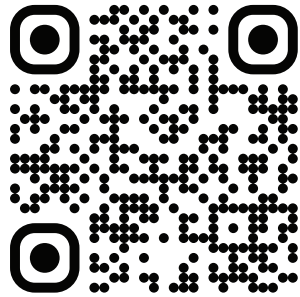


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AZERBAIJAN RISING:

Economic & Investment Outlook

Driving growth through diversification, Green energy,
Digital Connectivity and Halal opportunities

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The Islamic Chamber Holding Company (ICCD Holding) was established by the Islamic Chamber of Commerce and Development (ICCD) in November 2022 in the United Kingdom. the company's structure is designed to support its role as the ICCD's investment arm, aligned with its broader strategic goals.

The primary mission of ICCD Holding is to implement sustainable investment projects that achieve both financial and social returns.

It seeks to meet the needs of middle-class populations while adhering to Environmental, Social, and Governance (ESG) principles and advancing the United Nations Sustainable Development Goals (SDGs).

This approach is neither purely charitable nor entirely profit-driven, striking a balance between generating value for investors and contributing to social progress.

ABOUT ICCD HOLDING PUBLICATION

The ICCD Holding Publication is issued regularly, featuring a rich content of showcases, market trends, industry insights, and analytical reports. It serves as an essential tool for business professionals seeking to stay ahead in today's markets. Additionally, each edition highlights investment and collaboration opportunities through dedicated promotional pages.

As part of our role in supporting businesses and enhancing trade among companies globally, this edition is dedicated to the 2026 IsDB annual meetings in Baku. If you are looking forward to explore more about ICCD Holding publications, visit our website.

PUBLICATION - ISLAMIC CHAMBER HOLDING COMPANY

STRATEGIC CONTENT

01 Economic Overview

Key Macroeconomic Indicators: GDP, Growth, Interest Rates, Inflation, and Employment

02 Investment Landscape

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03 Green Energy Investment

Unlocking massive onshore and offshore renewable potential potential for cross-border exports

04 Digital Transformation Investments

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05 Government Efforts & Initiatives

Polices and regulations of the Republic of Azerbaijan to secure and promote investment

06 Why Invest in the Republic of Azerbaijan?

Key strength factors of investing and investment climate



Economic Overview



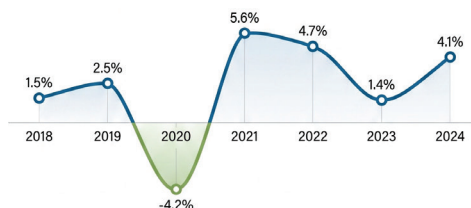
ECONOMIC OVERVIEW

GDP 2018-2025 (USD billion)



Source: World bank

GDP growth rate % 2018-2025



Source: World bank

GDP per Capita (USD)



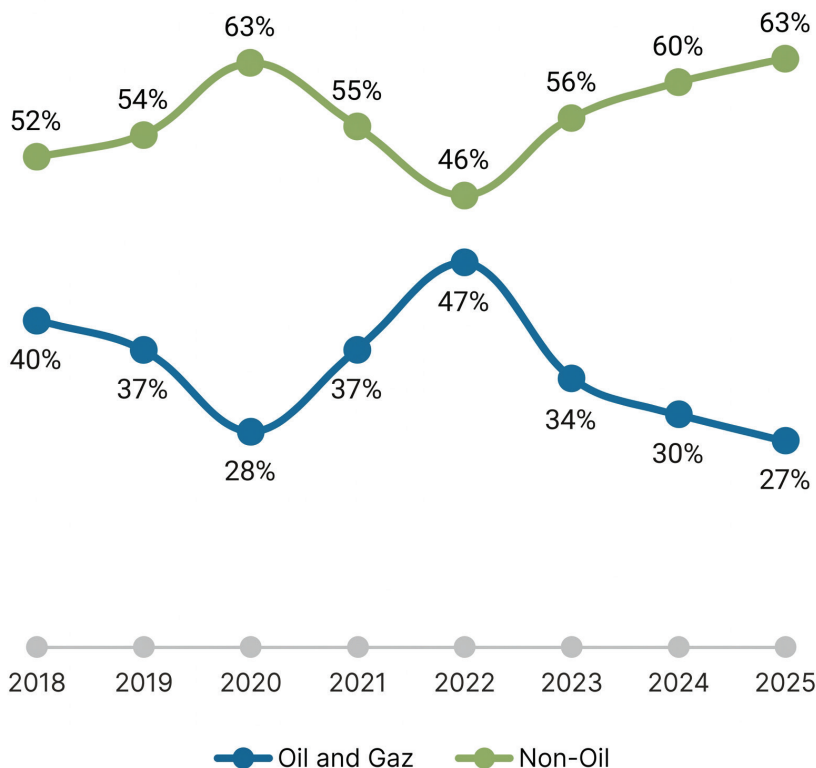
Source: Statista.com



Azerbaijan's economy has exhibited significant resilience, characterized by a steady expansion of its GDP. From a baseline of \$47.11 billion in 2018, the economy reached a strategic peak in 2022, bolstered by surging global oil prices and the relaxation of OPEC+ production quotas. This momentum continued into 2025, with GDP reaching \$76.05 billion, driven by robust consumer demand and a post-pandemic recovery in the non-oil sector.

While Azerbaijan capitalized on elevated hydrocarbon prices in 2021 achieving a **5.6% GDP growth rate** the conflict in Ukraine introduced new macroeconomic risks. These included rising food prices, heightened food security concerns, and the spillover effects of international sanctions, which contributed to a growth deceleration to **1.4% in 2023**. However, the economy has since demonstrated resilience, with the GDP growth rate rebounding to **4.1% in 2024**.

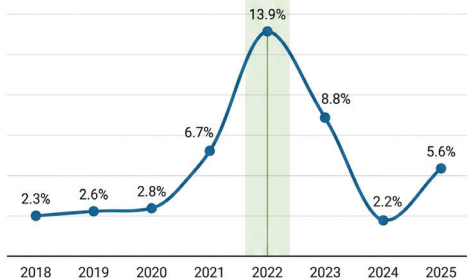
Oil & Gas vs. Non-Oil & Gas share % of GDP



Source: Azerbaijan Statistical Information Service

Azerbaijan's economic structure is undergoing a significant transition as the government aggressively pursues diversification under its "Socio-Economic Development Strategy 2022–2026." As of 2025, **the non-oil and gas sector has solidified its role as the primary engine of growth, now accounting for 63% of the total GDP.** This represents a substantial shift from 2018, when the non-oil share stood at 52%. In contrast, the hydrocarbon sector which includes both oil and natural gas contributes 27% of the GDP in 2025. **Despite this smaller percentage of total output, hydrocarbons remain the financial "backbone" of the state, underpinning nearly 50% of total fiscal value and over 90% of export revenues (International Trade Administration, 2026).**

Inflation Rate %



Source: World bank



Imported Food Costs
(Over 22%)

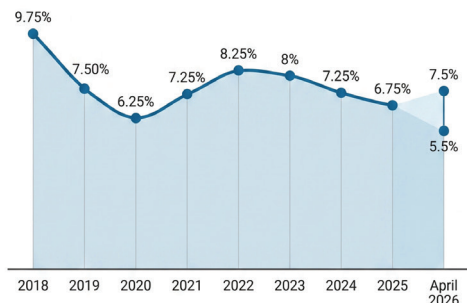


Global Supply Chain Constraints
(Russia-Ukraine War)

Azerbaijan's inflation accelerated from 2018 levels to hit **a peak of 13.9% in 2022**. Key contributors included significant **imported food costs (over 22%)** and global supply chain constraints. The upward trajectory was exacerbated by the geopolitical impacts of the Russia-Ukraine war and surging commodity prices, which, coupled with rising domestic demand, placed sustained pressure on the national price index.

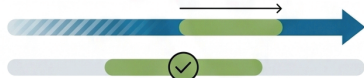
Azerbaijan's inflation eased to 2.1% by late 2023 and flatlined at 0% in April 2024 before reaching to 4.9% by December. While this remains within the Central Bank's target, the year-end surge was fueled by adjusted utility and transport prices, alongside a significant rise in core inflation to 4.4%.

Interest Rate %



Source: Trading Economics

As of April 2026:
Interest Rate Corridor 5.5% - 7.5%



Inflation Target Range:
2% - 4%

As of April 2026, the Central Bank of Azerbaijan has keeping the interest rate corridor between **5.5% and 7.5%** to ensure inflation remains within its target range of **2- 4%**.

Unemployment Rate %



The unemployment rate was under 5 per cent since 2010, surged to 7.2 percent in 2020 due to the pandemic and stabilized at 5.6 per cent in 2022.

