

THE MAIN DIRECTIONS OF REINTEGRATION OF THE ECONOMY OF THE DE-OCCUPIED TERRITORIES INTO THE COUNTRY'S ECONOMY

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***Abstract.** The article examines the economic potential of the territories liberated from occupation in the post-conflict period, assesses the measures implemented by the country in this area, restoration, reconstruction and development of the economy of the de-occupied territories. The directions and possibilities of reintegration of the economy of these territories into the country's economy are considered in detail. At the same time, the creation of a mechanism for joint actions of the public-private sector and individual entrepreneurs and their role is discussed.*

In addition, the development indicators achieved as a result of the development reforms carried out in the areas of the economy in recent years, as well as the opportunities and priorities for the development of the Karabakh economic region and the East Zangezur economic region, within the framework of the overall economy of the republic are analyzed. At the same time, the importance of a digital transformation model based on national priorities in the country is considered and assessed, taking into account the international experience in developing a strategy for restoring the territories of post-conflict countries.

***Key words:** national priority, reintegration, restoration, reconstruction, digitalization, model, liberation from occupation, infrastructure, energy supply, Karabakh economic region, East Zangezur economic region, strategy, program.*

Formulation of the problem. The basis for the formation of a competitive and sustainable economy, a society based on inclusive and social justice, competitive human capital and modern innovations and a great return on these areas is the identification of priorities that ensure the effective reintegration of the economies of these regions into the country's economy and the implementation of these priorities in stages, in accordance with the implementation period in the Karabakh and East Zangezur economic regions liberated from occupation. The main directions of these priorities are reflected in the "National Priorities-2030" approved by the relevant decree of the President of the country Ilham Aliyev [1].

In order to restore and develop the infrastructure of the economic areas of Karabakh economic region and Eastern Zangezur economic region, attracting investments and investments from other sources to these areas and forming a mechanism of public-private economic cooperation, the measures implemented within the framework of state programs and development strategies in the areas freed from occupation accelerates the reintegration of its economy into the country's economy and as a result, the development of the economy of these regions within the overall economy of the country is ensured. In addition to the aforementioned "National Priorities-2030" and other necessary priorities, the corresponding implementation of programs, projects and strategies approved by the country's president has an important and significant role in the development of these regions. In these priorities, initial measures such as cleaning the territories from mines and other harmful explosives, drinking water and electricity supply infrastructure, restoration and reconstruction of the irrigation systems of the areas, restoration of the road infrastructure, construction of new airports that ensure the transportation of goods necessary for humanitarian and life and the subsequent social development of the territories - it is of particular importance in ensuring the economic development and the development of these regions within the country's economy and, as a result, in their effective reintegration.

Analysis of recent research and publications. The study of the world experiences of the restoration of territories and the reconstruction of infrastructures in the post-conflict period shows that in the research conducted in these directions, in addition to the relevant structures of the state, the active participation of international organizations, private sectors, non-governmental organizations, and individual entrepreneurs and their use in these directions is appropriate.

Based on the analysis of the works currently being carried out in these regions, it can be noted that the above-mentioned organizations participate in the processes of preparation and implementation of these projects in the required cases. It should be noted that according to the decree of the President Ilham Aliyev "On the new distribution of economic regions in the Republic of Azerbaijan", the cities of Khankendi, Aghjabedi, Aghdam, Barda, Fuzuli, Khojaly, Khojavend, Shusha, which are included in the new distribution of economic regions are included in the Karabakh economic region and in the process of determining and

evaluating the priority of measures implemented in Tarter regions, researching and evaluating the level of development of economic sectors in these areas in the post-conflict period and preparing relevant proposals, the measures implemented in the direction of ensuring the development of the region are necessary and urgent tasks as priority issues.

Formulation of the goals of the article. Consider in detail the directions and possibilities of reintegration of the economy of territories liberated from occupation into the country's economy.

