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### **THE RESURGENCE OF ISLAM IN A POST-SOVIET AZERBAIJAN**

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After Azerbaijan recovered its independence in 1991, its people turned to Islam, which had always been an important identity marker, to fill the ideological vacuum that followed the breakdown of the Soviet system, a process that was profoundly affected by the agendas and actions of neighboring Muslim countries like Iran which promoted radical Shiism, Turkey with its Sunni Orthodoxy and the Gulf states which aimed to further various Wahhabi / Salafi doctrines.

While most Azerbaijanis remained far more secular than many in other historically Islamic countries, there has been a significant growth in religious practice and belief over the last two decades. More veiled women now appear on the streets of Baku, a capital with strong cosmopolitan and secular tradition, and more people attend Friday prayers. Whilst external factors were important in the increased level of religiosity, for many who turned to religion this was also an instrumental way of expressing frustration about the increasing wealth gap, corruption, and stalemate in the war with Armenia, as well as a conservative reaction to western cultural influences permeating through the media.

Ninety-five percent of Azerbaijanis are Muslims, with Shiites forming the majority, especially in the south and in Baku, and with Sunnis scattered in the north and west of the country. With the rise of the oil industry and the influx of Iranian workers at the end of the nineteenth century, Shiism strengthened its hold on villages surrounding Baku. The city itself at that time was cosmopolitan with non-Azerbaijanis forming a majority. And

consequently, the city itself was more influenced by European enlightenment ideals and viewed the Islamic clergy with distaste.

The Bolshevik revolution installed atheism as state policy. Many Muslim leaders were exiled or killed, and most mosques closed down. But despite this, a certain amount of religious practice continued in the private domain, although the social functions of Islam including such things as dietary prohibitions and gender relations were clearly weakened. Indeed, it is fair to say that a basic belief in God, or more precisely, the fear of Allah, remained in the hearts and minds of the population. As a result, throughout the Soviet period, certain religious practices, such as for example paying alms (*nazir*) continued, even if people forgot the wording of *namaz* (daily prayers) and no one fasted any longer. And because the Soviets prevented Muslims from going on the *hajj* (pilgrimage to Mecca), they unintentionally made other practices, such as visiting *pirs*, the shrines of Muslim holy men, more attractive as substitutes.

Another consequence of Soviet policy, which involved the regime's total control over the religious establishment, was close cooperation between Shiite and Sunni faithful. Because the number of mosques open was so small, members of both trends often used the same ones, sometimes with religious leaders providing services to both groups. As a result, today, most Azerbaijanis are not conscious of the distinctions between Shiite and Sunni beliefs and practices. At the same time and just as in Central Asia, ethnicity and religion became interchangeable frames of reference to which cultural norms and practices were ascribed. Even today, the label *Musulmanchilik* (being a Muslim) covers a whole multitude of behavior and practices, some of which have little to do with Islam and may even be antithetical to its teachings.

After 1991, it was this ideological confusion and ignorance that provided the backdrop to and that helps explain the success of efforts by outside actors to redefine Islam for Azerbaijanis. Iran attempted to promote its brand of radical Shiism in Azerbaijan in two ways. On the one hand, it provided massive and much publicized assistance to Azerbaijani refugees, something that attracted sympathy and support. And on the other, Iran through its seminaries in Qom trained a new generation of Azerbaijani Shiite clerics, something that also promoted Iranian point of view. But by the end of the 1990s, the Azerbaijan government had taken measures to restrict this channel of influence. The State Committee for work with religious organizations was established in 2001 aimed at monitoring the import of religious literature and requiring religious groups to register with them.

Turkey in contrast has sought to promote Sunni Islam in Azerbaijan, and unlike the Iranian or the Arab efforts in this direction, it has aimed to do so in concordance with the Azerbaijani government. The Turkish governmental support is supervised by *Diyanet Isleri Baskanligi* (Directorate of Religious Affairs in Turkey) and is supplemented by the activities of the religious *Nur* movement. The Turkish government has funded the construction of numerous mosques throughout the country and supported the organization of a theological faculty at the Baku State University. Based on the *Hanafi* school of Sunni Islam, teachings organized by Turkish imams in these mosques are focused on moral and ethical issues and avoid politics.

The Gulf states and Saudi Arabia have also used their wealth to promote the re-Islamicization of the Caucasus through various religious charities, the distribution of Islamic literature, the construction of mosques, and the training of clerics. The Saudis have promoted Wahhabism in the North Caucasus and also in Azerbaijan through which many Chechen refugees and Arab radicals passed during the conflicts in the North Caucasus during the 1990s.