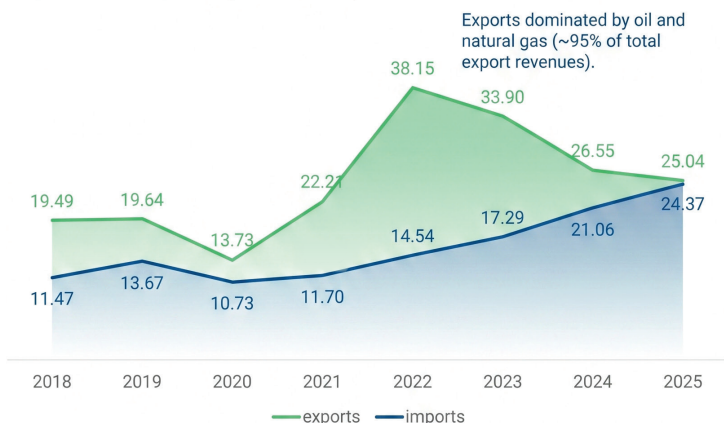
Source: Azerbaijan Statistical Information Service / World bank

Azerbaijan was significantly affected by the COVID-19 pandemic and falling oil prices; however, a substantial relief package helped mitigate the economic impact of these shocks. In response, **the authorities introduced fiscal measures amounting to nearly 5 percent of GDP, including emergency healthcare spending, cash assistance for the unemployed, temporary public employment programs, support for microenterprises, and the deferral of certain taxes.**



TRADE PERFORMANCE OUTLOOK

Imports vs. Exports (USD billion)



Azerbaijan's exports are dominated by oil and natural gas, which account for around 95 % of total export revenues.

Source: Azerbaijan Statistical Information Service

Azerbaijan surged its exports in 2022 reaching 38.15 USD billion due to becoming a new player in the European gas market after the EU replaced most of its dependence on Russia for its energy supplies. Data from the energy ministry shows natural gas exports in 2022 rose by 18%. In 2022, Azerbaijan and the European Union signed a strategic partnership memorandum committing to double Azerbaijani gas exports to Europe to 20 billion cubic meters by 2027.

Oil prices reached a high level of \$107 in Jun 2022, the highest since 2011. Then, it declined to \$64.5 in Jan 2026.



TRADE PERFORMANCE OUTLOOK



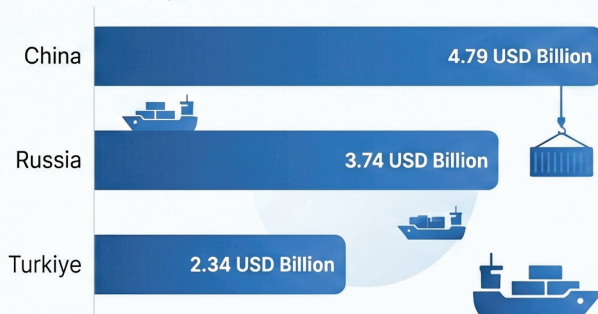
Top Importers 2025 (USD Billion)

China and Russia Lead Imports

These two nations account for the highest estimated import value, exceeding 8.5 billion USD combined.

Regional Diversity in Supply

Import sources span across Asia and Europe, showing a diversified supply chain.



Source: the State Statistical Committee of the republic of Azerbaijan



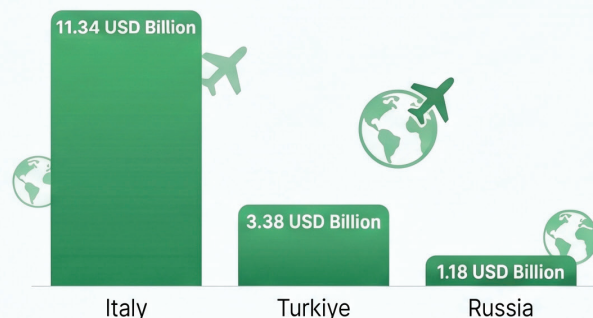
Top Exporters 2025 (USD Billion)

Italy Dominates the Export Market

At 11.34 billion USD, Italy's export value is more than triple that of the next partner.

Significant Drop-off After Top Partners

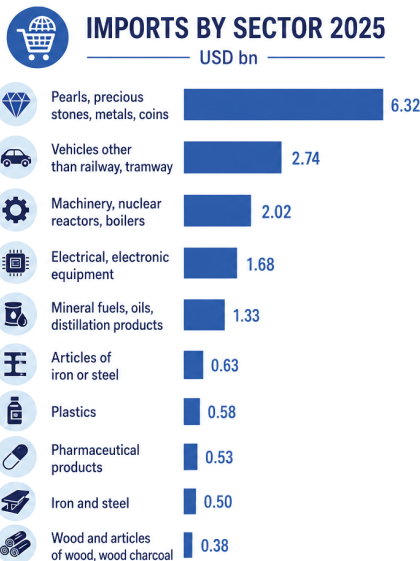
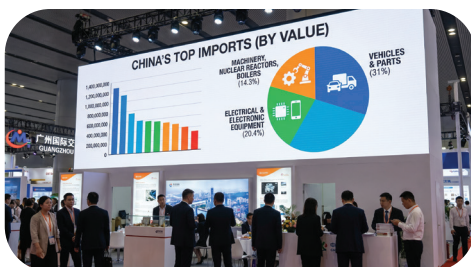
Export values decrease sharply beyond the top three partners (Italy, Türkiye, and Russia).



Source: the State Statistical Committee of the republic of Azerbaijan

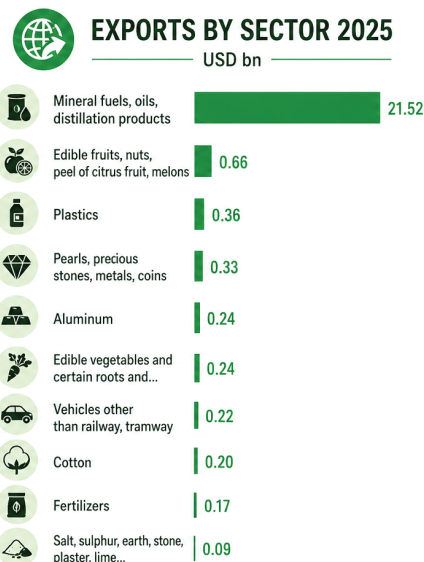
TRADE PERFORMANCE OUTLOOK

China imports led by vehicles other than railway or tramway equipment by (31%) of total imports from China Electrical and electronic equipment ranked second by (20.4%). Machinery, nuclear reactors, boilers ranked third by (14.3%).



Source: Trading Economics

Italy exports led by Mineral fuels, oils, distillation products with USD 11.30 Billion (99.6% of total exports to Italy)



Source: Trading Economics

PARTNERSHIP OPPORTUNITY



SALEH KAMEL SUSTAINABLE ENTREPRENEURSHIP
AND ENTERPRISE DEVELOPMENT ORGANIZATION

SALEH KAMEL SUSTAINABLE ENTREPRENEURSHIP & ENTERPRISE DEVELOPMENT

Entrepreneurship across emerging markets is growing, but building something that lasts still requires support, connections, and direction. This is where SKSEED (Saleh Kamel Sustainable Entrepreneurship & Enterprise Development) plays a vital role.

As an international organization affiliated with the Islamic Chamber of Commerce and Development (ICCD), SKSEED aims to support entrepreneurs across OIC countries and Muslim communities worldwide.

SKSEED focuses on helping founders and ecosystem players find each other and work together in a more structured way. This includes supporting early-stage startups, collaborating with entrepreneurship support organizations, and creating opportunities for cross-country partnerships. Our main goal is to make it easier for entrepreneurs to access knowledge, networks, and funding approaches that align with their values.

The organization promotes practical, responsible ways of doing business, with a focus on transparency, fairness, and real economic activity, alongside encouraging Sharia-compliant financing models.

Through its programs, partnerships, and participation in international events, SKSEED brings together founders, investors, and ecosystem leaders to exchange ideas and explore what works in different markets. This ongoing engagement helps strengthen connections across regions and supports more consistent progress within the wider entrepreneurial landscape.

As part of the ICCD network, SKSEED contributes to a broader effort to support entrepreneurship as a practical path toward economic development. Its mission reflects a steady, long-term approach, focused on helping businesses grow in ways that are both sustainable and grounded in shared principles.

MEDIA CONTACT

 www.skseed.org

 Support@skseed.org

Azerbaijan's Investment Landscape

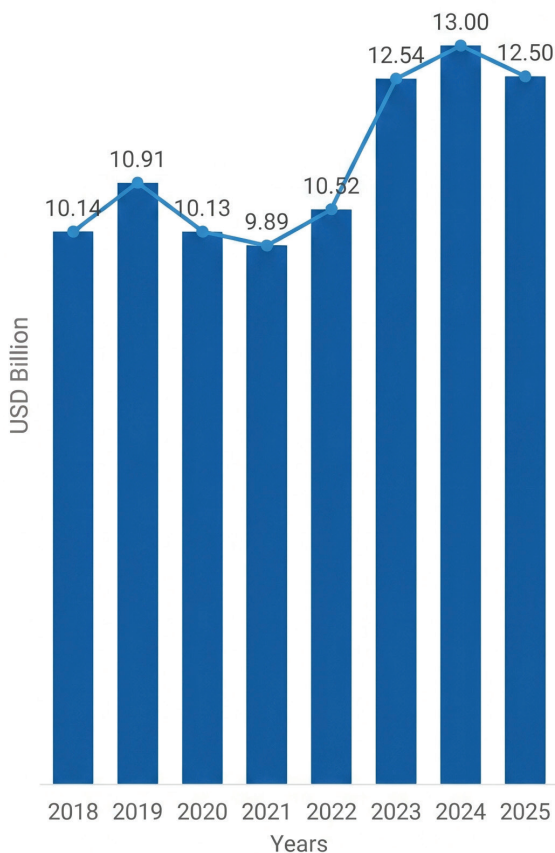


INVESTMENT LANDSCAPE

Azerbaijan's investment landscape is characterized by a strategic pivot toward economic diversification, with a total investment volume in fixed assets reaching 21.2 billion AZN (~\$12.5 billion) in 2025 .