Presentation of the main research material. In our country, within the framework of State Programs, Development Concepts, and Strategic Plans, reform in the fields of economy, implementation of reform-development measures, and finally, ensuring the sustainable development of the economy in the perspective of the liberated territories, raising the level of development of the main economic indicators are of particular importance in the development of the region. At the same time, in the post-conflict period, the preparation of Strategic Development Plans of enterprises and companies that ensure the implementation of measures within the framework of programs, projects and development concepts aimed at the development of strategic areas in this region and the development of its implementation mechanism are among the most necessary issues. The development of strategic plans that take into account the measures proposed above and the implementation of the measures envisaged in them in stages can be important in the restoration of the infrastructure of the areas of the economy of the region, the organization and development of the economy based on innovation, which, in turn, will have an important role in ensuring the reintegration of the economy of the region into the general economy of the country.

These priority directions and the purposeful complex measures implemented along with them were of particular importance in preventing the rapid decline of the country's economy due to the pandemic. In this period, GDP decreased by 4.3 percent in 2020 compared to 2019. The analysis of economic indicators shows that the GDP in the non-oil sector decreased by 2.6 percent in real terms in 2020 compared to 2019. However, during the same period, non-oil industry increased by 12.2 percent, information and communication sector by 0.6 percent, agriculture by 1.9 percent, and transport and storage by 4.6 percent. Although the impact of the COVID-19 pandemic will continue in 2021, as a result of

the measures implemented this year, economic activity has been observed since the beginning of the year. Thus, in 2021, along with the oil and gas sector, economic growth occurred in the non-oil and gas sector. That is, compared to 2020, the GDP in 2021 increased by 5.6 % in real terms, this indicator at current prices was 92.9 billion manat. 16,127.0 million to the main capital in 2021, 73.1 % of these investments were provided by domestic and 26.9 % by foreign investments.

The analysis shows that 35 % of these investments were made in the oil sector and 64.2 % in the non-oil sector. As a result of this increase, new infrastructures were created as a result of the works carried out in the direction of the restoration of the areas of the economy in the territories freed from occupation. At the conference dedicated to the results of the 2020 implementation of the 2019-2023 State Program of Social and Economic Development of the country's the President Ilham Aliyev specifically noted that Azerbaijan finished with less losses in all areas of the economy during pandemic than other countries. Thus, the country's economy increased by approximately 4 percent, but due to the diversification of the economy, the non-oil sector increased by more than 11 percent. The measures to be implemented by the state in accordance with the concept of the restoration and development of lands freed from occupation will create favorable conditions for attracting local and foreign investments to the economic potential of this region, mainly to the development of the non-oil sector. In the post-conflict period, the restoration of territories, the reconstruction and development of infrastructures are provided in four stages, i.e., in the first stage, management and security, infrastructure works, and in the next stage, the activities of social services, the reconstruction and development of the economy are considered as priority directions. In the planning of the macroeconomic indicators of 2021, the fact that the reconstruction works in the liberated territories play the role of one of the active growth drivers of the non-oil sector and the country's economy in general shows the special importance of the work carried out here.

The examination of the state of implementation of the measures planned in 2020 in the State Program for the Socio-Economic Development of the Country's Regions in 2019-2023 shows that, as in the previous three state programs, the measures planned for this year in the fourth program have been consistently and successfully implemented in

all areas and the improvement of the socio-economic development potential of the economic regions of the country, the reconstruction of the infrastructures of the economic sectors in the regions, and the raising of the requirements of modern standards, and the implementation of these measures will improve the material, moral, educational, and social well-being of the population and the most important solution of the modern era which created favorable conditions for strengthening the required environmental safety during these periods. It should be taken into account that the implementation of measures in these directions ensured the implementation of new social projects in the country during the mentioned period, as well as the creation of new enterprises and workplaces were of necessary priorities.

