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**ABSTRACT**

of the dissertation for the degree of Doctor of Philosophy

**SUSTAINABLE DEVELOPMENT POTENTIAL OF  
SHEKI-ZAGATALA ECONOMIC REGION**

Specialty: 5902.17 – “Management of sustainable development”

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## GENERAL CHARACTER OF THE DISSERTATION

### **The relevance of the topic and the degree of development.**

Extraction of natural resources and agriculture occupy a significant share in the structure of the economy of Azerbaijan. Taking into account the interests of future generations this situation makes it important to protect the environment and use existing natural resources. Therefore, ensuring the sustainability of economic growth by taking into account such conditions as environmental protection, redistribution of the gained income from the viewpoint of social development of society, and the increase of pure investments is the basis of the economic policy of the state. On the whole, “Sustainable Development” means ensuring the development of society at the international, national and regional levels within a social, ethical and ecological frameworks. The formation of economic, social and environmental policies based on the principles of sustainable development is aimed at ensuring equity both within and between generations. In this regard, taking into account the principles of sustainable development in the formation of socio-economic policy in Azerbaijan is important from the viewpoint of future development.

In 2000, Azerbaijan joined the Millennium Declaration and implemented relevant programs to realize the Millennium Development Goals. Thus, as a continuation of the Millennium Development Goals, our country has joined the implementation of the Sustainable Development Goals for 2016-2030, provided for in the “Transformation of our World: Sustainable Development Agenda until 2030”. Thus, the principles laid down in the “Agenda 2030” began to play an important role in shaping the socio-economic policy of the state.<sup>1</sup>

Since economic development is related to place (space), the economic processes taking place in this space affect the environment and the social development of the population. Therefore, the study of

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<sup>1</sup> Azərbaycan Respublikasının İqtisadiyyat Nazirliyi tərəfindən hazırlanmış “Dünyamızın transformasiyası: 2030-cu ilədək Dayanıqlı İnkişaf Gündəliyi”nin icrası ilə əlaqədar Azərbaycanda görülən işlər və əldə olunan nailiyyətlər haqqında 2016-2017-ci illər üzrə YEKUN HESABAT. Bakı: 2018

qualitative aspects of economic growth in the regions, the mechanism of distribution of its results, the interregional distribution of incomes formed on a national scale in accordance with the principles of sustainable development, and the level of use of existing labor and natural potential is important in terms of management of sustainable development.

Sheki-Zagatala economic region is distinguished by the fact that agriculture has a great share in the structure of its economy, making up 10.2 percent of the country's territory and 6.2 percent of its population. Also, the presence of mountain, forest, fresh, mineral and thermal water sources, other natural resources and ancient historical-cultural monuments makes the development of tourism here favorable. These are the areas directly related to environmental protection. Also, ensuring the social development of the population, distribution of incomes within and among regions arising from this, increasing the sustainability of economic growth, and ensuring justice within and among generations in solving these issues should be the basis of regional policy formulation

Thus, the investigation of the sustainable development potential of the Sheki-Zagatala economic district is of an important relevance in terms of the formulation of regional policy and the provision of sustainable development of the region.

**The object and the subject of the research.** The economy of Sheki-Zagatala region is the object. The subject is the research of political and economic issues of realization of sustainable development potential in Sheki-Zagatala economic district.

**Goals and objectives of the research.** The purpose of the research is to examine in detail the sustainable development potential of Sheki-Zagatala economic region and to prepare proposals and recommendations aimed at the formation of state policy in the field of sustainable development in the region. In this regard, the following tasks were identified and fulfilled during the investigation process:

- The study of theoretical aspects of ensuring sustainable development and its management;
- The assessment of state policy in the field of ensuring sustainable development of regions in the country;

- Investigation of the effect of the political-geographical position of Sheki-Zagatala economic district on resource potential utilization;
- The assessment of the natural resource potential of the Sheki-Zagatala economic district and the level of its use;
- Investigation of the situation of settlement and use of human resources in Sheki-Zagatala economic district;
- The assessment of the impact of state programs on the prospective development of the region;
- The determination of the importance of structural reforms carried out in regional administration;
- The determination of the importance of border regions in the sustainable socio-economic development of Sheki-Zagatala economic region;
- Preparation of proposals and recommendations on realization of sustainable development potential in Sheki-Zagatala economic district.

**Methods of research.** In the research work, the works of local and foreign economists dedicated to the study of sustainable development, including its regional and local aspects, as well as decrees and orders of the state president on sustainable development at the national and regional level, other government decisions, normative and legal acts were used as the main sources.

The information collected during the research was analyzed using qualitative and quantitative research methods. Besides, program approach, analysis and synthesis, systematic analysis, analytical-statistical and other research methods were also used in data analysis.