In January-March 2026, investments amounting to 2.38 (USD Billion) with 14.9% more compared to the corresponding period of the previous year were directed to fixed assets.

Total Investments directed to fixed capital (USD billion)



**Q1 2026
Investment Growth**

\$2.38B

Directed to Fixed Assets
Total investments recorded
between January and March 2026

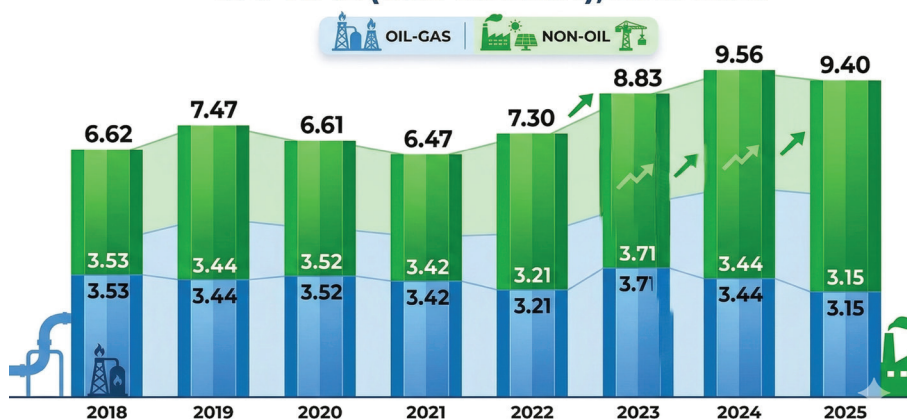
**Q1 Investment
Growth Detail**



Growth represents a significant rise compared to the corresponding period in 2025

Increasing competitiveness in the non-oil sector, improving civil society and the institutional environment play an important role in economic diversification. This approach shows that the non-oil sector is not only a matter of industry and specialization, but also closely related to the processes of management, marketing and institutional adaptation.

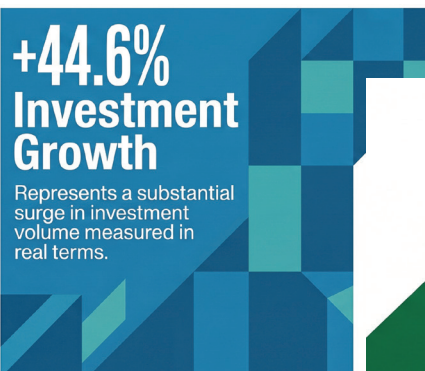
OIL & GAS VS. NON-OIL INVESTMENT TO FIXED CAPITAL (USD BILLION), 2018-2025



In the non-oil economy, Azerbaijan is continuing to focus on developing its renewables, agriculture, logistics, tourism, and ICT industries.

Q1 2026

Oil & Gas Investment

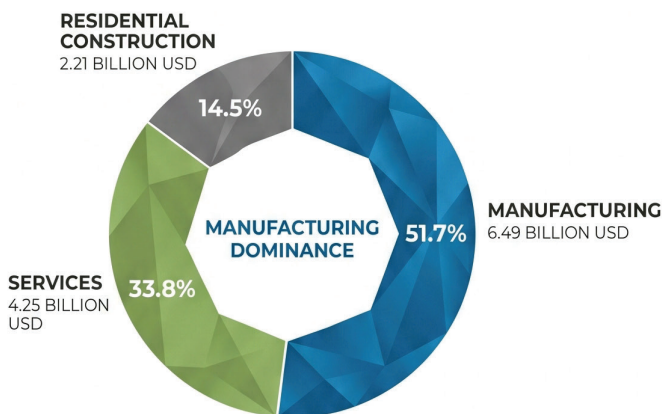


Non-Oil & Gas Investment



NON-OIL SECTOR DISTRIBUTION INVESTMENT VOLUME

2025



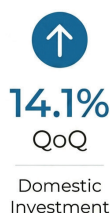
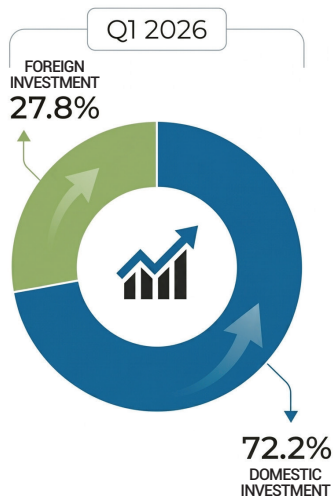
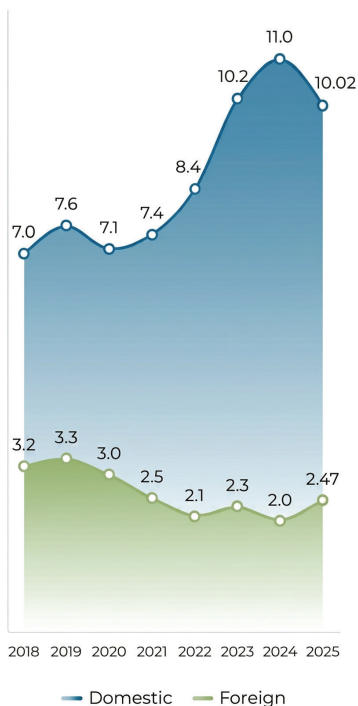
Production and Service sectors are shaping the dominant Non-Oil sector investments

Q1 2026



FOREIGN VS. DOMESTIC INVESTMENT VOLUME

Foreign vs. Domestic Distribution
Investment (USD billion)



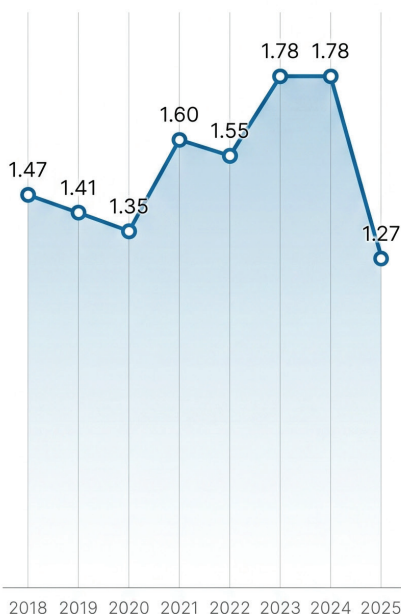
Source: the State Statistical Committee of the republic of Azerbaijan

Azerbaijan's substantial hydrocarbon reserves have long attracted significant foreign investment, reflected in the oil and gas sector accounting for 71% of total FDI inflows. Key priority of the Azerbaijani Government is to diversify the economy and promote foreign direct investment in non-hydrocarbon sectors, including agriculture, logistics, information and communication technology, and tourism. Public investment in infrastructure, together with government measures aimed at strengthening the investment climate, has contributed positively to increased investment inflows across the country over the years.

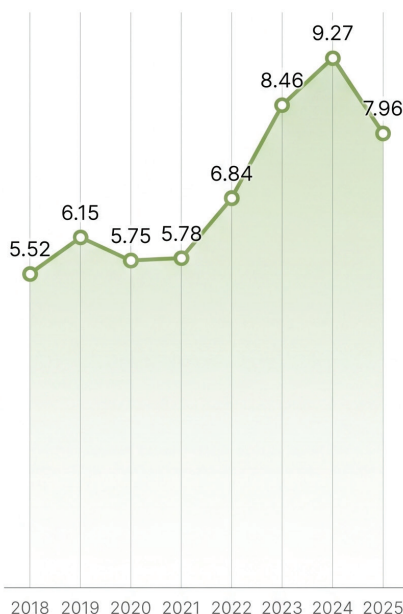
DOMESTIC INVESTMENT OUTLOOK



Domestic Investments directed to Oil& Gas (USD billion)



Domestic Investments directed to Non- Oil& Gas (USD billion)



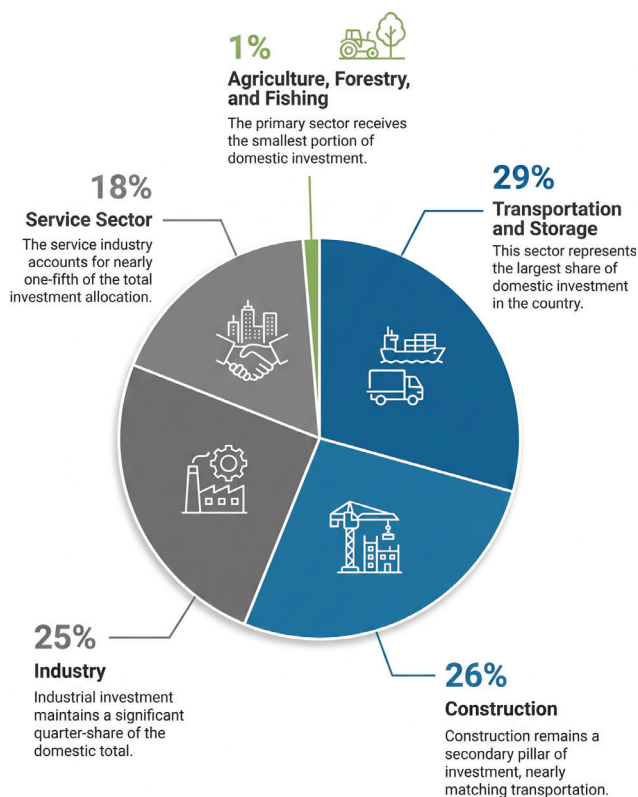
Source: the State Statistical Committee of the republic of Azerbaijan

The domestic investment landscape in Azerbaijan highlights a strategic shift toward economic diversification. While the Oil & Gas sector has seen moderate fluctuations peaking at \$1.78 billion in 2023 and 2024 before a projected dip to \$1.27 billion in 2025. It is the Non-Oil & Gas sector that has demonstrated aggressive and consistent growth.

