, but now there are millions of virtual central banks around the world that can give local money and take the money they want. This development means that monetary policy is not as easy as before.

The fact that people have easy access to financial markets around the world is already undermining values. Sudden jumps or falls were made possible in part by deep impact.

In the past, when economics books described a country's economy, it was used to move from a closed economy to an open economy. Now it makes no sense because there is no closed economy.

In short, as with any major transformation, the current paradigm has changed, and so have economic theories that have been shaped by the old paradigm. These days, theories that fit this new paradigm are gradually emerging. Despite this great change, Keynesian economic policy is still being used and working to resolve the crisis.

3.2. Formation of smart villages and cities in the Karabakh economic area

Azerbaijan is already a winning country. Karabakh, which has been under the enemy's footsteps for many years and has a constantly bleeding wound on its chest, is already ours. It was ours before. Just under the enemy's footsteps. However, with very little courage, military tactics, and individual skills of our soldiers, with the support of friendly and brotherly countries, we recaptured Karabakh in a very short time, with a minimum loss of only 44 days. We have heard many facts about the civil war in history. But this time Azerbaijan has shown the world what a civil union should look like. Almost everyone in the country, from the youngest to the oldest, was fighting. Part of the front with a gun in hand, part with a camera in hand, informing the public, part in support. In short, there was strong support across the country. As a citizen, I am proud to be a citizen of such a country. We took back our lands at the cost of the blood of our martyrs and the wounds of our veterans. However, as we know, Karabakh, which was taken from us with its charming nature, and historical and artistic monuments, returned to us in a very naked state. Monuments were destroyed, nature was burned, in short, the stone was returned without a stone on top. But we have a strong state, a far-sighted Supreme Commander-in-Chief. As a nation, we know that all of this will soon be better than ever. An important and responsible stage awaits us - Karabakh must be built and developed from scratch. The economic opportunities of our country increase the confidence that the development of Karabakh will be organized at a high level.

After the end of the Patriotic War and the liberation of Karabakh, Azerbaijan has accumulated considerable economic potential. The number of economic reforms related to the efficient use of natural resources is increasing in the country. Important steps have been taken to restructure the economy and social space in line with market requirements.

The transformation of Karabakh into a region of high technologies and innovations is very important for the economy and progress of our state. At present, it is planned to open technology parks and centres in Karabakh to increase the effectiveness of innovation. The Innovation Agency under the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan has taken the first step in this direction by signing a memorandum with GOSB Technopark, located in one of the largest industrial regions of Turkey and supporting 130 technology companies (<http://innovationagency.az/2020/12/01/turkiyenin-gosb-ve-bilkent-cyberpark-texnoparklari-ile-innovasiyalar-agentliyi-arasinda-medeni-ve-elmi-emekdasliq/>).

The development of the concept of the use of renewable and renewable energy sources, energy efficiency, environmentally friendly technologies, including the use of vehicles, etc. in Karabakh will begin. Discussions are currently underway with the International Renewable Energy Agency. According to preliminary estimates and analysis, these areas have the potential and reserves of more than 4,000 megawatts of solar and up to 500 megawatts of wind energy (Azərbaycan. 2021. 9 aprel. № 72, s.1-5).

The Karabakh region has great tourism potential and opportunities. Given that the Karabakh region has very rich, charming, unique natural and historical monuments, it is likely that this region will become one of the main tourist regions of Azerbaijan after the completion of restoration and reconstruction work. The effectiveness of the development of innovative SMEs is mainly determined by the development of the road sector. The first project has already begun - the construction of the Ahmadbeyli-Alkhanli-Fuzuli-Shusha road, which passes through a complex relief, has begun. A number of projects and programs are being prepared for the

construction of Goygol-Toganali, Kalbajar-Istisu, Kalbajar-Lachin, as well as Horadiz-Minjivan roads (Xalq qəzeti, 22 sentyabr 2021-ci il, çərşənbə).

At the same time, it is planned to build modern international airports in Kalbajar and Fizuli. Taking into account the time and financial costs of domestic trade, the two international airports will provide unprecedented assistance in the restoration of the Karabakh zone, cargo transportation and the development of tourism. In addition, it is planned to reconstruct and restore the destroyed Horadiz-Agband railway, which is of special importance for the opening of the Nakhchivan corridor (<https://president.az/az/articles/view/55243>).

