



**ADA UNIVERSITY**

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**MASTER OF ARTS IN DIPLOMACY AND INTERNATIONAL AFFAIRS**

**CAPSTONE PROJECT**

**Increasing Economic Disparity Between Urban and Rural  
Populations in Azerbaijan**

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### **LIST OF ABBREVIATIONS**

GPON - Gigabit Passive Optical Networks

HDI - Human Development Index

HEIs - Higher Education Institutions

ICT - Information and Communication Technologies

IDPs - Internally Displaced Persons

ITMS - Intelligent Transport Management System

VET - Vocational Education and Training

WHO - World Health Organization

## **ABSTRACT**

This paper analyzes income inequality between urban and rural populations in Azerbaijan, shedding specifically light on discrepancies in education, job availability and access to medical services. The main research problem is the current income inequality in the country between urban and rural populations. It is important to address this problem to achieve equitable growth and ensure all regions contribute to and benefit from the national economic development.

Our research has identified numerous crucial factors that contribute to these discrepancies. The main issue is that the skills being taught at Higher Education Institutions (HEIs) and Vocational Education and Training (VET) institutions do not align with the specific requirements of the local employment markets. Moreover, urban and rural regions exhibit notable disparities in terms of job prospects and healthcare provisions, hence intensifying economic and social disparities.

In order to address these problems, the paper suggests a range of remedies such as revising educational programs to match the demands of the local job market, generating new employment prospects through regional development projects, and distributing resources to enhance healthcare availability in rural regions. The effectiveness, equity, feasibility, flexibility, and efficiency of these policy choices are thoroughly assessed.

The evaluations indicate that the proposed solutions are strong in tackling the root causes of regional differences. However, their effectiveness will heavily rely on the efficient execution and continuous adaptation of these initiatives to accommodate evolving economic and social circumstances. The report finishes by proposing a multi-stakeholder strategy incorporating government agencies, educational institutions, and local enterprises to ensure the sustainability of

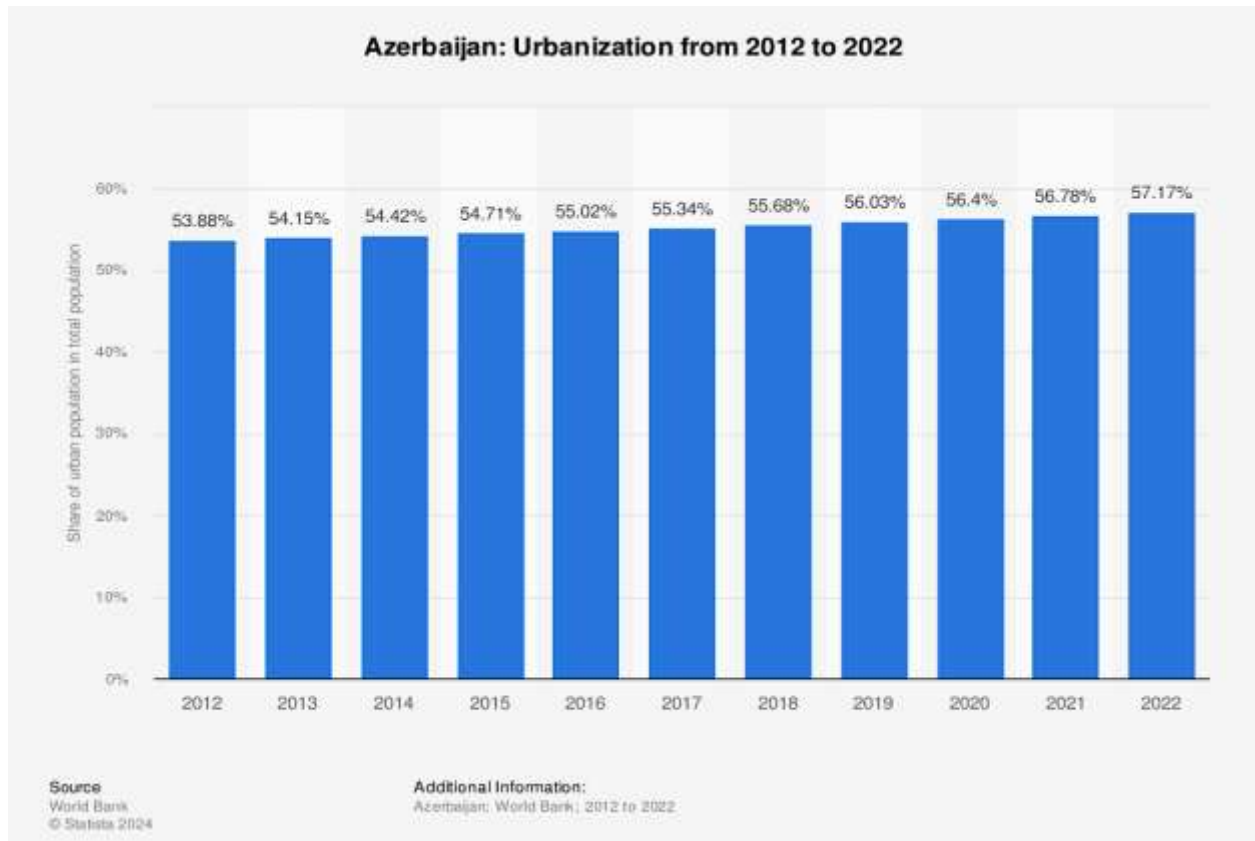
the proposed changes and to meet the demands of Azerbaijan's various people. The recommendations are directed towards policymakers.

**Keywords:** urbanization, economy, education, institutions, employment, medical services, development, income inequality, urban and rural populations

## **CHAPTER 1. INTRODUCTION**

Urbanization, a defining characteristic of the modern era, affects country economies, demography, and social infrastructure in profound ways. Two measures of the intensity of urbanization's influence on Azerbaijan are shifts in the country's population distribution and the gap in income between urban and rural areas. The subjects covered in this paper include the effects of urbanization on economic inequality between urban and rural areas, and changes in population demographics.

According to recent studies, a large majority of the Azerbaijani population now resides in urban areas, indicating a considerable expansion in urbanization (Statista, 2022).



*Source: Statista, 2024*

Migration from rural to urban areas alters the character and function of both urban and rural areas, with far-reaching consequences for demographic dynamics and social infrastructure. Rising urban population density is a consequence of internal migration, particularly towards Baku (Social Research Center, 2020). To successfully manage this development, extensive urban planning strategies are essential.

The socioeconomic gap between Azerbaijan's urban and rural communities is a major cause for concern since city dwellers enjoy higher incomes, better healthcare, and more job opportunities than their rural counterparts. There are already large socio-economic gaps, and the underinvestment and poor infrastructure development in rural areas has only made things worse (Afandiyev & Gasimova, 2016).

Studies show that by 2030, a significant share of the world's population would live in urban areas. This trend is predicted to continue, with more than 80% of people estimated to live in urban areas globally by 2050 (World Bank, 2023). Many more Azerbaijanis now call cities like Baku home as a result of the country's rapid urbanization. Population density, age distribution, and demographic variation are all significantly affected by the concentration. Building and supplying services and infrastructure are both affected by these issues.

As compared to rural areas, urban zones in Azerbaijan provide substantial economic advantages, such as higher incomes, better employment chances, and easier access to services. These disparities are indicative of the broader socio economic problems the country is facing as a result of its increasing urbanization (Afandiyev & Gasimova, 2016).