Non-oil investments have nearly doubled since 2018 (\$5.52 billion), reaching a significant peak of \$9.27 billion in 2024.

This underscores a successful long-term strategy to reduce hydrocarbon dependency.

DOMESTIC INVESTMENT OUTLOOK: SECTOR DISTRIBUTION



Transportation attracts the highest volume of domestic investment which the warehousing and support activities for transportation have the biggest share for 2.9 USD billion, then water transport, air transport, postal and courier activities and land transport and pipelines.



The industrial sector is led by mining, attracting USD 1.3 billion in investment, followed by manufacturing, electricity, gas and steam production and supply, as well as water supply, waste treatment and disposal activities.



Information and Communication allocate the highest volume of investment in the service sector by 37% from the total service investments

FOREIGN INVESTMENT OUTLOOK



Foreign Investments directed to Oil & Gas
(USD billion)



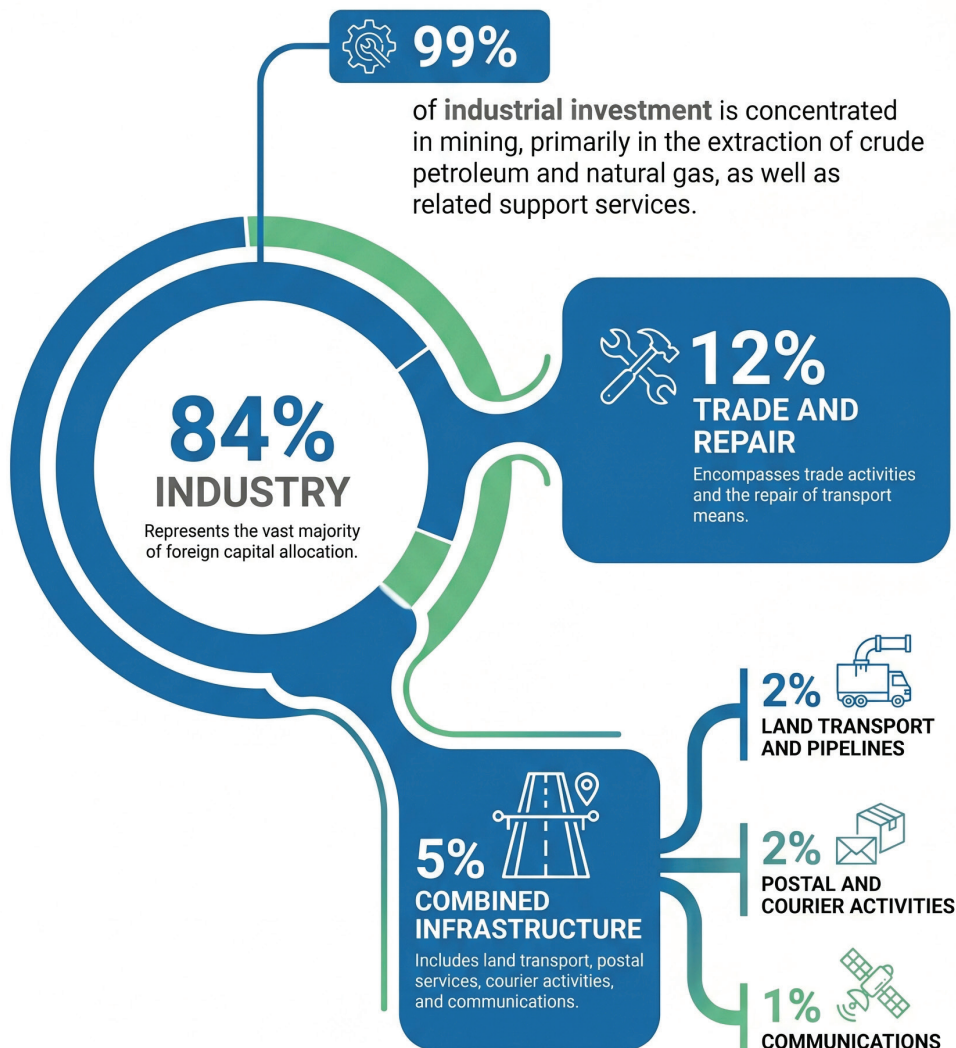
Foreign Investments directed to Non-Oil & Gas (USD billion)



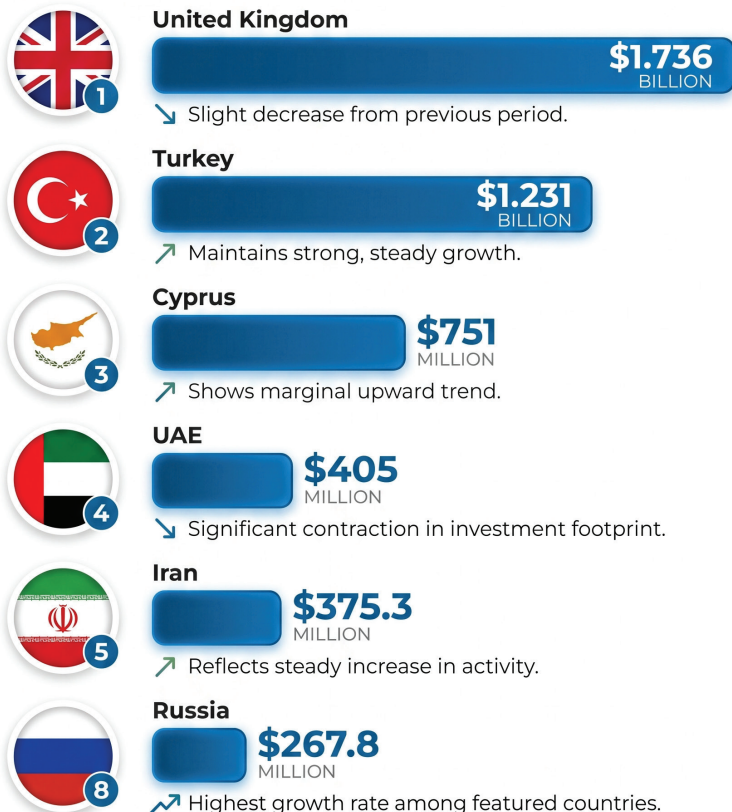
Source: the State Statistical Committee of the republic of Azerbaijan

Azerbaijan's foreign investment landscape in 2025 signals a strategic pivot toward economic diversification. While the Oil & Gas sector is projected to see a significant contraction from its peak of \$1.78 billion down to \$1.27 billion, the Non-Oil sector is staged for a robust recovery, more than doubling its previous year's value to reach \$0.62 billion. This shift suggests that while energy remains the primary capital driver, the nation is successfully re-engaging international investors in non-extractive industries.

FOREIGN INVESTMENT OUTLOOK: SECTOR DISTRIBUTION



FOREIGN INVESTMENT OUTLOOK: COUNTRIES OF FDI



Source: Interfax Information Services

The United Kingdom leads the market with \$1.736 billion in capital, followed by Turkey at \$1.231 billion. While the UK is experiencing a minor consolidation phase, Turkey continues to demonstrate steady growth. In the mid-market tier, Cyprus (\$751M) and Iran (\$375.3M) are maintaining upward momentum, contrasting with a significant footprint contraction in the UAE (\$405M). Notably, Russia reports the highest growth rate among featured nations, despite holding the smallest total volume of \$267.8 million, signaling a surge in activity within emerging portfolios.

PARTNERSHIP OPPORTUNITY



ORGANISATION OF ISLAMIC COOPERATION
ARBITRATION CENTRE

ABOUT THE OIC ARBITRATION CENTRE

The Organisation of Islamic Cooperation Arbitration Centre (OIC-AC) is an international institution headquartered in Istanbul, Türkiye, established through a landmark agreement on January 25, 2019, between the Government of the Republic of Türkiye and the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA). As the premier international arbitration center in Istanbul formed by international treaty, the Centre provides a neutral, independent, and professional platform for the settlement of all arbitrable disputes.