Innovation and technological modernization will help increase exports of higher value-added products, develop new sources of growth and remove barriers to economic progress.

The state focuses on the sustainable socio-economic development of Azerbaijan and the restoration and reconstruction of the liberated territories. Thus, the President of the Republic of Azerbaijan, Mr Ilham Aliyev, at a meeting dedicated to the results of last year, noted that the liberation of our lands from occupation is the most important historical event of the last thirty years. The need to carry out construction work in the liberated territories was reiterated at the meeting. It is also considered an important task to gradually attract investments and other investments in these areas in order to preserve our history, culture and economy in our ancient settlements. The Ministry of Economic Development noted that the measures taken by the state to restore and develop the liberated territories in connection with these tasks and the economic potential of these regions will create a basis for attracting new, local and foreign investment in the country, especially in the non-oil sector. In order to save public funds and increase the efficiency of investments, extensive use of public-private sector partners in the implementation of investment in road transport, utilities, traditional and alternative energy production, migration and land reclamation systems and other areas, economic activity is considered expedient to apply a special preferential economic regime to the liberated territories in order to

encourage The Karabakh Revival Fund was established to carry out this work successfully (<https://president.az/az/articles/view/49876>).

Thus, along with the 2.2 billion manats allocated from the state budget in 2021, the involvement in circulation increases the amount of capital of national wealth - land, forests, water, minerals, property and cultural resources - fixed assets. Effective use of all this will ensure the development of the liberated territories. It should be noted that 2021 has been declared by the United Nations as the "International Year of Creative Economy" for sustainable development (<https://xalqgazeti.com/mobile/az/news/68853>).

Azerbaijan's accession to this initiative as an exemplary member of the United Nations will further strengthen the attraction of investments to ensure sustainable economic development in the liberated territories. These will play an important role in the successful achievement of sustainable development goals in the liberated territories.

Speaking about the Armenian vandalism, President of the Republic of Azerbaijan Ilham Aliyev noted that along with about 300 villages, 5 cities, 4 settlements and administrative buildings in the liberated areas, 700 historical and cultural monuments, 927 libraries, 800 cultural centres, 85 music and art school, 22 museums with a total of 100,000 artefacts, 4 art galleries, 4 cinemas, 2 concert halls were destroyed. It is especially important to attract the billions of investments that will be required to restore them (<https://president.az/az/articles/view/53513>).

The President of the Republic of Azerbaijan, Mr Ilham Aliyev, noted that the villages in the liberated territories will be built and repaired on the basis of the "Smart Village" concept: "We are currently preparing the " Smart Village "concept." almost ready. The first pilot project "Smart Village" will be implemented. For this reason, those places must be identified correctly. The fields and roads to the fields must be cleaned. The implementation of the "Smart Village" concept will begin in the Zangilan district, and the effective use of local and foreign investments to be involved in the implementation of this concept was emphasized once again (<https://president.az/az/articles/view/50632>).

Overall, the Smart Village platform is a multifaceted initiative that demonstrates how technology can effectively accelerate the implementation of sustainable development goals in remote areas. Through this model, governments aim to increase the efficiency and security of public services, reduce financial costs, and ensure transparency and good governance.

In the international arena and in practice, a "smart village" means solving the main problems facing the rural population and creating new economic potential and opportunities in more important rural areas. Smart Village technology means digitalization, thinking beyond rural boundaries, and a new format of cooperation between rural and surrounding areas. We can also prevent the possibility of a "circle of decline" by applying "smart village" technologies in liberated areas. The application of "smart city" and "smart village" technologies can turn the Karabakh region into a pearl of tourism created by the combination of artificial intelligence and natural beauties of the world, as well as an innovation-startup factory in Azerbaijan (<https://vergiler.az/news/economy/11706.html>).

It should be noted that today's economic system is not the system of 30 years ago: "If in 1992 the economic system generated 100 Gb of information per day, today it generates 45 thousand Gb of information per second. In the near future, 150,700 Gb of information per second is expected to be formed. On the other hand, according to a 2016 UN study, 54% of the world's population lives in cities. It is projected that by 2030, 60 per cent of the world's population will live in modern cities, and by 2050, 70 per cent. At the same time, villages and settlements are also affected by the IV Industrial Revolution, 5G technology, etc. under the influence of which not only changes the traditional image but also governance, behaviour, lifestyle, etc. It is undergoing serious changes in many ways" (<http://economics.com.az/index.php/kitabxana/bizim-s-rl-r/m-sahib-l-r/item/2219-ishzhaldan-azad-edilmish-aerazilaerdae-azhh-ll-shachaer-azhh-ll-kaend-layihaelaerinin-taetbizhi-aehalinin-rifah-n-n-yuksaeldilmaesinae-hesablan-b.html>).