The use of technology in different areas concerns current topics in the field of urban and urbanization. As a significant industrial hub during the Soviet era, Baku's trajectory in the post-Soviet period has been marked by extensive infrastructure projects aimed at transforming it into a global city. Consequently, the urban fabric of Baku has undergone considerable changes, with housing and environmental degradation emerging as predominant challenges. Despite government efforts to emulate the Dubai model, the city's growth has been somewhat haphazard due to inadequate regulatory oversight and planning. Moreover, the city is investing heavily in new ventures, structures, and infrastructure without a clear strategic direction (Valiyev, 2013).

In recent years, the transport infrastructure has undergone extensive modernization, reconstruction, and expansion. Presently, the city serves as a national and international hub with generally robust infrastructure and substantial capacity reserves (Baku Transport Agency, 2019). Even though the centralization of power allows major governmental control over important projects and major infrastructure improvements, it also brings with it huge barriers in Azerbaijan.

The overall productivity and sustainability of transportation networks may be limited by these, which include bureaucratic delays and a lack of adaptability to local dynamics. Due to the strong centralization of decision-making, local initiatives and innovations may be disrupted. This may impede the creation of more complex, regionally relevant solutions to problems that arise in cities and regions (Valiyev, 2021). This centralized strategy highlights a more general governance dynamic in which the concentration of power can result in both systemic immobility and immediate action. Following improvements in infrastructure, rolling stock, and service quality, the Baku-Sumgayit suburban rail line has seen a significant increase in ridership.

The Intelligent Transport Management System (ITMS) is at a critical juncture, facing either improvement or deterioration. A fully operational ITMS can yield significant economic and financial benefits for transport by enhancing traffic management, reducing congestion, improving road safety, and generating additional revenue through enforcement and fines.

Baku, Ganja, and Sumqayit are just a few of the important cities and regions that are connected by the infrastructure that makes up Azerbaijan's national communication network. Major operators such as Azercell, Bakcell, and AzerTelecom are probably responsible for maintaining and growing this network. The national network of Azerbaijan is generally well-developed, providing strong services across major urban centers with a lower probability of infrastructure deficiencies, thanks to the presence of these big telecom providers.

There are several challenges and opportunities brought up by the progress of urbanization in Azerbaijan. While it has helped metropolitan regions' economies grow and advance, it has also made the gap between rural and urban areas' spending even wider. Adopting a balanced approach to rural and urban development is essential for addressing these disparities and ensuring that all citizens have equitable access to the nation's resources.

This research study aims to better comprehend the existing economic disparity between Azerbaijan's rural and urban populations by analyzing inequality in income, education, employment, healthcare, transportation, and technology, among other areas. The primary goal of this study is to support Azerbaijan in its pursuit of more equal development by providing insight into the many factors contributing to the economic disparity and suggestions for narrowing that gap.

### **1.1. METHODOLOGY**

This research aims to examine the effects of urbanization on the demographic processes of Azerbaijan using both quantitative and qualitative data. Statistics on population growth, demographic shifts, and economic disparities between urban and rural areas are examples of the secondary data that will be culled from reliable sources for this study.

An in-depth semi-structured interview method will be used to gather information from experts in public policy and urban planning. These interviews seek to highlight the intricate relationship between urbanization and existing economic inequality by using the knowledge of experts in the topic. As we do our research, our interviewers will also guide us in the direction of practical solutions to our questions.

This study will be conducting in-person interviews with a cross-section of public policy scholars to collect qualitative data. This interview series seeks to get to the bottom of the economic disparity between rural and urban Azerbaijan by exploring the backgrounds, experiences, and viewpoints of those involved. Priority will be given to those who have extensive experience and understanding in the described field.

The interview questions are as follows:

1. What are the major impacts of urbanization on Azerbaijan's economic, demographic, and social landscape in the 21st century?
2. How do you assess the effectiveness of Azerbaijan's (government's?) urban planning efforts in meeting the needs of its growing urban population?
3. What are the most significant challenges in providing quality healthcare in rural areas, and how has the TABIB program addressed these challenges?
4. What strategies can be implemented to align the local education system with the evolving job market and the demands of the country's economy?
5. What targeted strategies could effectively reduce unemployment and harness the potential of Azerbaijan's young demographic?
6. How can Azerbaijan address the urban-rural divide, particularly through policies that lessen income disparities and improve educational and economic opportunities?

The process of urbanization in Azerbaijan has placed considerable pressure on the current social infrastructure in metropolitan regions, requiring improvements and expansions to accommodate the increasing needs. In contrast, rural communities have a lack of attention and insufficient funding, leading to substandard provision of income level, educational and healthcare services.

When it comes to the study limitations part, there are several problems concerning the methodology of this policy paper. First of all, although secondary data and expert interviews might provide useful insights, they may also restrict the amount of direct observational data, which could affect how thorough the research is. Additionally, the results may also lose their validity and applicability as a result of Azerbaijan's sociopolitical dynamics, such as changes in policy and economic circumstances. In addition, there is a possibility of bias due to the study's methodology,

which relies on qualitative data collected from a small group of specialists. This limited number may not reflect the diverse range of actors participating in the urban-rural dynamics of Azerbaijan. The scope and complexity of future research might be improved by interviewing a wider variety of people and including their different perspectives.

Chapter 1 examines the impact of urbanization on population distribution and the increasing disparity in income between urban and rural regions. This provides the background for the economic inequalities that this paper aims to tackle. Chapter 2 of the policy paper examines the complex economic differences between urban and rural regions, with a particular emphasis on important aspects such as gaps in education and employment, healthcare and income inequalities. The chapter offers a detailed discussion of how these discrepancies influence the economic progress and standard of living in rural regions in comparison to urban settings. Chapter 3 illustrates the potential alternative methods used to alleviate the highlighted issues. The article includes comprehensive discussions on prospective solutions for narrowing the disparity between educational programs and labor market requirements, tackling economic inequality, and augmenting healthcare provisions in rural regions. The objective of these strategies is to promote equitable growth between urban and rural areas. Chapter 4 assesses the suggested policy choices using five distinct criteria. It offers a comprehensive evaluation of each policy in terms of its possible effects on mitigating economic inequalities. Chapter 5 provides an overview of the findings derived from the assessments and presents suggestions for policymakers. The text emphasizes the significance of putting into action the recommended policies in order to attain a better economic development and diminish the gaps between the urban and rural people in Azerbaijan.

## **CHAPTER 2. PROBLEM DESCRIPTION**

The economic disparity between urban and rural areas in Azerbaijan is a multifaceted problem that is impacted by several elements, such as social, economic, and demographic issues. Addressing Azerbaijan's urban-rural imbalance requires considering the crucial factors of educational and career possibilities, medical services and income differences. Our research aims to highlight the importance of these areas that have a substantial impact on the disparity between urban and rural areas.

Education accessibility varies significantly between urban and rural places, with urban settings often offering greater resources, facilities, and opportunities. The disparity contributes to discrepancies in labor skills, which drives economic inequality. Enhanced accessibility to markets and enhanced connectivity may provide economic prospects for rural communities. Healthcare accessibility is often limited in rural regions, leading to a decrease in overall productivity and economic capacity. To enhance the quality of life and economic output of rural communities, it is necessary to tackle these disparities in healthcare.