**The scientific novelty of the research** consists of the following:

- theoretical approaches to ensuring sustainable development and its management were systematized;
- the main directions of the state policy in the field of sustainable development of regions in the country was determined;
- The existing natural resource potential in Sheki-Zagatala economic region, the effect of its political-geographical position on resource potential utilization was assessed;
- The state of settlement and use of human resources in Sheki-Zagatala economic region was determined;

- the impact of state programs on the prospective development of the region, the importance of structural reforms in regional administration was assessed;

- the importance of the border regions in the sustainable development of the region were determined;

- Proposals and recommendations on the realization of sustainable development potential in Sheki-Zagatala economic district were prepared.

#### **Theoretical and practical significance of the research work.**

The results obtained in the research work can be used in the formulation of the regional development policy, the development program of the Sheki-Zagatala economic region, in the preparation of policy measures for the realization of the sustainable development potential of this region and the development of border regions with neighboring countries, in the formation of the regulatory mechanism of the development of the regional economy by the state, based on the principles of sustainable development, as well as in the improvement of regional administration. Individual sections of the dissertation can be used as teaching material on sustainable development and regional policy.

**The approbation and application of the research work.** The main provisions of the dissertation were presented at scientific-practical conferences, the article and thesis of the total volume of the dissertation were published.

**The level of study of the problem.** Problems of sustainable development are among the factors defined at the UN level, which envisage international efforts and determine policies related to world development. In this regard, important studies have been conducted within the framework of the United Nations in the direction of defining these goals and creating its theoretical and methodological bases. Thus, various aspects of sustainable development have been studied by D.Meadows<sup>2</sup>, V.Burns, G.Brutland, J.Sachs, S.Bass, B.Sadler, K.Thomson, R.Sandbrook, N.Robins, R.Haggs and others.

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<sup>2</sup> Медоуз Донелла Х., Медоуз Деннис Л. Рэндерс Йорген, Бернс III Вильям. Пределы роста. М.: Изд-во МГУ, 105 с.

The mentioned issues in Azerbaijan were studied by U.Alakbarov<sup>3</sup>, A.Shekeraliyev<sup>4</sup>, Ch.Ismayilov, A.Abdullayev, Y.Hasanli, R.Hasanov, I.Aliyev, S.Huseynov and others. Also, A.Nuriyev<sup>5</sup>, N.Kiselyova<sup>6</sup>, T.Uskova, P.Ganster G.Haughton<sup>7</sup>, D.Kunsel and others conducted research on sustainable development of regions.

Along with above mentioned, the regional aspects of sustainable development, especially the possibilities of ensuring the sustainability of development in the Sheki-Zagatala economic district, the aspects of state policy in this direction have not been investigated in detail. In this regard, there is a need to conduct research in the direction of investigating the sustainable development problems of the regions in Azerbaijan, including the sustainable development potential of the Sheki-Zagatala economic district, and these factors determine the topic of the dissertation.

**The data base of the study** include the UN reports on sustainable development and human potential, materials of the Ministry of Economy of the Republic of Azerbaijan, the State Statistics Committee, and the National Coordinating Council for Sustainable Development, reviews and state budgets of relevant years, official documents and reports of international organizations, as well as other materials.

**The scope and structure of the dissertation.** The dissertation consists of an introduction, three chapters, including introductory part-8284, chapter I - 64.249, chapter II – 67.836, chapter III – 75.773, conclusion-18.527. Total -234.669 characters. There are 22 tables and 8 figures.

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<sup>3</sup> Ələkbərov U.K Davamlı insan inkişafı və ekoloji sivilizasiyanın əsaslar. Bakı: Təhsil, 2013, 224 s

<sup>4</sup> Şəkəriyev A. Dövlətin iqtisadi siyasəti: dayanıqlı və davamlı inkişafın təntənəsi. Bakı: “İqtisad Universiteti” nəşriyyatı, 2011, 542 s.

<sup>5</sup> Nuriyev Ə.X. Regional siyasət və idarəetmənin əsasları. Bakı: Elm və təhsil, 2011, 516 s

<sup>6</sup> Киселева Н. Н. Устойчивое развитие социально-экономической системы региона: методология исследования, модели, управление. Ростов-на-Дону: Издательство ЮФУ, 2008, 288 с.

<sup>7</sup> Haughton Graham, David Counsell. Regions, Spatial Strategies and Sustainable Development. New York: Routledge, 2003, 264 p.

## THE MAIN CONTENT OF THE DISSERTATION

In the introduction, the relevance of the topic of the research work and the analysis of the level of its development are given, the object and subject of the research, the goals and objectives, and the corresponding research methods used in writing the research work are noted, the basic scientific provisions are substantiated, the concrete nature of the scientific innovation of the research are revealed, the theoretical and practical significance of the research is given. The first chapter of the dissertation entitled **“Theoretical-methodological bases of the analysis of sustainable development potential”** consists of three sub- chapters.

