

Urban Development Baku: From Soviet Past To Modern Future

Valiyev, Anar

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Valiyev, A. (2016). Urban Development Baku: From Soviet Past To Modern Future. *Caucasus Analytical Digest*, 87, 5-7. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-88928-3>

Nutzungsbedingungen:

Dieser Text wird unter einer CC BY-NC-ND Lizenz (Namensnennung-Nicht-kommerziell-Keine Bearbeitung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier:

<https://creativecommons.org/licenses/by-nc-nd/4.0/deed.de>

Terms of use:

This document is made available under a CC BY-NC-ND Licence (Attribution-Non Commercial-NoDerivatives). For more information see:

<https://creativecommons.org/licenses/by-nc-nd/4.0>

Urban Development Baku: From Soviet Past To Modern Future

Anar Valiyev, Baku

Abstract

During the Soviet period, Baku was one of the major industrial cities in the Soviet Union. The post-Soviet history of Baku has witnessed a major re-planning and reconstruction of the city with the aim of making the capital the major city of the region. As oil revenues began to flow, the government of Azerbaijan poured billions of dollars into various projects in Baku, making the city the part of its grand strategy of advertising the country. Meanwhile, the model of Dubai became an exceedingly attractive model for the administration of Baku. This article describes the major processes and key forces underlying the transformation of Baku and examines the problems haunting the city.

Introduction

Over the last 25 years, Baku has undergone tremendous transformation and change. The demographic trends of the past decade have been quite favorable to the development of Baku, providing a constant increase in the population due to the high net in-migration from rural areas of Azerbaijan. The official population of the capital reached 2.2 million in 2015, while unofficial estimates place this number at nearly 4 million. It is unsurprising that Baku exerts a disproportionately significant influence on the national economy. Approximately 71–75% of Azerbaijan's total GDP was generated in Baku. The city continues to be the leading recipient of governmental investments and financing. Most of this money has gone to the construction of various facilities and buildings. Moreover, substantial funds were directed toward the reconstruction of dilapidated infrastructure, as well as gentrification (beautification) and renovation. Demographic pressure and the demand for new apartments have also forced the city to invest heavily in construction, with new high-rise towers appearing constantly across the downtown area. Over the last 10 years, Baku has also hosted several regional, continental or world events that attracted the attention of the global media to the city. The Eurovision song contest, the First European Olympic Games and the Formula 1 Grand Prix event contributed significantly to the visibility of the city and the country. However, governmental policies of hosting such events were met with criticisms regarding the unsustainability of these actions and excessive spending. Contemporaneous with the drive toward becoming a global/major city, the government and city administration inaugurated large-scale construction projects that required the re-settlement of hundreds of urban residents, thus fueling anti-development sentiment in the city.

The Drive to Become a Major city

In the wake of its oil windfall, the government of Azerbaijan became obsessed with the country's international

reputation. With all other options appearing unrealistic, the government and city administration began to reconstruct Baku, emulating the experience of Dubai—"miracle in the Gulf". For the government, the construction of symbolic buildings and holding international events seemed to be the easiest way to rapidly achieve the status of a famous and major city. As in Dubai, brand new hotels such as the Marriot, Hilton, Jumeirah, Kempinsky and Four Seasons have opened in Baku. In an attempt to establish Baku as a booming center, or tourist Mecca, the government is attempting to market the city for various international events and sport competitions. In 2006, Baku began to construct magnificent and symbolic buildings to be associated with the city. One of the grand projects of the post-Soviet period is the construction of the Baku Flame Towers that are gradually becoming a symbol of the city (for example, they are frequently found on postcards bought by visitors). The towers symbolize the long history of fire worshippers who considered Azerbaijan the birthplace of the prophet Zoroaster. The Baku Flame Towers include a residential tower that can accommodate 130 residential apartments across 33 floors; a hotel tower that consists of 250 rooms and 61 serviced apartments; and the office tower that provides a net 33,114 square meters of office space. In addition to the iconic Flame Towers, the Heydar Aliyev Center is another pearl of the construction boom in Baku. Occupying 57,519 square meters, the Heydar Aliyev Cultural Centre, which hosts a conference hall, library, and museum, was opened in May 2012. Designed by late architect Zaha Hadid, the center is one of the many buildings constructed in Baku over the last decade that represent a move away from the Soviet-dominated past and toward a national identity. The center is part of a larger redevelopment area and is expected to be the hub of the city's intellectual and cultural life. In addition, several other magnificent facilities have been constructed, including the Flag Square, Carpet Museum, and Crystal Hall, among many others.

Starting from the same period, government zealously strove to bring international events to the city. After holding some small-scale events, Baku was finally able to host the Eurovision song contest in 2012. That was the first such event that placed Baku on the front page of European newspapers. The authorities constructed a new convention center, the Crystal Hall, allegedly costing approximately 120 million euros. Having tasted fame, the authorities began to bid for other international events. Some years ago, the Azerbaijani authorities bid for the 2020 Olympic games. Initial studies suggested that the cost of hosting the 2020 Summer Games might be \$20 billion, which would be financed from the oil revenues and investments by private corporations. By that time, Azerbaijan had built 13 new sporting complexes to bolster Baku's 2020 bid. Twenty-three other buildings were under construction and scheduled to be completed by 2012–2014. It is unsurprising that Azerbaijan decided to bid for such an event, along with other cities. Baku's business elite has long maintained a tight grip on the country's Olympic Committee and other sporting organizations, which are seen as a rich source of potential profit and international prestige. Baku lost the bid for the Olympics but was able to attract the First European Games, which were held in summer 2015. The event brought 6000 athletes from 49 countries to Baku, as well as an estimated 65,000 visitors. Initial appraisals placed the event costs at approximately \$1 billion, including the construction of a \$720 million Olympic Stadium that was inaugurated in June 2011 by Azerbaijan's President Aliyev, together with presidents of FIFA, Sepp Blatter, and UEFA, Michel Platini. Finally, in summer 2016, Baku hosted the Formula 1 Grand Prix, which cost the country another \$150 million, with promises to have the same event for the next five years.