### **2.1. Disparity between the Educational Programs and Job Market Demands in Azerbaijan**

There is unemployment among higher education graduates in Azerbaijan and it is affected by various factors, particularly a surplus in fields such as health, education, humanities, a scarcity of skilled graduates in agriculture and financial management. Moreover, the rising unemployment rate among graduates is affected by a deficiency in requisite skills, since many graduates lack the competitive edge necessary in the job market. A pivotal study, the "STEP Employer Skill Survey" conducted in 2013 in Baku, highlighted significant skill deficiencies, particularly in technical,

cognitive, and socio-behavioral realms, accentuated by employers' lofty expectations (Rutkowski, 2015). According to the information provided by the World Bank, the unemployment rate in Azerbaijan stands for 5.64% in 2023, while the International Monetary Fund reports the percentage for the unemployment rate in Azerbaijan is 5.5 as of 2024 (World Bank data, 2023; IMF data, 2024)

“One of the reasons behind the lack of skills among graduates is the low-quality of education in Azerbaijan, which does not equip graduates with the required skills. This low quality can be explained by the fact that most of the investment and expenditure in education are directed towards material things, such as the construction of new schools and equipment” (Report.az, 2019).

The disconnect between educational training and market demands is an important hindrance to higher employment rates among the young. 60 percent of the 4.8 millions of workforce in Azerbaijan have only secondary education, which makes them inadequate for many job roles (Valiyev,2020). Additionally, 355,000 people, which constitute 8 percent of the workforce, have only basic education and 5.3 percent constitute vocational education. Secondary specialized education holders makeup around 15 percent, with higher education graduates totaling 769,900 or approximately 16.5 percent. A concerning statistic reveals that 1.4 million individuals with secondary or basic education are aged between 15 and 34, indicating a looming dearth of practical skills or competencies in the future (Valiyev, 2020).

The important reason for the lack of adequately skilled workforce can be perceived as due to low-quality education in Azerbaijan, which fails to provide graduates with needed skills. According to Report.az, this quality deficit is often tied to educational investments disproportionately directed towards material infrastructure, such as constructing new schools and acquiring equipment (Report.az,2019). However, “given the lack of adequate skills, coupled with

the low quality of education and labor market mismatches, various ministries have established their own universities to train skilled labor for the future. Thus, the Ministries of Emergencies, Tourism, Border Service, National Security and Customs have opened their own academies. The skills obtained at these institutions allow graduates to easily get jobs in the respective ministries. Overall, this tendency signals a capacity in Azerbaijan both to identify needs and to develop corresponding systems to overcome challenges” (Valiyev, 2020).

Ministry-affiliated universities highlight that there is a capacity for Azerbaijan to identify needs and create specialized systems to overcome difficulties. On the other hand, the narrow specialization limits graduates from changing their workplace or profile, which decreases mobility of the workforce. Employment sector improves rapidly day by day and educational institutions - although serve as important sources for some skilled workforce - are complicated by the rapid evolution and competitiveness in the sector.

The increase in unemployment of the youth population in recent years from 6% to 10% is a big challenge, when considering that the youth population forms an important piece of the overall population. (State Statistical Committee Data) This indicates the challenge that the youth population face in entering the job market, as well as shows the wider systemic problem such as disproportion between the demands of the labor market and educational qualifications.

Heavy reliance on the oil and gas industry creates a dual economy, in which economic opportunities are converged in some sectors, making other sectors underdeveloped. This not only limits the range of available job opportunities but also contributes to income inequality by favoring those with skills and connections in lucrative industries.

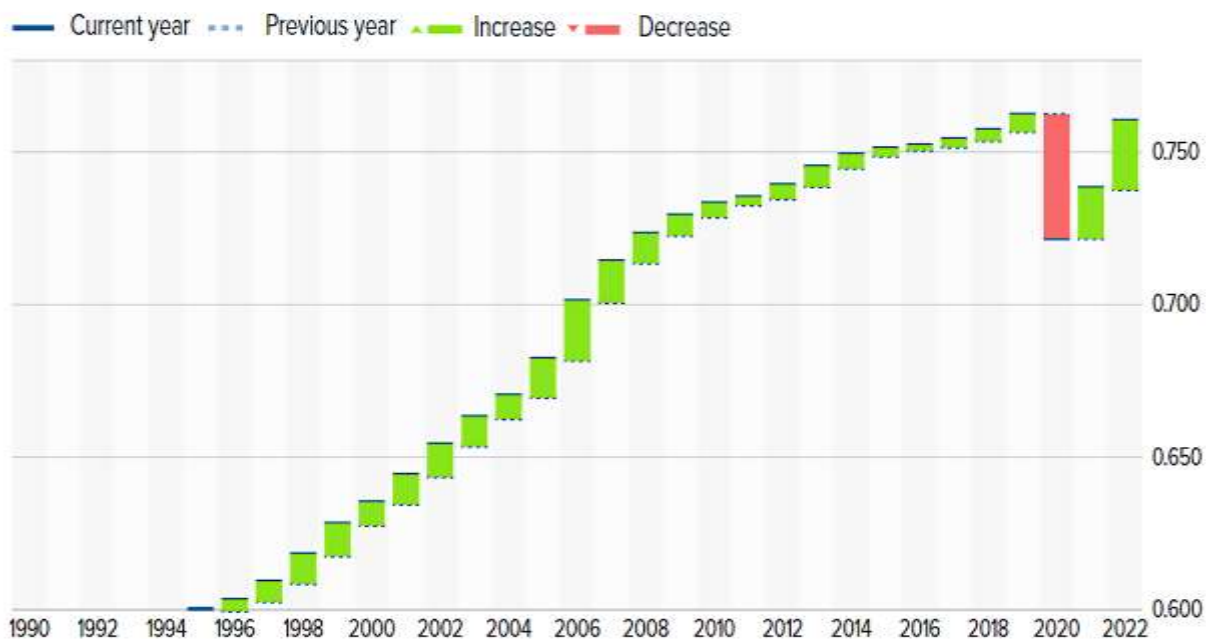
The structure of the employed population has shown limited change over the past five years, with processing, trade, and vehicle repair sectors experiencing relative increases. However, despite a significant portion of the population working in agriculture, the sector's contribution to GDP is disproportionately low at 5.88% in 2021. This disparity underscores broader economic challenges and inefficiencies within the labor market. (International Labor Organization,2020)

The analysis of higher education's relationship with the labor market highlights discrepancies in specialty selection, with greater interest observed in technical, technological, and managerial fields compared to agricultural specialties. This mismatch suggests potential gaps between educational offerings and labor market demands, indicative of policy shortcomings in addressing skills mismatches and fostering alignment between education and employment. Greater transparency and disclosure of comprehensive statistical indicators by government agencies are crucial for informed decision-making and enhancing accountability.

## **2.2. Urban-Rural Disparities in Income Inequality in Azerbaijan**

Various factors such as demographic, economic, and social factors influence the economic disparity between rural and urban populations in Azerbaijan, which also makes the difference a multifaceted issue. A measure of income inequality, also known as the Gini Index, shows 38.2 in 2019, which can be considered as inequality at a moderate level in Azerbaijan. Although the Human Development Index (HDI) ranks Azerbaijan in 76<sup>th</sup> place among 187 nations and considers the country as a "high human development", poverty remains as a significant concern.

## Trends in Azerbaijan's HDI 1990 – 2022



*Source: Human Development Report 2023-24, UNDP*

According to Worldometer Worldwide Population Indicator, Azerbaijan has 10,462,904 people as of 2024, with 6,022,102 or 57.6 % urban population, with 51% under the age of 30

(Table 1). This youthful demographic enables opportunities for growth in the economy, on the other hand, it highlights the need for adequate job creation (Worldometer, 2024).