As a result of the far-sighted initiative of President Ilham Aliyev, our country is becoming a regional centre of the Fourth Industrial Revolution. By the Decree of

the President of the Republic of Azerbaijan dated January 6, 2021, the "Center for Analysis and Coordination of the IV Industrial Revolution" under the Ministry of Economy of the Republic of Azerbaijan was established as a public legal entity. Conducting research on the application of the "Smart City" concept in Azerbaijan and identifying opportunities for pilot projects in the "National Action Plan for 2020-2022" to promote open government, approved by the Decree of President Ilham Aliyev dated February 27, 2020, reflected (<https://president.az/az/articles/view/49932>).

On April 19 last year, the President of Azerbaijan signed an order "On the development of the concept of" Smart City "and" Smart Village ". It should be noted that Azerbaijan already has experience in the "Smart Village" project. Thus, during his visit to the Gakh region in November 2018, President Ilham Aliyev has presented the "Smart Village" project, which is planned to be established in the country for the first time (<https://xalqqazeti.com/pdf/3%20fevral%202022%20QAZET.pdf>).

Currently, the liberated territories are being reconstructed on the basis of the "Smart City" and "Smart Village" concepts.

But why is the Smart City project important?

The idea of a "smart city" has been a hotly debated topic among technology companies and city planners in recent years. It is believed that as our cities become smarter, our daily lives can become easier.

Innovative information and communication technologies are used to implement the "Smart City" and "Smart Village" models, which are economically, socially and environmentally efficient and sustainable, designed for the comfortable living of people. For example, e-services to solve the necessary problems of citizens, a calendar of events in the field of utilities, a platform for renting apartments, an electronic travel card, the intellectualization of logistics services, etc. These are the elements of a "smart city".

At present, governments around the world face a major challenge: how to provide urban infrastructure with efficient energy sources and how not to harm the environment. Because the environmental situation directly affects the quality of life of all citizens. At this point, it is important to emphasize that the efficiency of green

energy sources has increased and the cost of conventional kilowatt-hours has been steadily declining. Many countries see the sun and wind as promising sources of energy. Implementation of the Order of President Ilham Aliyev "On measures to establish a green energy zone in the liberated territories of the Republic of Azerbaijan" dated May 3, 2021, creates ample opportunities for work in this area (<http://e-qanun.az/framework/47397>).

As science and technology develop, the world is changing more and more. The "Smart City" project also includes the main parts of this change. "Smart cities" are considered to be the cities in the world where science and technology are developing at the highest level, and society and people's lifestyles are changing.

According to the forecasts of leading information technology companies, by 2025 there will be at least 90-100 "smart cities" in the world. It is expected that more than 50 of them will be created in Asian countries.

A "smart city" is a safe city, which is directly related to the serious use of technology, which allows you to solve crimes more quickly and quickly and make the city a safer city. In terms of environmental protection, the potential of alternative energy sources Used in "smart cities". "Smart City also allows the development of transport."

"Smart city", and "Smart village" infrastructure includes physical, ICT and service infrastructure. Physical infrastructure includes buildings, roads, railways, power lines, water supply systems, etc., the bidder. ICT, being the main component of the "Smart City" and "Smart Village", combines all the other components and essentially acts as a "nerve centre". The service infrastructure performs the function of physical infrastructure management based on ICT components.

Another component of the concept is a "smart" life, which provides a healthy lifestyle for all citizens and the main components of which are quality health, education and security.

Intelligent transport management, "smart" parking, public transport management, video surveillance of traffic violations, "smart" lighting, "smart" meter, "smart" water management, "smart" network and others are integral attributes

of modern lifestyle. Such issues are considered important components of the concept.