During the same period, the authorities invested significant funds to construct several governmental buildings to impress and send a signal to the rest of the world. New buildings for the State Oil Company of Azerbaijan Republic, State Water Company, and the Oil Fund and Central Bank of Azerbaijan, a new airport, as well as a massive renovation of Baku's promenade served to showcase the grandiose nature of development in Baku. The logic behind this development in Baku highlights the government and urban elite's efforts to turn the city into the main tourist destination in the region and an economic powerhouse similar to Dubai. Baku's development after 2006 resembles Dubai's rapid expansion. However, Baku was attempting to accomplish in one decade a scale of development that had taken Dubai nearly 45 years.

Gentrification vs. Preservation

All of these massive construction, gentrification and beatification projects have significantly impacted the local population. For the past decade, conflicts between the government and residents of reconstructed or demolished areas were at the center of media attention. The historical center of Baku had been densely built up in the Soviet and even pre-Soviet periods, and therefore, the land available for new construction was very limited. As the few available empty lots were used up, the pressure to re-use already built-up areas has increased. It is worth noting that this is not a new process in Baku. Between the 1930s and 1950s, additional floors were added to pre-Soviet 2–3-storey buildings, which significantly increased the residential capacity of the city. However, at present, the pressure is not so much to add additional floors (although this too is taking place) but rather to demolish old structures and to erect new buildings in their place. Such conflicts were present during massive demolition of the area of downtown where new Winter Park was built, the rebuilding of the area surrounding the Crystal Hall in 2011–2012, and places where new state-led development projects were implemented. In some cases, the process was relatively uncontested, as for example when tearing down pre-Soviet low-quality housing, although there were some concerns regarding the safety of the new construction and with the amount of compensation offered to the residents.

A vivid example of such policy is the revitalization and redevelopment of area of Baku nominally called Sovetskaya. This area, located in one of the most historic parts of Baku, became the object of redevelopment. The neighborhood comprises small shanty-like houses. The government's intention was to relocate the people from the area and construct a modern park in its place to make the area more attractive. In addition, several multistory buildings would be constructed in this area, driving prices in the area to new highs. In fact, the intention of the city administration could be regarded as benevolent for the city as a whole and neighborhood residents in particular. However, the largest issue with the relocation arose when the government revealed the amount of compensation. The residents of the demolished houses would receive approximately 1,500 AZN per square meter (after the devaluation of Azerbaijani manat, this amount equates to approximately \$900) of livable space. However, the majority of the houses in the area have very little livable space. Thus, according to the government's formula, the restrooms, kitchens and any type of room added to the original apartment (such as an expanded balcony or land near the house) would not be considered livable space. Thus, the average livable space in this area could be as low as 30 square

meters, and residents would receive less than \$30,000 for their apartments. That sum is not only too little to buy an apartment in Baku proper but anywhere within 40 kilometers of downtown Baku. In most cases, the residents of the neighborhood are poor people and do not have other sources of income. Moreover, being in downtown gives the residents some limited opportunities to earn additional income from access to the city center. In other words, the residents may work as taxi drivers, cleaners in the larger houses, janitors and other similar positions. Relocation to the areas outside of Baku increases their commuting costs and makes it more difficult for them to find new jobs downtown. Nevertheless, the government supported this type of development and will be able to fulfill several goals. First, the government will remove a poverty-ridden area from the center of the city, relocate its residents away from the center and make the area attractive for growth. Private businesses would also reap tremendous benefits. First, the multistory houses constructed in the area can be sold for high prices that would not only cover the cost of compensating the residents but would also allow the businesses to make substantial profits. Second, the price of houses in the area will increase, pleasing realtors by allowing them to speculate on the area's high housing prices. Moreover, relocating approximately 10,000 people from downtown would force the housing market in Baku to react with higher prices. The appearance of 10,000 displaced people in the housing market, one-quarter of whom would buy apartments in the vicinity of Baku, has already caused the prices of apartments to rise.

About the Author

Dr. Anar Valiyev is a Baku-based expert in urban planning and development. He holds a Master's Degree in Public Policy from Indiana University Bloomington, and a PhD in Urban Studies from University of Louisville, USA. He is currently a Fulbright Visiting Scholar at Johns Hopkins University, School of Advanced International Studies.

Conclusion

With oil prices declining and revenues diminishing, the city will hardly be able to continue its pace of development. Moreover, the government would need to allocate money for maintaining existing infrastructure and projects. Thus, it is necessary to either attract private investors or halt certain projects. The most important impact for Baku would be the need to abandon its emulation of Dubai and attempt to find its niche in competitive markets. Baku would need to address several constraints that prevent it from becoming a major city. These constraints are geographical location and the absence of direct access to the ocean; the inability to attract private investors to the major redevelopment projects; and ongoing crises in many parts of the world. Moreover, Baku's (as well as Azerbaijan's) economy is not diversified and can be characterized as a rentier state. The non-oil sector of the country and city's economy plays only a marginal role. Unlike Dubai, the economy of which is characterized as knowledge-based with high growth, high value-added products and global mobility, Baku's economy is not diverse and its major source of the income depends on a highly volatile commodity—oil. The coming years will be critical for Baku. If the city is able to use the visibility it has gained over the past ten years to drive its economy and boost tourism, then Baku will be able to find its niche in the highly competitive regional market. Otherwise, Baku's nearest rivals, such as Tbilisi and Astana, would exploit favorable opportunities and outpace Baku in visibility and recognition.