In the first sub-chapter “Main goals and objectives of ensuring sustainable development” of Chapter I, the main essence of sustainable development is revealed. Taking into account different approaches to the problem, a generalized idea is put forward - the essence of sustainable development is a new form of economic development and management of human activity that is capable of satisfying the needs of people and not preventing them from meeting their future needs.

Considering different approaches to the problem, such a generalized idea is put forward that the essence of sustainable development is a new form of economic development and human activity management that is able to meet people's needs and does not prevent them from meeting their future needs.

Sustainable development is a relatively new concept. When determining its essence, main goals and objectives, more attention is paid to the international organization than the specific authors approaches and analyses. So, sustainable development is, first of all, a concept of global significance for humanity. In order to reveal its essence, the analysis and statements of international organizations in this area are of particular importance. In particular, the Millennium Declaration, adopted at the Millennium Summit in 2000, is a very authoritative document for defining general goals for sustainable development.<sup>8</sup>

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<sup>8</sup> Millennium Development Goals Report 2015. United Nations, New York: 2015, 74 p.

In the above-mentioned Declaration, the goals of sustainable development are formulated as follows:

1. To eliminate extreme poverty and hunger;
2. To achieve general primary education;
3. To ensure gender equality and to empower women;
4. To reduce infant mortality;
5. To improve maternal health;
6. To fight against HIV/AIDS, malaria and other diseases;
7. To ensure environmental sustainability;
8. To develop a global partnership for development.

At the same time, the classification of the problems covered by the Sustainable Development Goals of the UN Rio-20 conference held in 2012 covering the years 2016-2030 is of great importance in the statement of sustainable development goals.<sup>9</sup> This includes eliminating poverty in all parts of the world, ensuring food security and solving the problem of hunger, improving healthy life and well-being, ensuring quality education, gender equality, access to water and sanitation, access to energy sources for all, eliminating unemployment, issues such as stimulation of innovative activity, elimination of domestic and international inequality, and combating climate change and its consequences. On the whole, the mentioned document classifies 17 problems that will serve to ensure sustainable development.

In conclusion, it was determined that the sustainable development paradigm puts people at the center of development and economic growth is based on the protection of the natural system on which the lives of all living beings, as well as the present generation and future generations depend.

The second sub-chapter of Chapter I entitled “**Formation and main stages of sustainable development management**” is devoted to the analysis of the mechanism of ensuring the sustainable development process as an important component of the development of this or that country. The main focus here is on process management.

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<sup>9</sup> Report of the United Nations Conference on the Human Environment, Declaration of the United Nations Conference on the Human Environment, U.N. Doc. A/CONF.4/141Rev.1.

Management of sustainable development also includes economy, social sphere, ecology, etc., includes the preparation of strategies and action plans aimed at achieving sustainable development in various fields. These strategies and plans should be based on the principles of taking into account the interests of all interested parties and consideration of the needs of future generations.

Successful management of sustainable development requires effective coordination and cooperation between government agencies, the private sector, civil society and other interested parties. This may include creating platforms for dialogue and information sharing, consultation and public comment, and participation in decision-making.

The main principles of sustainable development management are prevention, precautionary principle, responsibility, interdependence, honesty and participation principle. They aim to balance the needs of today's generation without harming future generations and preserving the prospects of future generations.<sup>10</sup>

On the whole, sustainable development management is an integrated management approach that takes into account the economic, social and environmental aspects of development. It tries to create conditions for sustainable development that will ensure the well-being of the population, the protection of nature and the environment, and the stable operation of the economy.

Managing sustainable development requires the close involvement of all interested parties in this process. It is also important to involve all interested parties in the policy-making and decision-making process, such as civil society, the business sector, scientific circles and international organizations.<sup>11</sup> They can propose new and innovative ideas and bring new experience and knowledge to solving sustainability problems.

Support to national governments in implementing sustainable development can be achieved through various mechanisms such as

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<sup>10</sup> Sustainable development strategies: a resource book / compiled by Barry Dalal-Clayton and Stephen Bass, London: Earthscan Publications Ltd, 2002, 56 p.

<sup>11</sup> Sustainable Development Strategies: A Resource Book/ Compiled by Barry Dalal-Clayton and Stephen Bass, Paris: OECD, 2002

financing, information sharing and technology transfer. The international community should also actively participate in providing support and assistance for the implementation of sustainable development policies and related programs.