The purpose of each project is to create more effective conditions for increasing the economic income of the people living there. The Smart Village project opens wide opportunities in this direction. For example, one of the biggest problems in the agricultural system in our country today is related to the organization of the market for manufactured products. The implementation of these projects will also help eliminate these problems. At present, an online sales system has been set up through the Ministry of Agriculture (<https://sosial.gov.az/3152>).

Systematic expansion of this project in each village can further increase efficiency. Infrastructure must be built so that access to the market is possible in the countryside as well as in the city. Electronic platforms are mainly used for this purpose. These are platforms like Amazon or Alibaba. Villagers should have easy access to banking services. For example, a villager does not have a card, but they can use a service that provides cash with a code through an ATM. In addition, electronic payments, etc. should be developed.

Thus, the essence of the concept of a "smart city", a "smart village" is better public service using information and communication technologies, increasing efficiency, dissemination of information to the public, as well as improving the quality of life of citizens using "smart" technologies and information analysis. The implementation of the "Smart City" and "Smart Village" projects in the liberated areas are aimed at further improving the welfare of the population.

Currently, the Smart City project is being implemented in different parts of the world - Singapore, UAE (Dubai), USA (Boston), Netherlands (Amsterdam), England (London), Norway (Oslo), and Denmark (Copenhagen). Given that these cities are major tourist centres, "smart city" technologies can create additional opportunities for the development of the tourism sector in the Karabakh region, which has great potential.

The "smart village" pilot project implemented in Zangilan covers the 1st, 2nd and 3rd Agali villages of the region. The project is implemented on 5 components -

housing, manufacturing, social services, "smart agriculture" and alternative energy (<https://president.az/az/articles/view/50632>).

Initially, it is planned to build 200 individual houses in the area using fully insulated and innovative construction materials.

Internal engineering communications and heating systems in the "smart village" will also be built on the basis of "smart technologies". Modern schools, kindergartens, polyclinics, and e-government centres will be built in these villages, and tourism infrastructure will be formed. All residential houses, social facilities, administrative and public catering buildings, and the process of processing and production of agricultural products will be provided with alternative energy sources.

On the Smart Village platform, it is possible to observe the implementation of sustainable development goals in remote areas through technology. Through this model, governments aim to increase the efficiency and security of public services, reduce financial costs, and ensure transparency and good governance.

As we have mentioned, "Smart Village" projects are being implemented in various countries around the world. One of the main goals of this project is to prevent the flow of people from rural to urban areas. The second goal of the "Smart Village" project is to create opportunities for people to earn money in the village. The third point is that, like every citizen of the country, the villagers must have access to public services.

The Smart Village project was created with the support of Vodafone in Turkey, the Villas Kazakhstan project in Kazakhstan, the Smart Villic project in Rwanda, the Autonomous Smart Village project in Ukraine, and the Smart Village project in Germany have been implemented, uses smart energy methods (Xalq qəzeti, İmran ƏLİYEV, 17 noyabr 2021-ci il, link: <https://xalqazeti.com/mobile/az/news/81211>).

It should be noted that the foundation of the first "smart village" will be laid on April 26 in the village of Agali, Zangilan region, with the participation of President İlham Aliyev and First Lady Mehriban Aliyeva. Thus, the reconstruction of our villages destroyed as a result of the Armenian occupation has begun based on the

concept of construction based on the latest technologies (<https://president.az/az/articles/view/50632>).

Along with public investment in the reconstruction of infrastructure and employment in the areas cleared of the enemy, local and foreign investment is also attracted. The policy of joining friendly countries for major construction projects further strengthens Azerbaijan's position in the international arena.

The Order of President Ilham Aliyev dated February 2, 2021, on the approval of "Azerbaijan 2030: national priorities of socio-economic development" is important in this regard. Thus, this document aims to expand the scale and scope of success in the coming period by identifying the main directions of the socio-economic development of the republic and the relevant national priorities (<https://president.az/az/articles/view/50473>).

The order envisages the implementation of five national priorities for the socio-economic development of the country in the next decade. This includes the formation of a growing competitive economy, a dynamic, inclusive and socially just society in Azerbaijan, the recognition of our republic as a competitive human capital and modern innovation space, a clean environment, and a "green development" country, as well as a major return program. directions are included.

The Smart City and Smart Village projects are among the main priorities for sustainable development in improving the quality, safety and efficiency of services provided in cities and villages of Azerbaijan, the application of information technology in their provision, as well as the effective use and management of available resources for these services. The implementation of this project in the liberated cities and villages will pave the way for the transition of services to the next stage of development.