Guided by its mission to pioneer global economic development and provide effective alternative dispute resolution (ADR), the Centre operates under four primary policy objectives:

1. **Facilitating Dispute Settlement:** Streamlining the resolution of commercial and investment disputes involving individuals or legal entities from both OIC Member States and non-OIC States.
2. **Promoting ADR Mechanisms:** Actively advocating for the use of arbitration and other alternative dispute resolution methods across the OIC region.
3. **Capacity Building:** Enhancing global knowledge and refining professional skills and expertise in the field of arbitration and ADR.
4. **Law Reform Advocacy:** Contributing to the continuous improvement of dispute resolution laws and practices by making formal submissions on reform within OIC Member States.

Through its world-class mediation and arbitration services, the Centre significantly reduces the risks and costs of international transactions, further solidifying Istanbul's reputation as a vital regional and global hub for commercial legal excellence.

MEDIA CONTACT

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 info@oic-ac.org

Azerbaijan's Green Energy Investment

GREEN ENERGY INVESTMENT

AZERBAIJAN'S GREEN ENERGY CURRENT PRODUCTION

According to Energy minister the electric generation capacity marks an increase of 1,317 MW or 15.6% compared to the same period last year.



"Azerbaijan's total electricity generation capacity has reached 9,732.5 megawatts (MW) following the launch of several new power plants"
By Energy Minister Parviz Shahbazov.

Azerbaijan 2025: Electricity Production Overview

0.9%

Year-over-Year Increase

Positive growth trend in national power generation.

28,657.5

Million kWh

Total electricity production volume recorded for the 2025 operational year.

Source: The ministry of Energy of the republic of Azerbaijan

National Electricity Production Breakdown

This data illustrates a national electricity grid heavily dependent on thermal power, with significant hydropower support and small but diverse contributions from solar, wind, and waste-to-energy sources.

87%

Thermal Power Dominance

Thermal power plants (TPPs) remain the primary backbone of national electricity production.
Output: 24,823.4 mn kWh.

10%

Hydropower Contribution

Hydropower plants (HPPs) serve as the second-largest generation source in the mix.
Output: 2,842.5 mn kWh.

2%

Solar Energy Share

Solar power plants contribute nearly 600 mn kWh to the national grid.
Output: 599.8 mn kWh.

1%

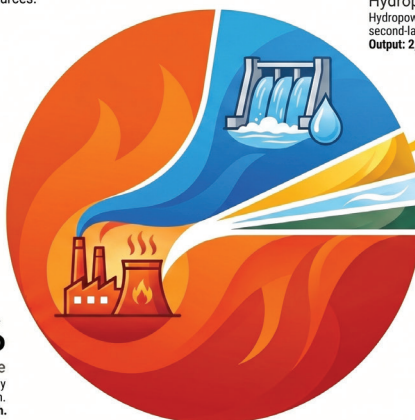
Wind energy production.

Output: 169 mn kWh.

1%

Waste Incineration production.

Output: 222.1 mn kWh.



Source: The ministry of Energy of the republic of Azerbaijan

AZERBAIJAN'S GREEN ENERGY POTENTIAL PRODUCTION

AZERBAIJAN'S MASSIVE RENEWABLE ENERGY POTENTIAL



CURRENT CAPACITY

9 GW

Total Electricity
Generating Potential



ONSHORE
RENEWABLE POTENTIAL

135 GW

Technical Potential



OFFSHORE
RENEWABLE POTENTIAL

157 GW

Caspian Energy
Estimated technical
offshore potential

The technical potential of our country's onshore renewable energy sources is 135 GW and offshore is 157 GW. The economic potential of renewable energy sources is estimated at 27 GW.

Source: The ministry of Energy of the republic of Azerbaijan



Solar Power



23,000 MW potential,
9 solar plants operating
(278.2 MW)



Wind Energy



3,000 MW potential,
6 wind plants operating
(303.5 MW)



Hydropower



520 MW mountain river
potential, 65 hydro
plants (1,443.5 MW)



Bioenergy



380 MW potential,
1 BiO plant operating
(37MW) and 3 hybrid
power plants of 7.3 MW

Source: The ministry of Energy of the republic of Azerbaijan

AZERBAIJAN'S GREEN ENERGY STRATEGIC PROJECTS



Garadagh Solar Power Plant (230 MW)

A \$262 million UAE-backed project producing 500 million kWh annually.

On 26 October 2023, in cooperation with Masdar (UAE), the 230 MW Garadagh Solar Power Plant was commissioned as a pilot project with USD 262 million in foreign investment. The plant is expected to generate 500 million kWh annually, save 110 million cubic meters of natural gas, and reduce carbon emissions by 200 thousand tons.

Khizi-Absheron Wind Power Plant (240 MW)

Developed with Saudi Arabia to produce 1 billion kWh of electricity annually.



In cooperation with ACWA Power (Saudi Arabia), the 240 MW Khizi-Absheron Wind Power Plant is planned to generate 1 billion kWh annually, saving 220 million cubic meters of natural gas and reducing over 400 thousand tons of carbon emissions each year.



Shafag Solar Power Plant (240 MW)

A major solar initiative located in the Jabrayil region in cooperation with bp.

The 240 MW Shafag SPP, developed in Jabrayil in cooperation with bp, will use a virtual power transmission model to supply electricity to the Sangachal terminal, reducing its emissions by around 50%. The plant is expected to generate approximately 500 million kWh annually, saving 120–150 million cubic meters of natural gas and reducing CO₂ emissions by 260–330 thousand tons.

AZERBAIJAN'S GREEN ENERGY STRATEGIC PROJECTS

MASDAR MEGA PROJECT

	Project Type	Location	Capacity / Status
		Bilasuvar	445 MW (Panel installation: Oct 2025)
		Neftchala	315 MW
		Absheron and Garadagh	240 MW

Under Masdar's mega project, a 445 MW solar plant in Bilasuvar, a 315 MW solar plant in Neftchala, and a 240 MW wind plant in Absheron and Garadagh are under development. The first solar panel at the Bilasuvar SPP was installed on 2 October 2025.



AZERBAIJAN'S GREEN ENERGY STRATEGIC PROJECTS

STRATEGIC SOLAR POWER PLANTS



100 MW Gobustan Plant

Developed with Universal International Holdings Limited, producing 260 million kWh annually.



Gobustan

100 MW

Universal International Holdings Ltd



Ufug & Shams

50 MW

Nobel Energy (Azerbaijan)



Ufug & Shams Development

Implementation contracts signed June 2, 2025, for the Jabrayil region.



Public-Private Partnerships

Projects utilize local expertise from local industry leaders and international cooperation.

INNOVATIVE FLOATING INFRASTRUCTURE



First Floating Watershed Facility

An experimental solar power plant commissioned directly over a watershed.



Experimental Commissioning

The facility was officially commissioned on July 29, 2024.

AZERBAIJAN'S GREEN ENERGY CORRIDORS



1 & 2

1 CASPIAN-BLACK SEA-EUROPE GREEN ENERGY CORRIDOR

- On 17 December 2022, the Agreement in development and transmission of green energy between governments of Azerbaijan, Georgia, Romania and Hungary was signed.
- GECO Power Company was established, will carry out project management with the participation of transmission system operators from four countries.
- The feasibility study of the project is carried out by the Italian consulting company CESI.

2 CENTRAL ASIA-AZERBAIJAN GREEN ENERGY CORRIDOR

- On 13 November 2024 within the COP29, agreement on the development and transmission of green energy between Azerbaijan, Kazakhstan and Uzbekistan was signed.
- Established a joint venture between Azerenergy OJSC, Kazakhstan Electricity Grid Operating Company and National Power Grid of Uzbekistan OJSC named "Green Corridor Union".

 CLEAN ENERGY

 REGIONAL COOPERATION

 ENERGY SECURITY

 SUSTAINABLE FUTURE

AZERBAIJAN'S GREEN ENERGY PRODUCTION



3 & 4

3 AZERBAIJAN-TÜRKİYE-EUROPE GREEN ENERGY CORRIDOR

- Signing of Memorandum of Understanding on cooperation between the Ministry of Energy of Azerbaijan and Türkiye in the field of transmission of electricity generated from renewable energy sources.
- Work is underway to integrate the Azerbaijani and Turkish energy infrastructures and export electricity through Nakhchivan. (export of 1GW of renewable energy from Nakhchivan)
- With this regard, Jabrayil substation with a capacity of 330/110/10 kilovolt 2x250 MVA was put into operation to establish Jabrayil energy hub.
- It is planned to install a 330kV electric power transmission line connecting Jabrayil energy hub and Nakhchivan via the Zangezur corridor passing through Armenia or Iran and to build a 330kV substation in Nakhchivan.

4 AZERBAIJAN-GEORGIA-TÜRKİYE-BULGARIA GREEN ENERGY CORRIDOR

- Memorandum of Understanding on cooperation in the field of green electricity transmission and trade was signed between the Ministry of Energy of the Republic of Azerbaijan, the Ministry of Economy and Sustainable Development of Georgia, the Ministry of Energy and Natural Resources of the Republic of Türkiye and the Ministry of Energy of the Republic of Bulgaria on 4 April 2025.

 CLEAN ENERGY

 REGIONAL COOPERATION

 ENERGY SECURITY

 SUSTAINABLE FUTURE



31

AZERBAIJAN'S GREEN ENERGY POLICY & REGULATORY FRAMEWORK

Azerbaijan has established a supportive regulatory framework to attract investment in green energy, including renewable energy laws, competitive procurement mechanisms, and public-private partnership models.