Sustainable development also requires the active participation and responsibility of the population itself. It is important that citizens understand their role and responsibility in achieving sustainable development and participate in various initiatives and activities aimed at protecting natural resources, the environment and creating a just society.<sup>12</sup>

The fact that the participation of interested parties within a given state is so important does not reduce the responsibility of national governments as the main actor in this process, on the contrary, increases it. Thus, it is the national governments in this area that directly implement the process of preparing and implementing relevant policies, making decisions, and forming institutional mechanisms, and make the process of managing sustainable development a systematic one.<sup>13</sup>

The third sub-chapter of Chapter I is entitled **“State policy in ensuring the sustainable development of regions in the Republic of Azerbaijan”**. This sub-chapter provides a general analysis of the current features of sustainable development policy in Azerbaijan. The sustainable development policy carried out by the state is examined within the framework of state programs for the development of regions. Azerbaijan joins the global initiatives on sustainable development adopted at the UN level and takes them into account in the economic, social and environmental policy of the state. As a result of the measures implemented in this direction, the poverty level in the country decreased from 49 percent in 2001 to 4.9 percent in 2015, unemployment rate from 10.9 percent to 5 percent, infant mortality

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<sup>12</sup> Урсул А.Д. Стратегия устойчивого развития в контексте глобализации // Вестник Московского университета. Серия 27: Глобалистика и геополитика, № 1-2, 2015, с. 49-65

<sup>13</sup> Доклад о мировом развитии 2003: Устойчивое развитие в меняющемся мире. Преобразование институтов, рост и качество жизни. М.: Издательство «Весь Мир», 2003, 280 с

from 16.4 to 11.0, maternal the death rate decreased from 37.6 to 14.4, in the mentioned period, the expenditures on education from the state budget increased by 8.6 times, the expenditures on health care by 16.9 times, the expenditures on social protection and social security has increased by 12.7 times, important results have been achieved in the direction of combating infectious and other diseases, protecting the environment, and ensuring the diversification of the national economy. The preparation of State programs for poverty reduction and sustainable economic development allowed the integration of the Millennium Goals into the national development strategy and caused them to have a significant impact on the formation of the economic, social and environmental policy of the state.<sup>14</sup>

Azerbaijan has joined the implementation of the Sustainable Development Goals envisaged in the 2016-2030 “Transformation of our World: Sustainable Development Agenda until 2030” at the UN Sustainable Development Summit. Accordingly, the National Coordinating Council for Sustainable Development of the Republic of Azerbaijan was created.

After 2015, a number of indicators related to the level of achievement of sustainable development goals continued to increase. Thus, life expectancy at birth increased from 74.2 in 2013 to 75.4 in 2017, the dynamics of growth in population income, the number of hired workers, the total area of the housing fund and expenditures on education from the state budget continued to grow, the provision of communal services improved.<sup>15</sup>

Along with the above-said, the rate of economic growth has decreased in recent years due to the decrease in oil production and the drop in oil prices in the world market.<sup>16</sup>

Thus, in 2017, the country’s gross domestic product decreased by 3.7 percent compared to 2013, and the level of consumer prices increased by 33.8 percent. Also, the poverty level increased from 4.9 percent in 2015 to 5.4 percent in 2017. In such circumstances, developing the non-oil sector and diversifying the economy in order

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<sup>14</sup> Dəyənli İnkişaf Məqsədləri. Statistik məcmuə. Bakı:2018, 151s

<sup>15</sup> Azərbaycanın Statistik Göstəriciləri 2018. Bakı, 2018, 808 s.

<sup>16</sup> Regionların sosial-iqtisadi inkişafı. Statistik məcmuə. Bakı:2019, 676 s.

to increase the stability of economic growth are currently one of the main goals of the economic policy.<sup>17</sup>

The economic policy of the state had a significant impact on economic growth in economic regions. Thus, in 2017, the output of products in the main areas in the economic regions increased by 3.8 times compared to 2002, while the increase in the construction area was approximately 20 times. This increase was mainly due to investments financed by the state budget and development institutions. Although the local revenues of the state budget differ significantly in economic regions, the difference between per capita expenditures is small. This situation shows that the financing of the development of economic regions from the state budget plays an important role.

Chapter II of the dissertation is entitled **“Assessment of resource potential in ensuring sustainable development of Sheki-Zagatala economic region”**. In the first sub-chapter of Chapter II, along with the main tasks of the state policy in ensuring the sustainable development of the Sheki-Zagatala economic region, the resource potential, which is of special importance for the development of the region in this direction, is investigated. It is believed that the realization of the goals of sustainable development in the mentioned economic region is primarily related to the political-geographical position and the influence of this position on the utilization of the resource potential. The title of the sub-chapter “The influence of the political-geographical position of the Sheki-Zagatala economic region on the utilization of resource potential” is taken from here. Sheki-Zagatala economic region consists of Gakh, Ogouz, Gabala, Balaken, Sheki and Zagatala administrative districts, the area is 8.84 thousand square km, the population is 616.8 thousand people. These administrative districts are divided into administrative-territorial districts, towns, settlements and villages. There are 350 settlements, including 6 towns, 8 settlements and 336 villages, and 145 municipalities operate here.

The Yevlakh-Balakane railway, as well as the M5 “Yevlakh-Zagatala-State Border with Georgia” and Gabala-Sheki-Gakh-

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<sup>17</sup> Sahibkarlığa Kömək Milli Fondu: illik hesabat 2017. Bakı: Şərq-Qərb, 2018, 54 s.