We would like to note an important point here. Thus, the large-scale reforms implemented by President Ilham Aliyev increase the socio-economic power of the country. In other words, the reforms implemented by the President, and the formation of modern economic and social infrastructure ensure the rapid development of the republic's economy and increase its competitiveness. At the

same time, the social policy pursued in Azerbaijan is exemplary (Xalq qəzeti, İmran ƏLİYEV, 17 noyabr 2021-ci il, link: <https://xalqqazeti.com/mobile/az/news/81211>).

CONCLUSIONS AND RECOMMENDATIONS

In order to ensure the sustainable settlement of the population in the liberated areas, these areas must become the most healthy, modern and prosperous living environment in society, a living environment based on modern information and communication technologies must be created for sustainable settlement. The liberated territories must become one of the leading links in the country's economic activity and have a level of development that is also a target for other regions of the country.

At present, the restoration of the state borders of the Republic of Azerbaijan with the Republic of Armenia established during the USSR and the revival of the occupied territories, the construction of various transport and logistics infrastructure is underway in these areas. President of Azerbaijan Ilham Aliyev has made an important decision to approve a new structure for the division of economic regions in order to improve governance in the region and to begin updating the strategic mechanisms for managing the country's economy. Thus, the division of new economic regions in the Republic of Azerbaijan was approved by the Decree of the President of the country dated July 7, 2021.

As a result, two new economic regions were created - Karabakh and East Zangazur, each with rich economic potential. The economic development of these regions is directly related to the construction of transport and logistics infrastructure. So, at the current stage of development, the main direction of the economic policy of the Republic of Azerbaijan is the construction of transport and logistics infrastructure in the liberated territories. A lot of work has been done to build the transport and logistics infrastructure of the region over the past year after the liberation of the occupied territories. Significant material, human and financial resources of the republic are directed to these purposes. As a result of the work done, an international airport has been built in Fizuli, about a hundred kilometres from Fizuli to Shusha, the Galaba highway has been built, airports are being built in

Zangilan and Lachin, preparations are being made along the Zangazur corridor and so on.

In the liberated territories, everything that belonged to a living person was completely destroyed and destroyed. All sides have been mined and become a source of danger to life. Now it is necessary to clean the lands that smell of death, destroy the ruined settlements, to create new living and working conditions for the people. Therefore, at the initiative and under the leadership of the President of the country, a long-term strategic line and plan covering the restoration and development of all spheres of life, economy and services at the state level are being developed in several variants.

In our opinion, two important aspects should be taken into account in solving this problem. First of all, since the implementation of rehabilitation and development projects is a complex process, there may be different positions, options and approaches to its solution. Secondly, in the process of implementing this plan, it is natural to make additions and improvements to it.

In this regard, we consider it expedient to identify the following 9 general areas of activity in the plan prepared for the restoration and development of a new quality of life in Karabakh, to consolidate and implement all planned activities, research work in these areas:

- the creation of necessary conditions for life and activity of the population, including demining of territories;
- effective organization of population settlement, systematic approach to urban and rural rehabilitation;
- identification and assessment of the potential for economic development that can be used now and in the near future;
- to determine the directions of recovery and development of the economy, guided by the principles of effective use of existing potential, preservation of historically accumulated production experience and expansion of product access to foreign markets;

- to identify sources and opportunities for financing the restoration and development of a new quality of life in the region;

- to make efficient use of the region's currently available natural resources and resources, export products to foreign markets, and form industrial entrepreneurship by employing mainly Azerbaijani citizens;

- purposeful distribution of land among land users (entrepreneurs, backyards), maintenance of the reserve land fund and, in general, the formation of entrepreneurship in agriculture through the efficient use of land;

- organization of tourism with the use of all the opportunities of the region in this area;

- organization of secondary, primary education and vocational schools, gradual higher education and research centres.

Of course, it is possible to add something to these areas and make improvements. However, in all cases, such a systematic approach to the problem eliminates fragmentation in this complex and multifaceted process and makes it relatively easy to solve problems.

Successful development of the Azerbaijani economy, not only the development of the oil and gas industry but also the development of non-oil sectors, increasing the country's export potential will complete the restoration and construction work in the liberated territories, ensuring sustainable settlement in these regions.

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