So, this year, in addition to Baku city, in Absheron, Agjabedi, Kurdamir, Goranboy, Shamkir, Gazakh, Agstafa, Tovuz, Samukh, Tartar, Shamakhi, Gobustan, Ismayilli, Balaken, Sheki, Gabala regions, as well as in Mingachevir, Ganja, Sumgayit cities more than 100 production enterprises, Road infrastructure projects, Electricity and water supply projects have been implemented, healthcare and educational institutions have been commissioned. In order to ensure the implementation of projects related to the socio-economic development of the country's regions and cities, capital investment provided in the state budget and at the same time a total of 740.7 million manats were allocated from the president's reserve fund and in the direction of eliminating the situation that arose in the country due to the negative effects of COVID-19 flexible economic policy measures have been defined and implemented. As a result of the implementation of these measures, macroeconomic stability was ensured, stability and development dynamics of the country's economy were maintained, and 12.5 percent growth was achieved in the non-oil industry.

In particular, it should be taken into account that during the pandemic, the industrialization policy of the regions, which is part of the national priorities was continued within the framework of the 2019-2023 state program for social economic development of the regions, and preliminary work in this field was started in the territories freed from occupation. Thus, by the beginning of 2020 the number of Sumgayit Chemical Industry enterprises has increased to 24, and two enterprises continue to operate in the area of "Mingachevir Textile" LLC in the

Mingachevir Industrial Park. Also, the implementation of 6 projects and relevant measures in other areas was continued in the Neftchala Industrial District until the beginning of 2021.

The analysis of the report of the fourth State Program covering the years 2019-2023 shows that 6 power stations were overhauled in 2020, 2,302 kilometers of new power lines were built and 2,635 kilometers of electric lines were overhauled and in order to improve gas supply and provide safe and uninterrupted gas in 2020, 1394.3 kilometers of gas lines were built and 605 kilometers of gas lines were overhauled, including 1119.8 kilometers of gas in the regions. This year 562,440 gas meters were installed or replaced with new ones. In 2020 when the analysis was carried out, 1385.3 kilometers, including 1035.2 kilometers of national and local highways in the regions, 7.56 kilometers, including 5.73 kilometers of railways in the regions were constructed or repaired in order to improve the road infrastructure [2].

The analysis of the report of the Ministry of Energy for the year 2021 of the above-mentioned state program shows that as a result of the works carried out in the direction of the reconstruction of the energy infrastructure of the territories freed from occupation, the work on the energy supply of Karabakh and East Zangezur economic regions was continued, including the construction of small hydroelectric power stations. Thus, as a result of the research conducted in Gubadli, Lachin, Kalbajar regions, the construction of 37 stations with a total capacity of approximately 160MW was determined in these areas. Among these stations 3 small hydropower stations with a total capacity of 15.8 MW were restored - "Gulebird", "Suguvushan-1" and "Suguvushan-2" stations. In addition to these, restoration works are being carried out at "Kalbajar-1" KSES. However, the construction works at "Oguz-1", "Oguz-2" and "Oguz-3" KSES have been completed and put into operation. It should be noted that the construction of these power plants continues and this has an important role as a necessary direction that creates the basis for the reintegration of the economy of the liberated territories into the general economy of the country.

In general, as in 2020, in 2021 as well, the implementation of the measures in the "State Program for Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023" has been ensured and the continuation of these works is the restoration of territories freed

from occupation, the development of infrastructures in areas reconstruction, large-scale measures and relevant works on the priorities of ensuring economic activity are constantly implemented as necessary directions for ensuring the restoration and development of these regions.

It should be noted that the development of the country's regions in the fields of economy and ensuring the stability of economic development along with the World Bank, International Financial Corporations, the Islamic Development Bank and other economic and financial organizations are involved in the process of determining and evaluating the potential of the territories freed from occupation in the post-conflict period stimulates the attractiveness of their participation in the restoration of the affected areas and increases their economic interests. That is the developmental reforms carried out in recent years to ensure the dynamic development of the economy of Azerbaijan, and as a result of this, the economic potential formed in the country in the territories freed from occupation, by gradually attracting international financial organizations in priority directions, will be transferred to the Karabakh economic region (Khankendi city, Aghjabedi, Aghdam, Barda, Fuzuli, Khojaly, Shusha and Tarter regions) and Eastern Zangezur economic region (Jabrayil, Kalbajar, Gubadli, Lachin and Zangilan) using the natural and economic potentials of these regions as one of the important directions that ensure the creation of modern production and service enterprises and the production of competitive export products. Reintegration of the economy of the regions into the economy of the country is one of the possible important factors [3].