Zagatala state highways pass through the territory of the Sheki-Zagatala economic region, strategically increasing the region's importance for the country. In the territory of the economic region, the length of republican highways is 370 km, and the length of local roads is 1254 km.

The natural-economic potential of Sheki-Zagatala economic region can be divided into mineral-raw resources, natural-climatic conditions, water and land resources, tourism-recreational resources, geographic-transport location and labor resources.<sup>18</sup>

Mineral resources mainly consist of minerals of ore origin (lead, zinc), minerals of non-ore origin (construction raw materials) and mineral waters. All of the country's copper deposits, 90 percent of sulfur coal, 97 percent of mercury, and 99 percent of zinc belong to this region. The presence of raw material deposits in the region creates opportunities for the development of the construction materials industry here. Thus, there are deposits of building stone raw materials in Balaken, Gakh, Gabala, Sheki and Zagatala districts.<sup>19</sup>

An important part of the natural and economic potential of Sheki-Zagatala economic region is tourism and recreation resources. Mountain, forest, fresh, mineral and thermal water sources, etc. such natural resources and ancient historical-cultural monuments allow to create wide recreation and treatment-health networks and to develop foreign tourism here.

Although the Sheki-Zagatala region makes up 10.2 percent of the country's territory, 8.12 percent of agricultural land, including 9.96 percent of arable lands, is here. Besides, approximately 55.2 percent of the country's territory is suitable for agriculture, while this indicator is equal to 44.0 percent in the region. This is related to the fact that part of the region consists of mountainous areas that are not suitable for agriculture.

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<sup>18</sup> Azərbaycan Respublikası regionlarının 2009-2013-cü illərdə sosial-iqtisadi inkişafı Dövlət Proqramı. Azərbaycan Respublikası Prezidentinin 4 aprel 2009-cu il tarixli 80 nömrəli Fərmanı ilə təsdiq edilmişdir.

<sup>19</sup> Azərbaycan Respublikası regionlarının sosial-iqtisadi inkişafı Dövlət Proqramı (2004-2008-ci illər). Azərbaycan Respublikası Prezidentinin 11 fevral 2004-cü il tarixli 24 nömrəli Fərmanı ilə təsdiq edilmişdir.

Since 15.4 percent of the territory of the economic district is made up of hayfields, meadows and pastures, there is potential for the development of cattle-breeding here. In the region, the main part of Ajinohur valley is used as a winter pasture. Also, a number of lowland regions can use the summer pastures here to graze their animals.<sup>20</sup>

The land resources of the Sheki-Zagatala economic region create favorable conditions for the development of agriculture, and the tourism-recreational resources create favorable conditions for the development of tourism. In this regard, there is a need to improve the existing infrastructure for the development of the agricultural sector due to natural factors in the region. Along with this, the political-geographical position of the economic region does not provide additional advantages for the use of existing natural resources.<sup>21</sup>

The second sub-chapter of Chapter II is entitled **“The utilization and assessment of natural resource potential of Sheki-Zagatala economic region”**. Here, the main attention is focused on the assessment

of the process of efficient use of existing natural resources. It is noted that the population of Sheki-Zagatala economic region increased by 16.7 percent at the end of 2000 compared to the end of 2017, and by 7.2 percent compared to the end of 2010. In the last 30 years, the share of the urban population of the economic region has been steadily increasing, but the share of the urban population remains relatively small.

In 2017, 28.0 percent of the population was urban, and 72 percent was rural. The level of urbanization in the region is relatively low. Since mainly small and medium-sized towns are developing here, the influence of their economy on the development of surrounding settlements is limited.

Rural settlements in the Sheki-Zagatala economic region differ as a result of the influence of natural, historical and socio-economic factors. In mountainous and foothills, rural settlements are smaller

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<sup>20</sup> “Azərbaycan Respublikasında tütünçülüynün inkişaf etdirilməsinə dövlət dəstəyi haqqında” Azərbaycan Respublikası Prezidentinin 2016-cı il 5 oktyabr tarixli 2366 nömrəli Sərəncamı

<sup>21</sup> Mahmudov M.M., Mahmudova İ.M. Regionların sosial-iqtisadi inkişafının tənzimlənməsi. Bakı: “İqtisad Universiteti” nəşriyyatı, 2011, 370 s.

than in plains. Thus, land use possibilities are limited in mountainous and foothill areas and environmental requirements are stricter. In the highlands, agricultural areas are small and residential areas are limited.<sup>22</sup>

The small population of the city in the economic district has also affected the level of settlement here. So, in 2017, 70 people per 1 sq/km, which is approximately 1.6 times less than the national indicator.