The government offers incentives such as guaranteed tariffs, tax benefits, and long-term agreements to enhance investor confidence. In addition, national strategies prioritize the expansion of renewable capacity and integration into regional green energy corridors, positioning the country as a growing clean energy hub.

Residential & Small-Scale Incentives



Income Tax Exemption for Homeowners

Private electricity production by residential consumers is **exempt** from income tax.

150 kW
Capacity
Limit

150 kW Capacity Limit

This specific exemption applies to renewable energy sources with a capacity up to **150 kW**.

Large-Scale Producer Incentives (PPP/PPA)



30-Year Profit Tax Holiday

Producers are exempt from corporate and personal income taxes for up to 30 years.



Zero VAT and Customs Duties

Exemptions apply to imported machinery, technological equipment, and devices for energy production.

Land and Property Tax Relief

Lands and property used for renewable projects are exempt from taxation for 30 years.



AZERBAIJAN'S GREEN ENERGY ROAD MAP



The transition to green energy, enhancing energy efficiency and establishing low-carbon economy within the Socio-Economic Development Strategy of the Republic of Azerbaijan for 2022-2026 have been set as one of the main targets of national development.

Azerbaijan is dedicated to enhancing its renewable energy capabilities, a key aspect of its strategy to reduce greenhouse gas emissions by 40% by 2050. The country aims to increase the share of renewable energy in its power generation to 30% by 2030

2030 TRANSITION TARGET



30%

Renewable Power Generation

Aiming to increase the share of renewables in the total energy mix by 2030.

2050 SUSTAINABILITY GOAL



40%

Reduction in Emissions

Target for reducing national greenhouse gas emissions by the year 2050.

Digital Transformation Investments



DIGITAL TRANSFORMATION INVESTMENTS

AZERBAIJAN'S TECHNOLOGICAL READINESS

Azerbaijan's digital economy is undergoing a significant transformation, driven by strategic government initiatives and a growing demand for technological innovation.

Mobile usage is widespread, with over 12 million cellular connections, while nearly 65% of the population actively uses social media.

MARKET REACH & CONNECTIVITY



Digital access has reached over nine million users across the total population.

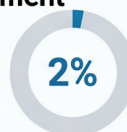
ECONOMIC CONTRIBUTION

2.8% of Non-Oil GDP



The digital economy is now a measurable driver of Azerbaijan's diversified economic growth.

2% of Service-Sector Employment



Digitalization supports a growing portion of the workforce within the broader service industry.

1.7% of Non-Oil Services Exports



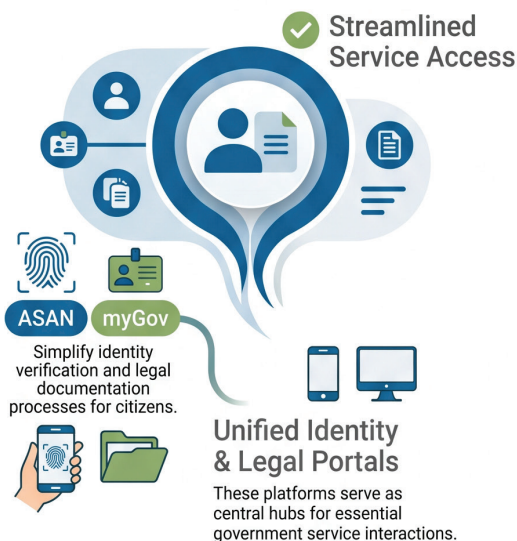
Telecommunications and ICT services represent a steady share of the nation's export profile.

AZERBAIJAN'S TECHNOLOGICAL READINESS

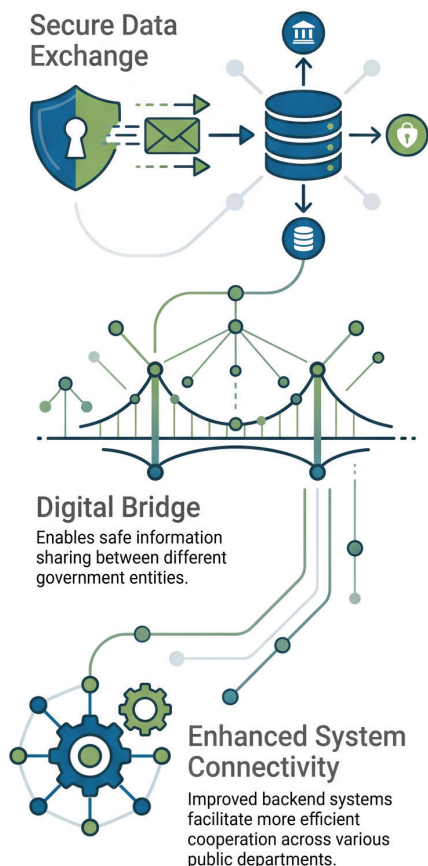
Modernizing Public Services Through Digital Governance

Public services have seen notable improvements through platforms like ASAN and myGov, which streamline access to government services such as identity verification and legal documentation.

CITIZEN-FACING PLATFORMS



GOVERNMENT INFRASTRUCTURE

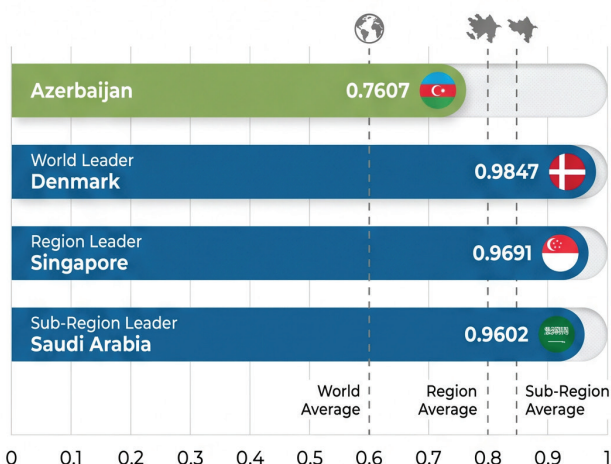


The Digital Bridge system, designed to facilitate secure data exchange between government entities, has significantly improved.

AZERBAIJAN'S TECHNOLOGICAL READINESS

Azerbaijan's progress in e-governance has earned it a place in the "Very High EGDl" category of the United Nations' e-Government Development Index, reflecting its success in delivering efficient and accessible digital public services.

E-Government Development Index 2024



E-Government Development Index (2003-2024)



source: <https://publicadministration.un.org/>

AZERBAIJAN'S TECHNOLOGICAL READINESS

Under the 2025–2028 AI Strategy, Azerbaijan opened the Artificial Intelligence Academy in Baku to train specialists, drive digital transformation, and build sovereign AI capacity.



The Academy partners with top U.S. universities - MIT, Stanford, and Carnegie Mellon - offering a curriculum that blends academic study with practical projects. The strategy aims to accelerate AI development, support digital transformation, and strengthen Azerbaijan's role in the global AI ecosystem.

Azerbaijan's Standing: 2025 Government AI Readiness Index



Regional Leaders



ROLE OF DIGITALIZATION IN TRADE DEVELOPMENT



Azerbaijan topped the **South and East Europe, Caucasus and Central Asia** region in the UN Trade Facilitation and Paperless Trade Index 2025 with a score of **92.47%**, sharing first place with Uzbekistan. **Georgia** followed with **90.32%**.



Transparency

Perfect score in transparency measures.



Formalities

Full compliance in trade formalities.



Institutional Arrangement

Full score in institutional cooperation.



Paperless Trade

Near-perfect paperless trade score.



Cross-Border Paperless

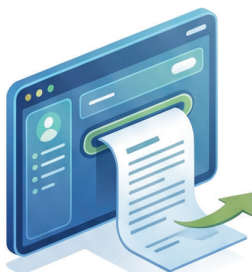
Cross-border digital trade integration.



Azerbaijan's Digital Trade Transformation

Azerbaijan is modernizing its trade corridor through the digitalization of customs, port operations, and rail freight. These integrated systems aim to reduce administrative burdens, increase transparency, and accelerate the movement of goods across the country.

Streamlining Trade Administration



Single Window System

Businesses electronically submit all import/export documents through a single unified platform.



Digital Customs Declarations

A comprehensive digital system designed to streamline processing and improve transparency.

Modernizing Logistics Operations



Port of Baku Integration

Automated container handling and digital platforms manage shipping schedules and cargo tracking.



Rail Freight Digitalization

Real-time updates and digital tools for freight booking, tracking, and tariff calculation.

INTERNATIONAL TECHNOLOGY COLLABORATION & PARTNERSHIPS



Azerbaijan + Türkiye



Azerbaijan - Turkey Business Forum: Digital Transformation and Technology Bridge

70 ICT Companies

IRIA and TÜBİSAD

Financial Institutions



e-CMR Pilot Project (Electronic Consignment Note)



Memorandum of Cooperation in Tech

Azerbaijan + UAE



Signed on 9 July 2025

UAE-Azerbaijan Comprehensive Economic Partnership Agreement (CEPA)



Entered into force on 15 April 2026

Trade Diversification



Investment Expansion



Supply-Chain Integration



Digital Economic Cooperation



AZERBAIJAN & HUAWEI: A DIGITAL PARTNERSHIP ROADMAP (2021-2026)



Phase 1: Foundational R&D and Training (2021)



Joint R&D Centre Established

Trilateral MoU signed between the Ministry, ADA University, and Huawei for innovative product development.