*Table 1.*

Population of Azerbaijan (2024 and historical)

Year	Population	Yearly % Change	Yearly Change	Migrants (net)	Median Age	Fertility Rate	Density (P/Km <sup>2</sup> )	Urban Pop %	Urban Population	Country's Share of World Pop	World Population	Azerbaijan Global Rank
2024	10,462,904	0.48 %	50,253	0	33.0	1.65	127	57.6 %	6,022,102	0.13 %	8,118,835,999	91
2023	10,412,651	0.53 %	54,577	0	32.5	1.65	126	57.1 %	5,942,187	0.13 %	8,045,311,447	90
2022	10,358,074	0.44 %	45,082	0	31.9	1.66	125	56.6 %	5,861,375	0.13 %	7,975,105,156	91
2020	10,284,951	0.51 %	52,198	1,084	31.0	1.68	124	55.4 %	5,695,930	0.13 %	7,840,952,880	91
2015	9,863,480	1.32 %	125,256	1,084	28.8	2.10	119	53.3 %	5,262,140	0.13 %	7,426,597,537	89
2010	9,237,202	1.31 %	116,193	1,384	27.2	2.09	112	52.2 %	4,823,834	0.13 %	6,985,603,105	91
2005	8,656,237	1.11 %	93,180	16,436	26.0	1.94	105	51.7 %	4,473,283	0.13 %	6,558,176,119	89
2000	8,190,337	0.75 %	60,201	15,938	24.5	1.97	99	51.0 %	4,173,974	0.13 %	6,148,898,975	88
1995	7,889,330	1.21 %	92,299	-37,975	23.2	2.53	95	51.5 %	4,059,242	0.14 %	5,743,219,454	85
1990	7,427,836	1.51 %	107,339	-28,017	22.4	2.99	90	52.4 %	3,892,911	0.14 %	5,316,175,862	85
1985	6,891,140	1.54 %	101,616	-27,358	21.5	3.21	83	51.8 %	3,566,399	0.14 %	4,861,730,613	83
1980	6,383,060	1.50 %	91,610	-27,793	19.9	3.50	77	50.9 %	3,246,145	0.14 %	4,444,007,706	80
1975	5,925,012	1.78 %	99,939	-10,012	17.6	4.18	72	49.7 %	2,944,711	0.15 %	4,069,437,231	81
1970	5,425,317	2.32 %	117,501	-9,056	16.3	4.91	66	47.7 %	2,590,424	0.15 %	3,695,390,336	80
1965	4,837,811	3.21 %	141,265	-3,842	16.5	5.79	59	48.6 %	2,349,771	0.14 %	3,337,111,983	85
1960	4,131,484	3.08 %	116,293	-163	20.5	5.88	50	49.7 %	2,051,442	0.14 %	3,019,233,434	82
1955	3,550,017	2.36 %	78,210	-101	20.6	5.39	43	46.9 %	1,665,547	0.13 %	2,746,072,141	85

*Source: Worldometer, 2024*

The Azerbaijani population is anticipated to grow between 2025 and 2050, according to Wordometer's statistical statistics (Table 2). Both the proportion and the total number of people living in cities have been rising steadily, according to the statistics. By 2050, 72.1% of the world's population would live in urban areas, up from 58.1% in 2025. Quantitatively, by 2050, the urban population will have increased from 6,101,378 in 2025 to 7,832,676. This clearly indicates a movement towards city life. As a whole, the population density (P/Km<sup>2</sup>) rises steadily from 127 in 2025 to 133 in 2045, then falls slightly to 131 in 2050. The increasing number of individuals living in densely populated places, as is characteristic of metropolitan settings, is mirrored by this tendency. Between 2025 and 2050, the median age of the population rises from 33.5 to 41.1 years. Cities may feel the effects of an aging population in the form of higher healthcare costs and changes to the job market. According to predictions, Azerbaijan's total population will continue to rise until 2045, after which it will start to significantly fall. In spite of this, there is evidence of a growing urban population, which may indicate a significant migration from rural areas. By 2050, when the total population starts to decline, the proportion of urban population continues to rise, showing a persistent concentration of people in urban areas (Worldometer, 2024).

***Table 2.***

## Azerbaijan Population Forecast

0

Year	Population	Yearly % Change	Yearly Change	Migrants (net)	Median Age	Fertility Rate	Density (P/Km <sup>2</sup> )	Urban Pop %	Urban Population	Country's Share of World Pop	World Population	Azerbaijan Global Rank
2025	10,509,535	0.43 %	44,917	0	33.5	1.64	127	58.1 %	6,101,378	0.13 %	8,191,988,453	92
2030	10,711,138	0.38 %	40,321	0	36.0	1.64	130	60.6 %	6,491,335	0.13 %	8,546,141,327	91
2035	10,881,465	0.32 %	34,065	0	37.9	1.63	132	63.3 %	6,883,157	0.12 %	8,879,397,401	92
2040	10,984,426	0.19 %	20,592	0	38.9	1.63	133	66.0 %	7,252,652	0.12 %	9,188,250,492	93
2045	10,974,136	-0.02 %	-2,058	0	39.7	1.63	133	69.0 %	7,572,049	0.12 %	9,467,543,575	94
2050	10,867,296	-0.20 %	-21,368		41.1	1.63	131	72.1 %	7,832,676	0.11 %	9,709,491,761	95

*Source: Worldometer, 2024*

The poverty percentage has decreased since the early 1990s, after gaining independence, from 68.1% in 1995 to 5% in 2013 (Valiyev, 2020). However, relative poverty and perceived inequality are emerging concerns. “Azerbaijan entered independence with a substantial social burden, namely a collapsed economy, high poverty and unemployment. Moreover, the presence of around one million refugees and internally displaced people further exacerbated the situation. It is worth mentioning that poverty was homogeneous before the Soviet transition. The overwhelming majority of the poor were families with a large number of dependents, pensioners and single mothers” (Braithwaite, 1995; Manning and Tikhonova, 2004).

While Internally Displaced Persons (IDPs), comprised 6.5% of the population, faced challenges such as poor housing and lack of basic services, particularly in rural areas before the liberation of the occupied lands of Azerbaijan from Armenia in recent years, the government’s program for the return of the IDPs to their homelands has helped creating infrastructure for job opportunities and urban planning of the newly liberated lands in Karabakh. The government has implemented strategies such as the State Program on Poverty Reduction and Sustainable

Development to achieve high-income status by 2023, focusing on economic diversification and social protection. “Azerbaijan has made significant progress in reducing the poverty level. Thus, in 2001 the poverty level was 49 per cent, but by 2017 this had been reduced to 5.4 per cent, a sevenfold decrease. Overall, 3.3 million people were lifted out of poverty. One of the main reasons for this downward trend is rapid economic growth” (Valiyev, 2020). Poverty in this context is used as an income based approach, which conveys the meaning of lack of income to address life standards.

Since Azerbaijan’s economy is heavily dependent on the oil and gas sector, it has not directly correlated with inequality rates, and emphasizes the income distribution complexity. Due to disparities in wage level across economic sectors, high income inequality persists, although there is an increase in average incomes in recent years.

Chronologically, the development of Azerbaijani economy has challenges and impacts. For instance, in 2016, living standards worsened with the closing of 10 banks in the country, the inflation surpassed incomes and average wages were low. A year later, economic stabilization policies of the government led to modest growth, but difficulties in the economy persisted. In 2018, Gini Coefficient showed rising income inequality, near the poverty line. However, in 2019, GDP in the country grew by 2.1%, with a significant recovery. However, the economy remained below the level that it was before 2015, showing a great need for a full recovery. The oil sector in Azerbaijan dominates GDP, with government policies to diversify it such as with leaning towards green energy. Organizing COP29 in Azerbaijan this year in November is a sign of the government’s dedication to this goal. On the other hand, the non-oil sector’s slow growth has effects on GDP expansion and export diversity.