As a whole, favorable climatic conditions in the region, availability of irrigation facilities and arable lands are among the main factors determining the location of villages. Thus, the availability of land suitable for agriculture in the valley zones and in the Alazan-Haftaran valley has led to the settlement of villages here.<sup>23</sup>

During the research, the main focus was on the use of human resources in the region. Sub-chapter 3 of the Chapter II deals with this issue. The 3rd sub-chapter called settlement and use of human resources in Sheki-Zagatala economic district is dedicated to this issue. At the end of 2000, the population of Sheki-Zagatala economic region increased by 16.7 percent compared to the end of 2017, and by 7.2 percent compared to the end of 2010.<sup>24</sup> In the last 30 years, the share of the urban population

of the economic region has been steadily increasing, but the share of the urban population remains relatively small. In 2017, 28.0 percent of the population was urban, and 72 percent was rural. The level of urbanization in the region is relatively low. Since mainly small and medium-sized towns are developing here, the influence of their economy on the development of surrounding settlements is limited.<sup>25</sup>

The small population of the city in the economic district has also affected the level of settlement here. So, in 2017, 1 sq. 70 people per

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<sup>22</sup> Milli iqtisadiyyat və iqtisadiyyatın əsas sektorları üzrə strateji yol xəritələrinin təsdiq edilməsi haqqında” Azərbaycan Respublikası Prezidentinin 06 dekabr 2016-cı il tarixli Fərmanı.

<sup>23</sup> Гранберг А.Г. Основы региональной экономики. М.: ГУ ВШЭ, 2003, 495 с.

<sup>24</sup> Eminov Z., Əyyubov N.və digərləri. Şəki-Zaqatala iqtisadi-coğrafi rayonunda əhali məskunlaşması və demoqrafik inkişaf problemləri. Bakı: 2016.

<sup>25</sup> 2016-cı ildə ev təsərrüfatları tədqiqatının yekunları. Dövlət Statistika Komitəsi, Bakı: 2017, 177 s.

km, which is approximately 1.6 times less than the national indicator. As a whole, favorable climatic conditions in the region, availability of irrigation facilities and arable land are the main factors determining the location of villages. Thus, the availability of land suitable for agriculture in the valley zones and in the Alazan-Avtoran valley has led to the settlement of villages here.

The main field of employment in the region is agriculture, and approximately 50 percent of the population is employed in this field. In Sheki-Zagatala economic region, measures are being taken to increase non-agricultural employment.

In 2017, the total output for per person of the employed population in the economic region was 4829.1 manats per year on average, and 402.4 manats per month, which is the main factor limiting the amount of wages.<sup>26</sup>

So, since intermediate consumption usually makes up approximately half of the total product, it is possible to pay wages in the amount of approximately 200 manats if all the additional value created is directed to wages. As can be seen, the efficiency of using labor resources in the region in terms of field structure and labor productivity is low.

The last Chapter III of the dissertation is entitled “**Basic conditions for sustainable development of the Sheki-Zagatala economic region**”. In the first sub-chapter, the impact of state programs on the perspective development of the region, the results of the implementation process of regional state programs in Sheki Zagatala region are examined. Spatial planning is related to the coordination or integration of sectoral policies through zonal strategies. The main goals of regional development programs can be divided as follows – the creation of local values (poverty reduction, satisfaction of basic needs, creation of jobs, social and environmental values), economic goals (efficient use of economic resources, creation of knowledge and skills, etc.) and development goals (structural changes, qualitative aspects of development).

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<sup>26</sup> Shankar R., Shah A. Regional Income Disparities and Convergence: Measurement and Policy Impact Evaluation / in Macrofederalism and Local Finance by edited Anwar Shah, Washington: World Bank, 2008, Chapter 4, pp. 143-192.

In order to improve the use of the existing potential in the regions of the country, to increase the employment of the population, and to reduce the level of poverty, the implementation of state programs on the socio-economic development of the regions has been started since 2004. The implemented regional development programs have had a positive effect on ensuring sustainable development in the Sheki-Zagatala economic region by causing significant development of production, social and institutional infrastructure. As a result, there have been opportunities for accelerating economic development in the regions, raising the level of social welfare of the population, and moving to a new quality stage in the direction of improving the ecological situation.

In 2019, the implementation of the “State Program for the Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023” started. According to this program, the development of industry and tourism in the Sheki-Zagatala economic region, the production and processing of agricultural products, the strengthening of the infrastructure serving agriculture, the major repair and construction of landscaping and construction works in rural areas, sports-health, cultural and educational institutions, telecommunications and it is planned to continue the works in the field of improvement of postal services, electricity, heat, gas and water supply, construction and reconstruction of village access roads, inter-village and intra-village roads, flood protection and melioration-irrigation measures.<sup>27</sup>

The second sub-chapter of Chapter III entitled “**Importance of structural reforms introduced in regional management**” is dedicated to the administrative reforms implemented in the region. There are elements of both administrative and political counter-centralization in local administration in Azerbaijan. Thus, the state’s local policy is carried out by local institutions of the central government. There are local self-governing bodies elected by the local population. Territories in the Sheki-Zagatala economic region consist