Local Talent Certification

Training program launched to produce highly qualified local specialists with official Huawei certificates.

Phase 2: Industrial Integration & Scientific Research (2025-2026)



2025: Intelligent Energy Management

Integration of digital solutions into SOCAR's gas infrastructure for improved operational efficiency.



2026: Scientific Knowledge Transfer

Establishment of innovative laboratories and joint research programs with educational institutions.

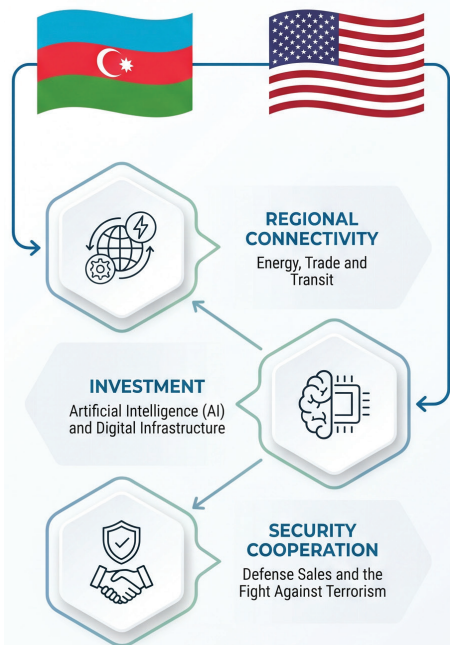


Talent & Knowledge Exchange

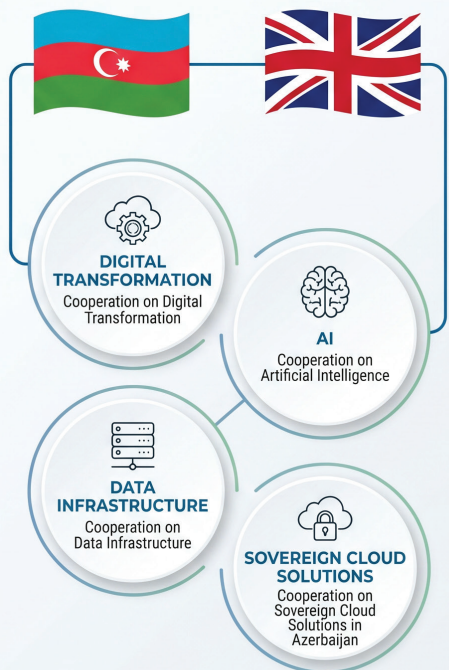
Focused mechanisms for institutional development and advanced scientific collaboration.

INTERNATIONAL TECHNOLOGY COLLABORATION & PARTNERSHIPS

Azerbaijan + USA



Azerbaijan + UK



The strategic partnership between Azerbaijan and the U.S. will focus on three areas - regional connectivity, including energy, trade and transit, investment, including artificial intelligence (AI) and digital infrastructure, and security cooperation, including defense sales and the fight against terrorism.

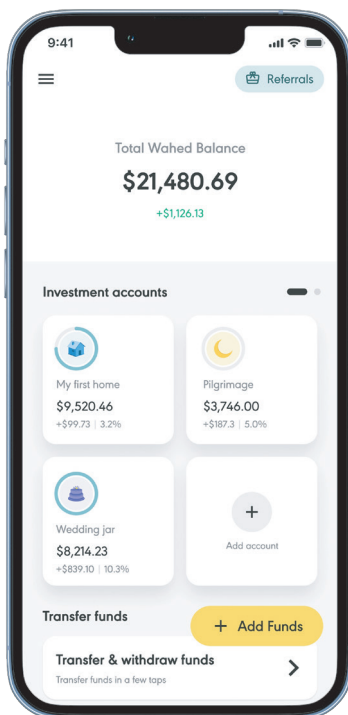
Azerbaijan's Digital Development and Transport Minister Rashad Nabiyeu met with Dell Technologies EMEA President Adrian McDonald to discuss cooperation on digital transformation, AI, data infrastructure, and sovereign cloud solutions in Azerbaijan as part of his visit.

PARTNERSHIP OPPORTUNITY



ABOUT WAHED

Headquartered in the US, Wahed Inc. (Wahed) is a global Islamic fintech company committed to democratizing access to financial services. Licensed in 9 countries, Wahed combines cutting-edge financial technology with Shariah principles to deliver innovative products that align with both faith and values. With over 450,000 clients globally and more than \$2 billion in assets under management across its entities, Wahed is pioneering a new era of Islamic finance.



MEDIA CONTACT



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INTERNATIONAL TECHNOLOGY COLLABORATION & PARTNERSHIPS

EU + WORLD BANK: AZTAF PROGRAMME

In close cooperation with the World Bank, the EU funded the Azerbaijan Rapid Technical Assistance Facility (AZTAF) in 2022 - a three-year programme with a total budget of EUR 5.25 million. Priority areas include "Smart Villages," digital connectivity, social inclusion, economic reforms, public sector governance, and post-COVID-19 recovery.

ASIAN DEVELOPMENT BANK (ADB)

On 15 November 2025, ADB President Masato Kanda met with President Ilham Aliyev to discuss ADB's strategic support for Azerbaijan's development priorities. ADB announced plans to invest up to \$2.5 billion through the new Country Partnership Strategy (2025–2029), aimed at transforming Azerbaijan into a regional hub for connectivity, trade, and energy linking Central Asia and Europe.

Multilateral Partnerships: EU, World Bank & ADB

EU + World Bank: AZTAF Programme

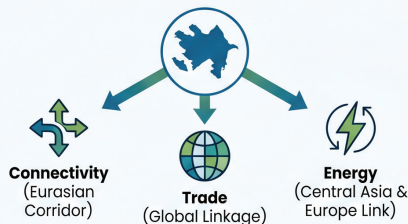
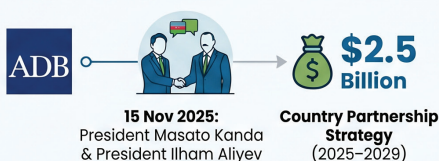


AZTAF Programme

 **€5.25M**
(2022–2025)  **3-Year**
Programme



Asian Development Bank (ADB)



 ADB's \$2.5B commitment underscores Azerbaijan's strategic importance as a Eurasian connectivity corridor.

DIGITAL ECONOMY DEVELOPMENT STRATEGY (2026–2029)

President Ilham Aliyev signed the Strategy for the Development of the Digital Economy for 2026–2029 at the end of 2025. Azerbaijan's ICT sector grew approximately 8.5% in 2025, and ICT investment in Q1 2026 totaled 164.5 million manats (\$96.76 million) - 2.1 times higher than the same period in 2025. The ICT sector's share in GDP grew to 2.1% as of February 2026.



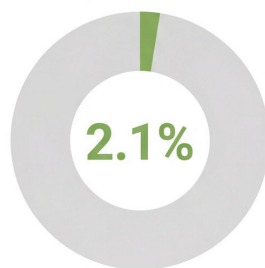
ICT Sector Growth
(2025)

164.5 million manats
(\$96.76 million)




2.1 times
higher than
Q1 2025

ICT Investment
Q1 2026



ICT Sector's Share in
GDP (Feb 2026)

Main Goals



Expand digital infrastructure and accelerate entrepreneurship transformation



Improve economic competitiveness and promote innovation-based development



Strengthen digital skills and increase sustainability of digital economic activities

Target Outcomes



Increase the share of the digital sector in GDP



Improve quality and accessibility of digital services across economic sectors



Increase qualified digital personnel and transform Azerbaijan into a regional digital center

DIGITAL ECONOMY DEVELOPMENT STRATEGY PRIORITY AREAS & KEY INITIATIVES

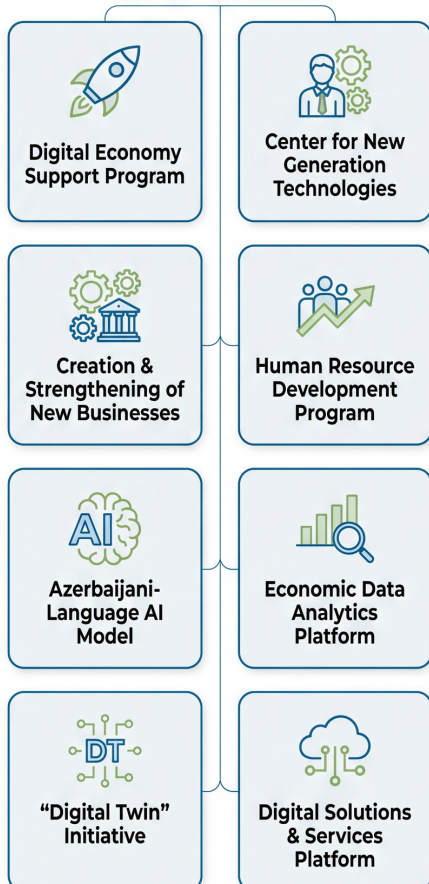
The 2026 - 2029 Strategy identifies 9 priority areas and a total of 52 initiatives, of which 8 are designated "Key Initiatives" based on high impact potential, multi-sectoral applicability, and stakeholder needs.



