

JOURNAL OF CONFLICT TRANSFORMATION AND SECURITY (JCTS)

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BAKU

“Baku’s Planning: for what and who?”

Baku, the capital city of Azerbaijan, has been examined in this volume.

Azerbaijan stands at the crossing point of Western Asia and Eastern Europe. It is a resource-rich country and it is located on very important energy and transportation corridors; so Azerbaijan is one of the most attractive centres for global investors in the Eastern European and South Caucasus Region. Almost all foreign direct investments are made in Baku in the country.

Azerbaijan made a fortune and started to extract oil and gas from the Caspian Sea in 1995. After this date, due to revenues coming from oil and gas extraction, the country’s economy started to grow rapidly (the annual average GDP growth of Azerbaijan became 13% between 2000 and 2011). The government of Azerbaijan changed its national economic policy in 2001 and passed from planned-economy to a market-oriented system. Many liberal reforms were committed in



Coat of Arms of Azerbaijan

this context. Thanks to these reforms, global investors became involved in some sectors of the country. Global investors were mostly invested in oil and gas industry, construction and transport sectors. Recently, global investors started to interest in agricultural and tourism sectors as well.

The government of Azerbaijan gives weight to big transportation and energy projects very much. For example, three big projects (Baku-Tbilisi-Ceyhan Pipeline, Baku-Tbilisi-Erzurum Pipeline and Baku-Tbilisi-Kars Railway) were put into practice after 2006 in the country. After the realisation of these large-scale projects, the strategic importance of the country increased significantly. Azerbaijan's political ties with international organizations are being stronger every year. The country is a member of many international organizations such as United Nations, the Organization on Security and Cooperation in Europe, European Council, Organization of Islamic Conference and Commonwealth of Independent States. Importantly, Azerbaijan was one of the cofounders of the Organization for Democracy and Economic Development (GUAM). The government also gives weight to international partnerships in its foreign policy. Azerbaijan has concluded 35 bilateral treaties on the mutual protection of Investments up to now. According

to 2009 data, the leading investor countries for Azerbaijan were UK (45,6%), USA (15,8%) and Japan (8,3%) in turn.

The impact of global concern for Baku: Analysis

The globalisation and liberalization processes firstly and mostly had a physical impact on Baku. Gorgeous sea fronts, wide and brilliant boulevards, impressive skyscrapers and buildings emerged in the city in just 10 years. Many large-scale residential, commercial and cultural property development projects for Baku are in the pipeline, now (For example Baku Eco-Cultural Master Plan, Zira Island/Nargin Project, White city and so on). The size and ostentation of planned projects are increasing day-to-day in the city.

International commercial property development and investment companies are using a common campaign slogan in Baku, today: 'build it bigger!'. This slogan should be changed with this slogan: 'build it smaller!!' because most of things are getting smaller in the world, today. For example, today's mobile phones and computers are smaller than the past ones. Smilarly, smaller cars are now produced by automobile factories for easy drive in crowded cities. Again, people are moving to smaller houses for energy efficiency and low management costs. More importantly, it is very common to see small-sized and middle-sized global companies who have worldwide networks but also who use very small office units and buildings in every country. In short, technological developments let global companies to run their businesses in smaller office spaces. Therefore, public authorities should promote global investors to develop small-scale commercial and business buildings for efficiency in Baku.

Baku's new projects are oftenly designed by European Architects and are developed/financed by American-based or European-based property development and investment companies so the city is under the strong influence of occidental (western european) urban developments, now. Here is a proof for this influence. Interestingly, the street names of London (such as Belsize Park, ►



Notting Hill, Pimlico, Broadgate, Canary Wharf, Paddington, Covent Garden, May Fair) were given to the names of buildings in one of the prestigious large-scale project of Baku (the White city). It is very hard to understand why they did so.

In the context of the market-oriented policy, Mayoralty of Baku does not intervene the planning and design processes of the city's new projects in general. In other words, it can be said that decisions about the content and context of Baku's new development projects are made by global companies in a free way, today. As a result of this situation, highly ambitious residential and business complexes emerges in Baku but they are all in western style. Azerbaijan is going on the way of being a regional power. In 2022, it will be involved in the category of developed countries (Fourth United Nations Conference on Least Developed Countries, 2011) so Baku, the leading city of the country, should produce/create a unique and brand new urban planning system which is based on the deep-rooted history and rich culture of Azerbaijan. This new planning perception and approach can be a model for the other cities of both the country and the world. Azerbaijan's intellectuals, planning and property professionals have to start considering on this matter from now on without being late.

Baku's new development projects incorporate luxury and environmentally-friendly complexes; that is fine but these projects target only higher-

income class in the city. It should be noted that all citizens belong to either higher-income or lower-income classes in Baku at the moment (middle-income class is absent). However, the wealth of Azerbaijan society is increasing every year so probably most of today's lower-income families will rise to middle-income class in the future. A very large middle-income class may emerge in Baku in the 2020s. Therefore, the needs and expectations of today's lower- but future's middle-income families should be met (at least) to a certain extent in every new project in the city. In order to do this, Mayoralty of Baku has to be involved in the planning and financing processes of all urban projects using public-private partnership tools. Solely market-oriented and private sector-led development may damage the social peace in Baku in the middle/long term.

Azerbaijan is perceived as a tough autocratic system with widespread corruption. According to Tranparency International, Azerbaijan was ranked 134th in the Worldwide Corruption Perceptions Index in 2010. The country's low score (2.4) indicates that public authorities provide too little information to the public. In autocratic systems, informalities usually stay at high levels and transparency usually stays at low levels. The autocratic system's negative outcomes can be seen apparently in the preperation process of Baku Development Plan. It is known that the new Master Plan of Baku was completed in 2011. However, nobody knows something about the



content of this plan; again, it's a complete mystery to Baku community how this plan be made. This is very interesting that although the development plan has been completed about 10 months ago, it has not been announced to the public yet. This question must be answered by public authorities as soon as possible: 'For what and who did Baku's new master plan be made?'

Most of historical buildings which are located in Baku's city centre are in bad conditions physically and functionally. These buildings can easily be developed into perfect office buildings or boutique hotels in the context of an urban revitalization and conservation project. It should be noted that 80% of foreign direct investments were made on empty lands in Baku in the last 10 years. If Mayoralty of Baku can promote new FDIs to the city's built areas, the new flagship investments may play an important role as a catalyst for the regeneration of the city centre and its surroundings. When modernization and

renovation operations begin in the city centre, the historical city centre may develop into a global financial centre. Baku has a great potential to be a global financial centre in the Eastern European/South Caucasus Region. Its strategic location allows and supports this vision.

In conclusion, Baku can build a brilliant future for itself using its growing economic power. It is a unique city with its rich cultural and historical heritage. Baku will feel the globalisation process more intensively in the next years due to growth in its all economic sectors. The Mayoralty of Baku must be very selective about new FDIs towards the city. Remember that, most of global cities displayed grasping attitudes about attracting foreign direct investments in the last decades; as a result they are now facing with many chronic urban problems such as over-population, traffic congestion, environmental degradation, poverty, security and so on. Therefore, some new investments which will be planned for Baku must be moved to other cities of Azerbaijan. Otherwise, Baku can develop into an agglomeration in just 20-year period (According to statistics, in 2007, more than 100.000 people migrated from neighbour countries such as Turkey, Iran and Irak to Azerbaijan. More importantly, most of these immigrants were accomodated in Baku to benefit from the prosperity of the city). Will Baku community continue to feel the specific spirit of the city in the same way in 2030?

Note:

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Baku's historical city centre