Thus, based on the above analysis and the results of our research on the restoration of territories freed from occupation, the reconstruction and modernization of the economy and the analysis of the experience of formulating and implementing a new economic strategy aimed at macroeconomic stability in post-conflict countries, we can come to the conclusion that in this strategy, first of all the process of successively conducting economic reforms in stages and directing private investments to the restoration and development of territories should be the main priority. At the same time, other areas should be the main areas, namely, providing and increasing employment, household and services. When preparing a strategy that ensures the effective use of assistance and grants for the restoration of territories of international financial and other organizations, a structure that ensures the implementation of the planned

measures and a regulatory mechanism that organizes its activity should be created. For citizens who want to participate in the implementation of these directions on the basis of the principle of voluntariness and equal rights, the "Karabakh Revival Fund" public entity was established by the decree of the President of the country Ilham Aliyev on January 4, 2021, and the main goal of this fund is sustainable settlement and modern affordable housing in the territories freed from occupation. Reintegration into the country's economy is accelerated by developing the economy of the territories freed from occupation as a result of the provision of living, restoration, construction and improvement works in all areas. Since the recovery and development process requires the involvement of large amounts of financial funds and resources, the Fund creates the necessary and favorable conditions for ensuring the integration and relations of various economic and financial forces and for the transparent, efficient and rapid implementation of the recovery process [4].

In addition to these, taking into account that the creation of public-private cooperation is important in the revival and development of the Karabakh region and the East Zangezur region, the involvement of private enterprises and organizations, individual entrepreneurs in the implementation of various projects prepared in this direction, in the creation of infrastructure projects corresponding to modern requirements in these areas and a competitive product can have an important role in production.

Results. Thus, in the post-conflict period, in addition to using the experiences of international financial and other structures in the restoration of territories and the creation of new infrastructures, we also take into account the digital transformation model that has been successfully implemented in various areas of the economy in accordance with the strategy of electronicization and digitalization in Azerbaijan under the leadership of the President Ilham Aliyev in accordance with world trends. Formation of the country's recovery model based on national priorities will ensure the rapid reintegration of the economy of Karabakh economic region and East Zangezur economic region into the general economy of the country in stages [5].

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ОСНОВНІ НАПРЯМИ РЕІНТЕГРАЦІЇ ЕКОНОМІКИ ЗВІЛЬНЕНИХ ВІД ОКУПАЦІЇ ТЕРИТОРІЙ В ЕКОНОМІКУ КРАЇНИ

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***Анотація.** У статті вивчено економічний потенціал звільнених від окупації територій в постконфліктний період, надано оцінку заходів, що реалізуються в цій сфері в країні, відновлення, реконструкція та розвиток економіки окупованих територій. Докладно розглянуто напрями та можливості реінтеграції економіки цих територій в економіку країни. При цьому обговорювалося створення механізму спільних дій державно-приватного сектору та індивідуальних підприємців і їх роль. На додаток до цього були проаналізовані показники розвитку, досягнуті в результаті реформ розвитку, проведених в галузях економіки останніми роками, а також можливості та пріоритети розвитку Карабахського економічного району та Східно-Зангезурського економічного району в рамках загальної економіки республіки. При цьому було розглянуто та оцінено важливість моделі цифрової трансформації на основі національних пріоритетів у країні з урахуванням міжнародного досвіду розробки стратегії відновлення територій постконфліктних країн.*

***Ключові слова:** національний пріоритет, реінтеграція, відновлення, реконструкція, цифровізація, модель, визволення від окупації, інфраструктура, енергопостачання, Карабахський економічний район, Східно-Зангезурський економічний район, стратегія, програма.*