9 Priority Areas

01.  Digital infrastructure provision and enterprise transformation
02.  Startup development and financing mechanisms
03.  Investment climate improvement and global market integration
04.  Digital innovation ecosystem development and networking
05.  Digital skills alignment with labor market requirements
06.  Expanding educational, career, and digital literacy opportunities
07.  Strengthening monitoring mechanisms for strategy implementation
08.  Data-based decision-making in economic activity
09.  Digital infrastructure and technological models in management

8 Key Initiatives



PARTNERSHIP OPPORTUNITY



TRANSFORMING SAVINGS WITH SHARIAH-COMPLIANT DIGITAL SOLUTIONS

Ummah Fund is a Shariah-compliant digital savings platform designed to enhance financial inclusion by offering a solution to create, track, and manage savings plans for key life goals, including Hajj, Umrah, education, retirement, and other major personal objectives.

The financial indicators demonstrate that the project is promising and presents an attractive investment opportunity.



MEDIA CONTACT



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Government Efforts & Initiatives

GOVERNMENT EFFORTS & INITIATIVES

OPEN DOOR INVESTMENT POLICY

The Azerbaijani Government actively pursues an open door policy to attract investment, improve the business environment, and develop the non-oil sector through ongoing economic reforms.



Equal Treatment

Azerbaijan's laws and practices ensure that foreign investors are treated on equal footing with domestic investors, creating a level playing field for all market participants.



Legal Protections

The Law on the Protection of Foreign Investment and the Law on Investment Activity guarantee foreign investors protection against nationalization or requisition, except in specific, limited circumstances.



Compensation Guarantee

Investments are not to be nationalized without compensation. Additionally, investments can be insured, providing further security for foreign capital deployed in Azerbaijan.

TAX INCENTIVES & BUSINESS FACILITATION

Azerbaijan's Tax Code provides substantial incentives to attract investors, with two primary frameworks offering multi-year tax exemptions depending on the investor's status.



Industrial Park Residents

10
YEARS
EXEMPTION

- ✓ Property and land tax 
- ✓ Corporate income tax 
- ✓ VAT for imported equipment 
- ✓ Import duties for imported equipment 



Investment Promotion Document Holders

7
YEARS
EXEMPTION

- ✓ Property tax 
- ✓ Land tax 
- ✓ 50% of corporate income tax 
- ✓ VAT for imported equipment 
- ✓ Import duties for imported equipment 



These incentive frameworks are designed to significantly reduce the cost of doing business and accelerate return on investment for qualifying companies operating in Azerbaijan.

INTERNATIONAL AGREEMENTS & TREATIES

Azerbaijan has built an extensive network of international agreements that provide legal certainty and preferential access for foreign investors and trading partners.

52



52 Bilateral Investment Treaties

Signed with various countries including the United States, aimed at encouraging reciprocal protection of investments between signatory nations. 

55



55 Double Taxation Treaties

Bilateral treaties for the avoidance of double taxation implemented with 55 countries, plus participation in multilateral treaties concerning foreign investment.

9



9 Free Trade Agreement Partners

FTAs with Russia, Ukraine, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Moldova, and Belarus allowing goods to be imported free of customs duties.



While the United States and Azerbaijan do not have a separate bilateral double taxation treaty, both countries are parties to the OECD Convention on Mutual Administrative Assistance in Tax Matters, which facilitates cooperation in tax matters between the two nations.

Why Invest in Azerbaijan?

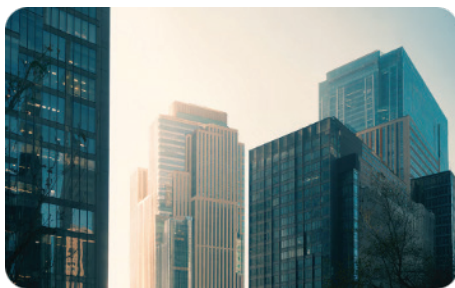
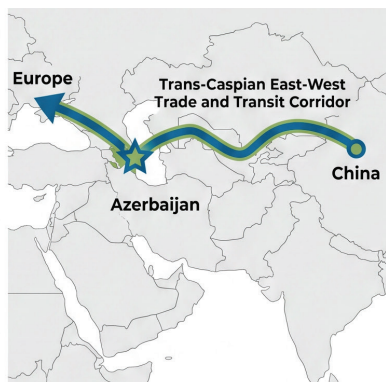


INVESTMENT MOTIVATIONS IN AZERBAIJAN



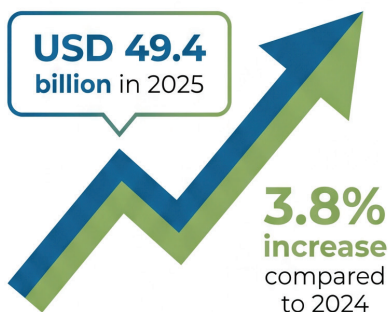
STRATEGIC LOCATION

Located in the South Caucasus, Azerbaijan connects Western Asia and Eastern Europe. The Trans-Caspian East-West Trade and Transit Corridor links China and Europe - averaging 5,400 km in length with a 15-day transit period - making Azerbaijan a critical node in global trade.



ROBUST & GROWING ECONOMY

The largest economy in the South Caucasus, Azerbaijan sits on the trans-Caspian transport route between Central Asia and Europe. Foreign trade turnover reached USD 49.4 billion in 2025, a 3.8% increase compared to 2024, with export value exceeding imports.



INVESTMENT MOTIVATIONS IN AZERBAIJAN

Skilled & Cost-Competitive Labor



As of January 2026, 5.4 million people (53%) of Azerbaijan's population are economically active. The private sector employs 52% of the workforce, with a low unemployment rate of just 5.5% in 2025. Notably, 98% of employed people work in the non-oil/gas sector.

Continuous Reform Process



Over the past 17 years, Azerbaijan's economy has more than tripled through dynamic development and socio-economic reform. A strong infrastructure has been created, poverty has significantly decreased, and the economy has grown more resilient to external shocks. Reforms continue to promote the "Made in Azerbaijan" brand globally.



DATA COLLECTION AND SOURCES

The data used in the “Azerbaijan Rising: Economic & Investment Outlook ” Publication is prepared by ICCD-Holding dedicated market research experts using Secondary research approach.

Data Sources are divided between market intelligence sources and syndicated reports. By leveraging these diverse sources, we ensure that our analysis presents a comprehensive and credible overview of Azerbaijan investment landscape prior to citation and detailed sector breakdown.

- <https://data.worldbank.org/>
- <https://www.economy.gov.az> (Ministry of Economy of the Republic of Azerbaijan)
- <https://www.azstat.gov.az> (Azerbaijan Statistical Information Service)
- <https://www.stat.gov.az/news/> (The State Statistical Committee of the Republic of Azerbaijan)
- <https://minenergy.gov.az/> (The ministry of Energy of the republic of Azerbaijan)
- <https://ereforms.gov.az/en/media/> (Center for Analysis of commerce performs and communication)
- <https://mincom.gov.az/en/media-en/news/ministry-of-digital-development-transport-ada-university-and-huawei-sign-memorandum-of-understanding1368> (Ministry of Digital Development and Transport of the Republic of Azerbaijan)
- <https://cop29.az/> (COP29 Baku Azerbaijan)
- <http://invest.gov.az/en/> (Invest in Azerbaijan)
- <https://transit.gov.az/en/media-en/directions-mission-guiding-principles-and-goals/digitalization> (Coordinating Council of the Republic of Azerbaijan on Transit Freight)
- <https://www.trade.gov/country-commercial-guides/azerbaijan-digital-economy> (International Trade Administration)
- <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/11-Azerbaijan> (UN-E Government Knowledgebase)

DATA COLLECTION AND SOURCES

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- <https://tradingeconomics.com/azerbaijan/>
- <https://report.az/en/business/investments-in-azerbaijan-s-economy> (Report Informasiya Agentliyi)
- <https://interfax.com/> (Interfax Information Services)
- https://www.researchgate.net/publication/398706096_Azerbaijan's_Renewable_Energy_Policies_and_Green_Energy_Corridors
- <https://www.caspianlegalcenter.az/what-we-do/renewable-energy>
- <https://www.intellinews.com/azerbaijan-outlines-ambitious-2026-2029-digital-economy-strategy-as-government-seeks-to-drive-non-oil-growth-41617/>
- <https://abc.az/en/news>
- <https://innovationhub.az/en/> (SUMGAIT INNOVATION HUB)
- <https://mincom.gov.az/en/media-en/news/azerbaijan-and-turkiye-strengthen-cooperation-on-the-implementation-of-the-e-cmr-system> (Ministry of Digital Development and Transport of the Republic of Azerbaijan)
- <https://www.moet.gov.ae/en/cepa-azerbaijan> (United Arab Emirates Ministry of Economy & Tourism)
- https://azertag.az/en/xeber/azerbaijan_dell_technologies_intend_to_cooperate_on_sovereign_cloud_solutions-4062631 (The Azerbaijan State News Agency)
- <https://eufordigital.eu/countries/azerbaijan/>
- <https://www.adb.org/news/adb-president-announces-plans-invest-up-to-2-5-billion-azerbaijan-strengthen-partnership> (Asian Development Bank)