“The Government’s employment policy is oriented towards job creation all over the country in order to discourage people from migrating to urban areas to lift them from poverty. The Government emphasizes job creation in the private sector but remains the largest employer and employment creator. Among other things, the Government creates short-term or seasonal work to ease social pressure. Thus, the decision to start mass cultivation of cotton was inspired by the desire to employ rural people in labor-intensive cultivation. Opening offices of various government agencies and ministries in the regions is another strategy. Finally, the army is also very important as a means of providing employment for the young unemployed, at least for a short period of time” (Valiyev, 2020).

All in all, Azerbaijan’s economic disparity between rural and urban populations has roots in diverse factors such as social dynamics, economics and demographics. While various indices such as Human Development Index (HDI) and Gini Coefficient show high human development and moderate inequality, poverty remains an important concern, specifically in rural areas. Although the country’s youthful population shows potential for economic growth, it also emphasizes the need for more job creations. The government policies in recent years show progress such as in the return of the internally displaced persons and poverty reduction programs. While there are still challenges that persist in the economy, due to the reason that Azerbaijani economy is oil dominated, economic diversification policies and COP29 initiatives show commitment to long-term economic growth, which will eventually lead to decreased income inequalities in urban and rural areas of the country.

### **2.3. Urban-Rural Disparities in Medical Services in Azerbaijan**

Social disparity in the healthcare sector in Azerbaijan is a relatively new, but deeply ingrained and growing issue brought on by the quick changes that define social dynamics and their growing complexity after the collapse of the Soviet Union. It is important to note that this issue was not considered significant before the 1990s beginning because the Soviet system's operational model guaranteed that all individuals would have approximately equal access to healthcare, housing, and work possibilities. After a complete shift to market-driven social principles in the 1990s, there was a strong commercialization of every component of lifestyle, leading to a prominent contrast in living standards and quality of life among various social classes, including the health sector.

It is obvious as to mention that a person's lifestyle and self-care are the only factors that determine his or her state of health. The problem of health care is more serious for the rural population than for the urban population, which may be caused by the poor quality of medical care available in rural regions, the inadequacies of state social policy, and the challenging living conditions of villagers.

Preserving and strengthening health, creating a healthy lifestyle for the population, ensuring accessibility and quality of medical care are the main priorities of state policy in healthcare in modern Azerbaijan. According to the Order of the President of the Republic of Azerbaijan on approval of "Azerbaijan 2030: National Priorities for Socio-Economic Development", by 2030, Azerbaijan will have transformed into a strong state with a high level of social welfare and modern living standards, all thanks to this opportunity to increase its economic independence.

Nevertheless, there are still groups of the population that, for a number of objective reasons, cannot currently be considered equal in matters of health care. This category includes residents of

rural areas. The quality of health is influenced by an incredible number of different factors. According to the World Health Organization (WHO), health is only 10–15% related to the activities of health authorities, 15–20% is determined by genetic factors, 25% is determined by environmental conditions, and 50–55% is determined by human conditions and lifestyle. In this regard, research that allows us to complement and deepen the study of the problem of access to medical care in rural areas, provision of medicines and medicines to villagers, especially those in difficult life situations and constantly experiencing difficulties in meeting basic needs, seems particularly interesting.

The exploration of factors that exert a direct influence on the accessibility of medical services for rural residents is crucial, with a particular emphasis on identifying the most significant factor. In assessing the state of healthcare, the following considerations are paramount (Tsai, et al., 2006):

- 1) the availability of medical institutions where residents can receive appropriate services
- 2) the quality of the services provided
- 3) the extent of government and/or commercial funding for medical institutions
- 4) the level of qualification of medical and sanitary personnel
- 5) the disparity between the income of the population and the pricing policies of commercial medical institutions and pharmaceutical companies.

The aforementioned indicators are deemed most significant in examining the accessibility of medical care, as their importance is directly manifested in the ability to utilize services that

address health-related issues. (Strasser, Roger, 2003). The availability of medical institutions is posited as the primary and most significant factor in evaluating the state of healthcare in rural areas.

It is noteworthy that the development of the network of medical institutions has a direct impact on the accessibility of medical services. This is not solely due to the fact that medical services are contingent upon the existence of these institutions, but also because a well-established network of medical organizations contributes to the improvement of demographic indicators in both rural and urban areas. Despite recent significant transformations in Azerbaijan's healthcare aimed at enhancing the efficiency of treatment and disease prevention, rural residents continue to face disadvantages in accessing medical care. The government program "TABIB" has been identified as inadequate, as it falls short in meeting the indicators for providing residents with doctors and nursing staff in rural areas. This program is established under decision No. 20 dated July 14, 2021, by the Board of the State Agency for Mandatory Health Insurance and is based on the "Strategic Plan for the Implementation of Compulsory Medical Insurance in the Republic of Azerbaijan for 2022-2024." The plan is designed to ensure the realization of the objective to strengthen the personnel capacity in medical institutions.

The program encompasses the following components:

1.2.1. Attraction of medical specialists educated abroad to medical institutions.

1.2.2. Enhancement of qualifications for middle medical staff and engineers in the biomedical field.

For a more detailed examination of the accessibility of rural medical institutions, an analysis of the period from 1991 to 2023, the healthcare infrastructure in rural Azerbaijan has undergone various phases of development. In the early 1990s, the number of clinics and medical personnel was relatively high, but it experienced a decline due to economic challenges and

restructuring of the healthcare system. For instance, in 1991, there were approximately 120 clinics and 75 doctors per 10,000 population. However, by 2000, these numbers had decreased to 100 clinics and 60 doctors per 10,000 people, reflecting the impact of the post-Soviet transition period.

The government of Azerbaijan implemented several initiatives to revitalize rural healthcare from 2005 onwards. As a result, by 2010, the number of clinics had increased to 115 per 10,000 people, and the number of doctors rose to 70 per 10,000 people. This upward trend continued, and by 2023, there were around 140 clinics and 85 doctors per 10,000 rural inhabitants, indicating a significant improvement in healthcare accessibility.

Despite these advancements, challenges remain in ensuring that all rural areas have adequate medical facilities and personnel. The goal is to achieve a balanced distribution of healthcare resources across the country, ensuring that every individual, regardless of their location, has access to quality medical care.

The ongoing urbanization has significantly resulted in fewer opportunities to receive quality medical care compared to urban residents, not to mention high-tech assistance, which often necessitates seeking services in large urban medical institutions, frequently under conditions of substantial territorial inaccessibility. This can largely be attributed to the underdevelopment of the road and transport infrastructure, which impedes individuals' ability to access medical facilities.

## **CHAPTER 3. POLICY OPTIONS FOR A MORE SUCCESSFUL ECONOMICAL CONDITION BETWEEN URBAN AND RURAL POPULATIONS IN AZERBAIJAN**

### **3.1. Redesigning Educational Programs in HEIs and VET Institutions based on the Existing Demands of Local Markets**

There is an income inequality between rural and urban populations in Azerbaijan. The effective solution to solve this problem is redesigning educational programs at Higher Education Institutions (HEIs) and Vocational Education and Training (VET) institutions for the labor force to gain relevant skills and respond to the demands of the labor market. A joint initiative of the Ministry of Education and Science and the Ministry of Labor and Social Protection should be implemented. For this, the German Dual Education System can be taken as a model.