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<sup>27</sup> “Azərbaycan Respublikasında tütünçülüynün inkişaf etdirilməsinə dövlət dəstəyi haqqında” Azərbaycan Respublikası Prezidentinin 2016-cı il 5 oktyabr tarixli 2366 nömrəli Sərəncamı

of districts, towns, settlements and villages, and this principle was taken as the basis for determining the territories of municipalities. Currently, there is a great need to specify the relations between municipalities and local executive bodies and the issues related to the division of powers. Such a need appears mostly in the sphere of providing public services.<sup>28</sup>

The volume of local revenues of municipalities depends significantly on the level of development of the area and the availability of natural resources. In such circumstances, in order to ensure equal access of the population living in municipal areas to municipal services, a certain part of local expenses can be financed through grants and subsidies from the state budget.

In Sheki-Zagatala economic region, in 2017, the share of management expenses in the expenses of local budgets was equal to 64.6 percent. In particular, this indicator increases even more when subsidies from the state budget are deducted. As a result, the activities of these institutions are ineffective and they do not play a significant role in the development of the area. Taking into account the above-said, it is necessary to enlarge the municipalities and provide them with financial resources according to their functions.

The necessity of carrying out a number of structural reforms in the region is specially emphasized. The creation of production-related infrastructure in the region should be carried out in parallel with the support of the creation of enterprises that use the services of these facilities by the private sector. World experience shows that one of the acute problems related to the effectiveness of regional policy is related to the low level of use of infrastructure facilities created at the expense of the state budget in the regions.

In the medium term, agriculture will occupy the main place in the economy of Sheki-Zagatala region. At the same time, it is necessary to improve land use and form a mechanism for sustainable management of land resources. In such conditions, it is required to implement measures in the direction of using all types of agricultural lands based on the principles of sustainable development. One of the

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<sup>28</sup> Yerli icra hakimiyyətləri haqqında Əsasnamə, Azərbaycan Respublikası Prezidentinin 2012-ci il 6 iyun tarixli Fərmanı ilə təsdiq edilmişdir

measures to be implemented in this direction is the use of summer and winter pastures in accordance with the principles of sustainable development.

The last sub-chapter is entitled “**The importance of border regions in the sustainable socio-economic development of Sheki-Zagatala economic region**”. It is especially emphasized that the border of the region with foreign countries has an important impact on its economic development. Balaken, Zagatala and Gakh districts of the Sheki-Zagatala region have a border with both Russia and Georgia, and Sheki, Ogouz and Gabala districts have a border with Russia only. Since the border with Russia consists of mountainous areas, the population level in these areas is extremely low and there are no transport connections. Moreover, the economic region has transport links with Georgia. These relations can be established mainly with the Kakheti region of Georgia. Border connections with Georgia are possible through the territory of Balaken and Zagatala districts.

Although there are certain differences in the structure of the economies of the Sheki-Zagatala economic region and the Kakheti region of Georgia, both are mainly based on the production and processing of agricultural products. Besides, the geographical similarity of both regions limits the possibilities for economic cooperation of the regions. Thus, labor is carried out on the basis of not replacing each other, but complementing each other. Besides, there are opportunities for economic cooperation in the development of tourism, protection of the environment, use of transit opportunities of the regions, trade of some agricultural products and other directions.

Since agriculture is the basis of Sheki-Zagatala region, the export of agricultural products may prevail in cross-border trade. These products include vegetables and fruits. Thus, in 2017, vegetables worth 42.5 million US dollars and fruit worth 78.1 million US dollars was imported.

Determining and developing tourist routes based on cross-border cooperation is important in terms of realizing the potential in this field. Thus, despite the development of hotel infrastructure in Kakheti province in recent years, investments in this area remain limited. Under these circumstances, joint cooperation will lead to both

the realization of mutual opportunities and the formation of more interesting tourism packages.

Cooperation between the border regions of Azerbaijan and Georgia can cover several directions. First, cooperation to reduce mutually negative consequences as a result of unilateral action. Thus, the use of water, the increase in the amount of waste thrown into rivers, construction works and other such activities cause negative consequences in the border regions of the neighboring country. Secondly, as a result of the cooperation of border regions, the synergistic effect of the positive results generated due to the benefit of the other border region from the measures implemented by one region increases. For example, improving infrastructure at border crossings can increase economic activity by facilitating the movement of people. In our opinion, the development of tourism infrastructure in the Sheki-Zagatala economic region and the inclusion of Georgia in the tourist routes can increase the bilateral impact of these measures. In order to increase the trade cooperation of Kakheti region and Sheki-Zagatala economic region, it is appropriate to organize cross-border markets or fairs.

The most general results of the research conducted in the **Conclusion** part of the dissertation, a number of issues related to the defended provisions are reflected.