The German Dual System puts theoretical knowledge and practical knowledge together, and during the educational process of students, the system engages with local industries. Azerbaijan may take the system as a model to provide the youth with skills and promote sustained economic growth. This system`s curriculum thoroughly addresses the demands of the local market. According to the interview findings with Vusal Huseynov, Economics Officer at the British Embassy in Baku, this kind of systems in other countries promote effective connection between theoretical knowledge gained in academia and skills required in the job market.

It is significant to have collaboration between HEIs and local businesses in rural areas to form a curriculum that combines practical experience and academic knowledge. It is useful to identify the demands of the local market and address the scarcity of skilled people. Moreover, the VET also needs to be tailored based on the specific requirements of the job market, that combines theoretical knowledge and technical skills. With this reform, traineeships and apprenticeships opportunities should be given to students, where students can gain practical experience under the supervision of educational institutions.

Vusal Huseynov points out that even though this reform will require significant investment and cooperation between different parties, in the long term, job prospects, skilled workforce and reduced economic inequality will be achieved.

It is also significant to improve educational systems and curriculums of HEIs and VET institutions in regions of Azerbaijan such as Ganja, Lankaran, Zaqatala, Nakhchivan, and Gazakh. Specialists in their areas should be sent to rural areas to redesign the educational programs and curriculums of these regions to ensure they are in line with the needs of local markets.

The substantial responsibility belongs to the Ministry of Education and Science since it is the responsibility to supervise the redesigning process of the curriculum and manage the incorporation of local enterprises into the educational procedure. The ministry will also be responsible for the distribution of resources among the different regions of the country. The coordination of the Ministry of Labor and Social Protection is also important in terms of ensuring that every step is in line with the labor legislation and social protection systems. There has to be a close collaboration and cooperation between local governments and the ministries to ensure targeted attention to the needs of rural people.

In conclusion, to reduce the income inequality between urban and rural areas in Azerbaijan, it is important to address the education disparity and implement curriculum reforms in HEIs and VET institutions. The German Dual system is useful to be taken as a model since it enables students to gain practical skills along with theoretical knowledge. Under the coordination of the Ministry of Education and Science, Ministry of Labor and Social Protection and local governments, the proposed initiative suggests to redesign the education programs in HEIs and VET institutions based

on the demands of local market to have skilled workforce so that they will be eligible for decent job which will ultimately contribute to reduce income inequality in Azerbaijan.

### **3.2. Creating New Job Opportunities**

To address income inequality between city centers and rural areas, new strategies are needed in Azerbaijan. According to the Associate Professor, Rector's Delegate for Grants & Research Promotion at ADA University, first, this policy has to do with progressive taxes and fiscal policy.

One of the keystones of a successful fiscal policy is progressive taxation. Researchers indicate that raising marginal tax rates among the wealthiest income categories can be done so without impeding economic expansion (Huang, 2012). According to the head of the Innovation and Digital Development Agency's Strategic Planning and Product Management division within the Ministry of Digital Development and Transport, digital technology tax collection can potentially be a component of a larger plan to raise domestic revenue. The Ministry of Taxes and the Small and Medium Business Development Agency (KOBİA) are essential to the accomplishment of this strategy's operation. Through customized programs, resources, and incentives, KOBİA may offer crucial support for promoting the start-up and expansion of new businesses in rural areas. The Ministry of Taxes may accelerate the process in the meantime by enacting reductions in taxes and other financial incentives that increase the attractiveness of these areas to business owners. Reducing corruption can boost public confidence in the government and increase tax revenue. Above all, these strategies have the potential for collecting the funds required to support the empowerment of underprivileged communities and individuals.

Another effective financial instrument in the battle against inequality is gender-responsive budgeting. Governments can utilize gender budgeting to arrange taxation and expenditure to further advance gender equality by expanding women's involvement in the labor force, which will increase growth rates and stability. This is true even though many countries understand the importance of women's empowerment and gender equality.

Second, the relevance of social expenditure programs in addressing inequality is growing. When implemented properly, they can significantly contribute to the reduction of income inequality and the detrimental effects it has on social cohesion and uneven opportunities.

Third, according to the Associate Professor, Rector's Delegate for Grants & Research Promotion at ADA University, by lowering transition costs from the regions of Azerbaijan to city centers and abroad, minimizing regional differences, and preparing workers for the increasing number of jobs in green economy sectors, economic structure reforms could further aid in the reduction of inequality. It is evident from world experience that flexible labor market policies have the potential to enhance workers' competencies and decrease periods of unemployment. These interventions include training courses, help finding a job, and in certain situations, wage insurance.

Facilitating worker mobility throughout businesses, industries, and countries can reduce adaptation costs and improve the job recovery process. Policies related to housing, financing, and infrastructure can facilitate labor mobility. Investments and policies with a particular regional focus can enhance the social transfers already in operation.

### **3.3. Decentralizing Resources to Mitigate Healthcare Inequalities**

The alarming gap in availability of healthcare between Azerbaijan's rural and urban regions needs immediate action. Quality of life is directly affected by health, and this problem adds to existing inequalities. Centralized resource distribution, which mostly advantages metropolitan regions like Baku, is undoubtedly a major cause of the issue. Because of this focus, there is a huge gap between rural and urban areas in terms of healthcare accessibility, quality, and outcomes. Healthcare facilities in rural locations are understaffed, underfunded, and inadequately equipped due to the concentration of power and resources in metropolitan areas. Improving healthcare accessibility and quality in rural regions may be achieved via a combination of public policy reforms, private sector participation, technology integration, and community-based efforts.

The availability and quality of medical treatments for rural and urban people in Azerbaijan is drastically different, as it is in many other nations. Inadequate healthcare between the rural and urban populations of Azerbaijan has detrimental effects on people's health and the country's overall development. The concentration of medical facilities, healthcare professionals, and treatment alternatives in urban areas such as Baku significantly disadvantages rural communities.

Inadequate financing, antiquated equipment, and a shortage of qualified physicians contribute to the poor quality of healthcare in rural Azerbaijan. The primary drivers of this inequality are low earnings, a lack of investment in rural infrastructure, and the concentration of resources in Baku and other big cities. These issues lead to worse health outcomes for rural residents, who also contribute to the ongoing migration of people to cities, thus depleting the resources of rural communities.

Azerbaijan should implement a comprehensive plan that prioritizes the decentralization of healthcare resources in order to tackle the urban-rural healthcare discrepancies. To strengthen healthcare facilities in rural areas, policy reforms should be implemented. As part of this effort, the

government is allocating funds to construct new healthcare facilities, renovate existing ones, and equip them with modern medical equipment. One component of this reform should be the creation of medical schools and training programs in rural regions. This would help alleviate the scarcity of healthcare experts in these areas and provide incentives such as increased salary, debt forgiveness, or scholarships to recruit and retain medical personnel.

The healthcare system in Azerbaijan is very uneven. For instance, a lot of rural villages lack access to physicians, hospitals, or other medical professionals. This imbalance has a detrimental effect on rural populations' health, which exacerbates economic disparities. The answer to these issues includes increasing professional training, improving healthcare infrastructure, and providing services in a more effective manner. Azerbaijan could benefit from other countries' effective strategies that they have used to address similar disparities.

The rural regions of Azerbaijan might benefit from community health initiatives in Africa and telemedicine in India, for instance. Improving healthcare infrastructure, increasing the number of healthcare experts available in rural regions, and using mobile technology to close the gaps in medical service delivery have all been the emphasis of this program in India. According to Hosseini, Boushehri, and Alimohammadzadeh (2024), telemedicine faced many obstacles throughout its introduction in Iran.

To improve healthcare delivery in rural areas, the government should create a health sector transformation plan that allocates more funds to rural healthcare, encourages private healthcare providers to set up shop in rural areas, and offers financial incentives to rural healthcare investors. It is also important to build medical schools in rural regions so that local kids may get a head start on their careers in medicine, and to provide financial incentives like reduced or eliminated student loans and better pay to recent grads who want to practice medicine in rural places.

Governments should support telemedicine to connect underserved rural communities with specialists and build mobile health clinics to provide life-saving diagnostic equipment to remote areas. There is a significant economic gap between Azerbaijan's urban and rural populations; the best way to close this gap is to build and maintain healthcare facilities in rural areas, and to train locals to be community health workers so they can offer basic healthcare and health education.

We hope that by implementing these measures, the disparity in healthcare provision between rural and urban regions would be narrowed. It is anticipated that medical personnel will be more readily available in rural regions, that health outcomes for both acute and chronic diseases will be better, and that rural populations will be more satisfied with the healthcare services they get. For better public health and economic equality in Azerbaijan, it is essential to narrow the gap in access to healthcare between rural and urban regions. In order to improve the nation's health and economic stability, the suggested solutions take a holistic approach to increasing the availability and quality of healthcare in rural regions.

One smart and successful way to reduce healthcare inequalities in Azerbaijan between urban and rural areas is to decentralize healthcare resources. Not only will this strategy help reduce income inequality and promote fair economic growth by tackling the underlying factors associated with power concentration, but it will also enhance health outcomes for rural people. The availability and quality of medical care in Azerbaijan may be significantly enhanced by incorporating proven worldwide practices and adapting them to the country's unique circumstances.

#### **CHAPTER 4. EVALUATION OF POLICY ALTERNATIVE**

In this chapter, we will assess each policy option in light of the five key criteria: efficiency, equity, feasibility, effectiveness, and flexibility. In order to provide Azerbaijan with the best policy alternative, the positive and negative aspects of various options would be evaluated.

#### **4.1 Evaluation of the First Policy**

The effectiveness, equity, feasibility, flexibility, and efficiency of the proposed solution to restructure educational programs in Higher Education Institutions (HEIs) and Vocational Education and Training (VET) institutions in Azerbaijan, inspired by the German Dual System, can be assessed using various criteria.

##### Effectiveness

This is exceedingly effective in tackling economic gaps between urban and rural regions. This methodology immediately addresses the lack of necessary skills in rural areas by combining academic education with hands-on training and actively engaging the local market. Additionally, it guarantees to promote sustainable economic growth by cultivating a workforce that possesses both expertise and flexibility to meet the demands of local industries. (+)

##### Equity

This solution promotes educational fairness by offering high-quality learning opportunities that are customized to the unique economic circumstances of various regions. The program aims to rectify the lack of educational resources and economic investment in rural areas, which are sometimes overlooked. By doing so, it seeks to achieve a more equitable distribution of educational and economic possibilities throughout the country. (+)

##### Feasibility

The model's success relies on the presence of sufficient funds and the collaboration among various stakeholders, such as government agencies, educational institutions, and local companies. The effective execution of a comparable system in Germany offers a model, although substantial modification is necessary to harmonize with the distinct cultural and economic circumstances of Azerbaijan. The problems may arise from the initial costs and the intricacy of coordinating such a program. (-)

### Flexibility

The suggested model is flexible, as it permits modifications in the curriculum to mirror the changing requirements of local and regional markets. Implementing ongoing feedback processes that engage all stakeholders guarantees that educational programs may be consistently revised to be current and adaptable to market fluctuations. (+)

### Efficiency

The efficiency of the method relies on its capacity to bring about improvement in employment rates and economic growth in rural areas without excessive cost. The dual training technique is expected to have a higher cost-efficiency in the long run, as it cultivates a trained workforce inside the local area, hence decreasing the need on foreign recruitment and promoting local economic growth. (+)

Ultimately, the success of the proposed restructuring of educational programs in Azerbaijan, aimed at reducing the economic gap between urban and rural areas, hinges on meticulous planning, sufficient financial resources, strong collaboration among stakeholders, and continuous assessment and adjustment to ensure long-term viability and alignment with the specific economic requirements of the region.

## 4.2. Evaluation of the Second Policy

Using 5 of the criteria, we can evaluate the effectiveness, equity, feasibility, flexibility, and efficiency of the suggested strategy to reduce the level of income inequality in Azerbaijan between urban and rural areas through the establishment of new businesses, tax breaks, and social expenditure initiatives.

### 1. Effectiveness

The suggested approach is very successful in mitigating income disparity since it encourages the start-up and growth of new companies in rural regions. The program directly promotes economic activity and job development in undeveloped regions by providing tax advantages and customized support through organizations like KOBIA. Programs for social expenditure and changes to the economic structure also help to promote social cohesion and lessen income inequality. This comprehensive strategy tackles inequality's structural and direct causes.

(+)

### 2. Equity

Through the provision of excellent economic opportunities catered to the particular requirements of diverse locations, this strategy promotes equity. The plan seeks to address the discrepancies in economic possibilities and living standards by concentrating on rural areas, which are frequently overlooked in terms of investment and development. Gender-responsive budgeting contributes to greater fairness by elevating women's engagement in the workforce and advancing

gender equality. This all-encompassing strategy guarantees a more equitable distribution of economic gains throughout the nation. (+)

### 3. Feasibility

Collaboration between multiple government agencies, including the Ministry of Taxes and KOBIA, and the efficient implementation of tax and fiscal policies are critical to the success of this plan. Although there is no doubt that the strategy has potential, obtaining the required funding and guaranteeing efficient stakeholder cooperation are major obstacles. Initial challenges may arise from the intricacy of introducing progressive taxes, improving digital tax collection via a centralized system which may take a very long period of operationalisation due to the bureaucracy. (-)

### 4. Flexibility

The recommended strategy is not flexible enough to adjust to changing financial conditions and suggestions. It could be challenging to quickly adjust fiscal and proportional taxation policies to account for changes in the economy. Social expenditure programs may find it difficult to quickly adapt to new goals and requirements. Furthermore, it can be time-consuming and laborious to regularly evaluate and modify economic structure improvements in order to alleviate regional imbalances and facilitate the shift to a green economy. This problem may make the method less effective and applicable in the future. (-)

### 5. Efficiency

The techniques are effective because they can lower inequality and promote sustainable economic growth without incurring excessive costs. The policy reduces administrative overhead

by utilizing pre-existing institutions and structures, including KOBIA and the Ministry of Taxes. Increased tax revenue via progressive taxation and better tax collection allows the government to fund social initiatives and infrastructure improvements. The emphasis on flexible labor market regulations and gender-responsive budgeting makes sure that the advantages of economic growth are shared widely, which raises overall economic efficiency. (+)

The suggested approach of reducing economic disparity between Azerbaijan's urban and rural areas ultimately depends on careful planning, sufficient funding, robust stakeholder participation, and ongoing evaluation and modification. Sustainable and equitable economic development will depend critically on ensuring long-term viability and alignment with Azerbaijan's unique economic and social conditions.

#### **4.3. Evaluation of the Third Policy**

The efficiency, effectiveness, equity, feasibility, and adaptability criteria will be used to assess the suggested solution that seeks to bridge the medical care discrepancies between rural and urban areas of Azerbaijan. It is the goal of this all-encompassing strategy to increase the availability and quality of healthcare in rural regions by combining community-based initiatives with technological advancements, private sector involvement, and changes to public policy.