1. Azerbaijan is joining global sustainable development initiatives adopted at the UN level, considering their role in the economic, social, and environmental policies of the state. As a result of measures implemented in this direction, the poverty level in the country decreased from 49% in 2001 to 4.9% in 2015, the unemployment rate from 10.9% to 5% percent, child mortality decreased from 16.4% to 11.0%, maternal mortality decreased from 37.6% to 14.4%. In the specified period, expenditures on education from the state budget increased by 8.6 times, expenditures on healthcare by 16.9 times, expenditures on social protection and social security increased by 12.7 times. Significant achievements have been made in the direction of combating infectious and other diseases, environmental protection, and ensuring the diversification of the national economy. The preparation of state programs for poverty reduction and sustainable economic development has allowed the integration of Millennium

Goals into the national development strategy and has substantially influenced the formation of the economic, social, and environmental policies of the state.

At the UN Summit on Sustainable Development, Azerbaijan joined the implementation of the Sustainable Development Goals outlined in the document "Transforming Our World: The 2030 Agenda for Sustainable Development" for the years 2016-2030. National Coordination Council for Sustainable Development of the Republic of Azerbaijan was established accordingly.

After 2015, several indicators related to the level of achievement of sustainable development goals continued to increase. For instance, life expectancy at birth increased from 74.2 years in 2013 to 75.4 years in 2017. The dynamics of income growth, the number of wage workers, the total area of housing stock, and the state budget continued to rise, as did education spending, and the provision of utilities improved. Additionally, economic growth rates slowed due to declining oil production and falling oil prices in the global market in recent years. In 2017, the country's gross domestic product decreased by 3.7% compared to 2013, while the consumer price index increased by 33.%. Moreover, the poverty rate increased from 4.9% in 2015 to 5.4% in 2017. In such circumstances, the development of the non-oil sector and economic diversification are among the primary goals of economic policy aimed at enhancing economic growth sustainability.

2. The state's economic policy has had a significant impact on economic growth in economic regions. For instance, in 2017, the production output in key sectors in economic districts increased by 3.8 times compared to 2002, with construction area growth reaching approximately 20 times. This growth was primarily driven by investments financed by the state budget and development institutions. Although local revenues of the state budget vary significantly across economic regions, the difference in per capita expenditures is small. This situation indicates that funding development in economic regions from the state budget plays an important role.

The Sheki-Zagatala Economic Region accounts for 8.12% of the country's agricultural land, including 9.96% of the cultivated land. There are significant reserves of freshwater here. Thus, in terms of precipitation falling in the region, it ranks second in the country after

the Lankaran Economic Region. Meadows, pastures, and grazing lands occupy 15.4% of the economic region's territory. These factors favor the development of rural economy here. Additionally, mountainous, forested, freshwater, mineral, and thermal water sources, etc., along with ancient historical and cultural monuments, allow for the development of tourism in the region.

In 2017, the sown areas of the economic region increased by 1.3 times, while the areas under perennial crops increased by 1.7 times. The state's agricultural policy significantly influenced this growth. Since 2001, agricultural producers have been exempted from other taxes except for land tax. Additionally, since 2007, the mechanism for state support of rural economic development has been constantly improving, and the volume of this support has been increasing.

One of the important ways to improve land use in the economic region is to expand irrigated areas. To achieve this, it is necessary to employ modern irrigation technologies and expand the network of reservoirs, allowing for overcoming water scarcity due to the disproportionality of river flow and effectively managing them. It is also advisable to expand dam construction in the region to protect agricultural areas and settlements from floods and floodwaters.

The economy. The share of industry in the region's economy is small. Among the administrative districts of the region, only the Zagatala district has a significant industrial area.

**The principal propositions of the dissertation are presented in the following scientific works of the author:**

- 1 Государственная политика в области обеспечения устойчивого развития на примере регионов Азербайджанской Республики/ Вестник Башкирского института социальных технологий. 2022. N. 2(55) Сəh. 178-184
- 2 Azərbaycan Respublikasının Şəki-Zaqatala Rayonunun nümunəsində regional idarəetmə sistemində struktur islahatlar/ Naxçıvan Universitetinin "Elmi əsərlər" jurnalı Naxçıvan MR, Azərbaycan.2022. N. 2 (26). Səh. 66-75
- 3 Davamlı inkişaf konsepsiyasının formalaşması və əsas müddəaları / “Geostrategiya”, Bakı, Azərbaycan. 2022. N.3 (69). Səh. 53-88
- 4 Şəki-Zaqatala regionu Azərbaycan Respublikasının Gürcüstan və Rusiya Federasiyası ilə trans-sərhəd əməkdaşlıq sistemində /Geostrategiya”, Bakı, Azərbaycan. 2022. N.5 (65). Səh. 27-32
- 5 Şəki-Zaqatala iqtisadi rayonunda insan resurslarının məskunlaşması və istifadəsi/Geostrategiya”, Bakı, Azərbaycan. 2022. N.5 (65). Səh. 27-32

***Konfrans materialı***

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