##### **1. Efficiency**

With good management, healthcare resources decentralized may actually be more efficient. People living in rural areas would directly benefit from the building of local medical facilities and the deployment of telemedicine since it will minimize travel times and expenses. Furthermore, by

educating locals to become health care providers, we may make better use of our people resources and reduce our reliance on doctors and hospitals in larger cities. However, in order to keep costs down and prevent unnecessary work, the program's success will depend on careful resource management and continuous supervision. (-)

## 2. Effectiveness

Implementing a more even distribution of healthcare resources, infrastructure, and medical staff is the suggested approach, which effectively tackles the underlying reasons of healthcare inequalities. This strategy, by expanding healthcare access to underserved communities, should improve health outcomes and lessen economic inequality. Rural communities should expect a significant improvement in the quality of medical treatment they get if they adopt new technologies and invest in staff education. Increased investment in healthcare infrastructure and these efforts might greatly improve health outcomes for rural people. (+)

## 3. Equity

By delivering healthcare services directly to the underprivileged rural population, the approach aims to create fairness. In line with global health principles that highlight healthcare access as a basic right, the approach seeks to level the playing field and address the accessibility and quality gap between rural and urban areas. Equity reduction is the primary goal of this strategy. (+)

## 4. Feasibility

Critically important is the full backing of the government and dedicated political will. A suitable climate for such efforts seems to be suggested by the present policy orientation, as evidenced in the "Azerbaijan 2030" agenda. Infrastructure development and staff training need

substantial financial financing. The funding might originate from several sources such as public-private partnerships, foreign assistance, or government budgets. Participation from rural residents throughout the design and implementation stages might increase the likelihood that they will use and trust the new healthcare networks and personnel. The programs have solid ideas behind them, but they can't come to fruition without enough resources, political will, and networking capabilities. Substantial governmental and financial investments are necessary to build medical schools and encourage doctors to practice in rural areas. (+)

## 5. Flexibility

It is possible to increase or decrease the scope of programs like mobile clinics and telemedicine according to the demand and the results. Local health professionals are trained and community-based initiatives are used so that modifications may be made according to the requirements and input of the community. With the right infrastructure in place, medical technology can easily adapt to new innovations, particularly in telemedicine, which improves service delivery in the long run. Telehealth services were quickly extended by numerous nations during the COVID-19 pandemic to meet the increasing healthcare needs, showcasing the adaptability of modern technology. In terms of limited access to technology in rural regions, this criteria can be faced with some potential challenges. (-)

Implementing a strong and coordinated plan like this one would help bring healthcare inequalities in Azerbaijan down to a more normal level. In doing so, it helps to increase national economic stability and equity by resolving the root causes of healthcare disparities and offering a long-term strategy to improve health outcomes in rural areas.

The table below prescribes and summarizes all of the policy solutions evaluated based on five criteria:

**Table 1.**

<b>Policy Options/Criteria</b>	<b>Effectiveness</b>	<b>Efficiency</b>	<b>Equity</b>	<b>Feasibility</b>	<b>Flexibility</b>
3.1. Redesigning Educational Programs in HEIs and VET Institutions based on the Existing Demands of Local Markets	+	+	+	-	+
3.2. Creating New Job Opportunities	+	+	+	-	-
3.3. Decentralizing Resources to Mitigate Healthcare Inequalities	+	-	+	+	-

The table clearly demonstrates that transforming academic curricula at VET and HEIs institutions to meet the needs of local workplaces between urban and rural regions is the best solution to address the discrepancies in living standards between urban and rural people.

## CHAPTER 5. CONCLUSION AND RECOMMENDATIONS

These inequalities have their origins in the country's unequal growth and investment, which are consequences of its centralized economy that is highly dependent on fuel and gas. A considerable percentage of the country's internal migrants have settled in urban regions, especially Baku, because of the city's rapid modernization. Although this movement helps to stimulate the economy in cities, it has mostly neglected and disadvantaged rural communities. Focusing on areas such as education, employment, healthcare and income inequality, this research analyzed the reasons for economic disparities between Azerbaijan's urban and rural inhabitants.

Lacking the variety of programs that are in line with present-day labor market demands—which are focused in metropolitan centers—and significantly underfunded education in rural regions is a major problem. Because of this mismatch, rural regions continue to experience poverty and underdevelopment due to greater unemployment rates and lesser economic prospects. Many talented people leave rural areas for cities in search of better possibilities, a phenomenon known as “brain drain,” which worsens the economic and social situation in rural communities. The country's job market is facing a shortage of qualified candidates in a variety of fields. Additionally, there are gaps between what schools are teaching and what employers are looking for, which shows that governmental interventions are needed to close the skills gap and bring the two sectors closer together.

Urban inhabitants are disproportionately served by healthcare services. Poorer health outcomes are a result of the shortage of facilities and personnel in rural locations. Life expectancy is shorter and illness incidence is greater in rural areas compared to urban ones, and this is directly attributable to the discrepancy in healthcare availability

## RECOMMENDATIONS

The below suggestions are put up to narrow the economic disparity between urban and rural regions in Azerbaijan:

- Introduce a dual education system, inspired by the German model, which integrates theoretical classroom instruction with real-world experience to improve the practical abilities of the workforce;
- Enhance investment in teacher professional development and provide more financing to rural schools in order to improve infrastructure, instructional materials, and technological resources for the purpose of providing high-quality education;
- Promote the growth of industries in rural areas by providing subsidies and incentives that motivate enterprises to establish operations away from large metropolitan areas;
- Enhance healthcare services and infrastructure in rural regions by offering incentives to private healthcare providers and allocating resources to telemedicine in order to overcome geographical obstacles;
- Develop and execute training initiatives for healthcare professionals in rural areas to enhance the standard of healthcare, and establish mobile clinics to guarantee improved availability of essential medical services for rural people;
- Provide financial incentives, such as increased salaries, housing allowances, and possibilities for professional growth, to encourage medical professionals to work in remote regions

A unified government structure is necessary to guarantee that all government departments and agencies are working towards common rural development objectives. In order to bridge the

gap between urban and rural areas, it is important to encourage partnerships between public and private enterprises as well as international organizations. Also, it is suggested that this market would be enlarged in order to improve job opportunities and diversify the economy away from its dependence on oil and gas.

There has to be immediate and thorough action to reduce the economic gap between Azerbaijan's urban and rural regions. The suggested adjustments to Azerbaijan's educational, healthcare system and income inequality level may help narrow these gaps in a considerable way. Incorporating these efforts into a "national development plan" that prioritizes sustainable development and fair growth is crucial to their success. Azerbaijan can do more than just fix its current problems; it can also set its people up for a strong and successful future by encouraging a balanced approach to development.

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## APPENDIX

### Interview Questions:

1. What are the major impacts of urbanization on Azerbaijan's economic, demographic, and social landscape in the 21st century?
2. How do you assess the effectiveness of Azerbaijan's (government's?) urban planning efforts in meeting the needs of its growing urban population?
3. What are the most significant challenges in providing quality healthcare in rural areas, and how has the TABIB program addressed these challenges?
4. What strategies can be implemented to align the local education system with the evolving job market and the demands of the country's economy?
5. What targeted strategies could effectively reduce unemployment and harness the potential of Azerbaijan's young demographic?
6. How can Azerbaijan address the urban-rural divide, particularly through policies that lessen income disparities and improve educational and economic opportunities?