The main Wahhabi center in Azerbaijan is Baku's Abu Bakr mosque, a community that was set up by a Kuwaiti foundation in 1997. More than 10,000 faithful attend its Friday prayers, with some based in from the north of the country. A significant proportion of those attending consists of educated young Azerbaijanis interested in the spiritual side of religion and attracted by the populist sermons offered by the mosque's leadership. There is also a

smaller group of people among them, mostly poor and uneducated, who espouse the radicalism of the Wahhabi ideology but prefer to identify as Salafis, followers of Salafiyya (the path of the forefathers).

The Salafis reject all other denominations within Islam, mysticism in any form, and veneration of saints and shrines. Many of them seek to re-Islamicize society from the grassroots upwards, often by exploiting popular grievances against those who have benefited from the reforms of the last two decades. They thus represent the most extreme form of the more general conservative backlash that has led many people back to Islam.

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### **SALAFI MUSLIMS IN AZERBAIJAN: HOW MUCH OF A THREAT?**

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The number of self-described Salafi Muslims, Sunnis who aspire to life according to the "forefathers of Islam," grew rapidly in Azerbaijan during the 1990s, especially in the northern portions of the country bordering Dagestan and Chechnya and in Baku, where there may be as many as 15,000 of them. [1] And their rise prompted some in the media to speculate on their possible links to Al-Qaeda or other Jihadist groups. [2] But so far, Azerbaijani government agencies have failed to develop a common approach to this often very diverse group of people.

Some Azerbaijani government agencies have seen them as a threat to the delicate political and religious balance in the country, pointing to events in October 2007 when some Salafis were allegedly involved in actions against the government. [3] But other segments of the government, including the State Committee for Work with Religious Organizations, do not believe that the Salafis at least as a group constitute a serious danger. Hidayat Orujev, the head of the committee, has said that Wahhabi cells in the country are few in number and small in size and that most of them have no interest in violence. [4]

According to the most observers, the Salafi community in Azerbaijan is divided into two groups, the vast majority who are not radical at all, and the *Khawarij* – Arabic for "the expelled" – who set themselves against the leaders of this community and are willing to consider violent action. The non-radical majority participates in Salafi-led mosques and limits its activities to preaching, study and discussions. The *Khawarij* minority, however, includes at least some who believe that it is permissible to rebel against the existing

government and who regard all Muslims who do not share their views as infidel (International Crisis Group 2008). [5]

Nonetheless, Salafism does have the potential to pose several challenges to Azerbaijan. First, its spread among ethnic minorities has the potential to promote centrifugal forces that could undermine the national unity of the country. Second, its appearance in some places could deepen other splits. And third, the willingness of some of them to engage in violent action could under certain conditions make them a force to be reckoned with in any political struggle.

In order to assess these risks, it is necessary to recall several aspects of the history of Islam in Azerbaijan. Because of a series of persecutions and revivals, Muslims in Azerbaijan learned to bridge the sectarian divide between Sunnis and Shiites by developing certain unwritten rules of behavior that allowed them to coexist for centuries. Because of that unusual situation, Azerbaijanis have never been surprised to see Sunnis visit Shiite shrines or see Shiites worship in Sunni mosques. But the rise of the Salafis threatens to break this delicate balance both because of their opposition to many traditional practices such as shrines and to the official Islamic establishment.

In contrast to the situation elsewhere, the Azerbaijani tradition of tolerance and cooperation may be having a greater impact on Salafi Islam than Salafism is having on Azerbaijani Muslims. Salafis in Azerbaijan are in fact adapting to local traditions. Community leaders are pushing for an apolitical line, even to the point of expelling radicals who call for the use of violence. Gammal Suleymanov, imam of Abu Bakr mosque and a leader of Salafi community, has played a critical role in this regard, doing everything he can to keep Salafis away from politics and violence and thus to burnish their image among Azerbaijanis. [6]

Indeed, there are even ways in which the Salafis of Azerbaijan are promoting the moderate tradition of faith there. Allegedly, their community has played a key role in stopping the *shahsey-vahsey* ceremony in which men flagellated themselves in honor of early imams, an archaic practice that re-gained widespread popularity in Azerbaijan in the 1990s. The Salafis not only objected to it but insisted that those who wanted to honor the imams should give blood instead, something that has dramatically increased donorship.

Unfortunately, this reality does not yet inform how many Azerbaijanis view the Salafis, a situation in which negative attitudes about them could by themselves create new problems. Indeed, it is critical that the Azerbaijani government help the Azerbaijani people overcome this situation and recognize that any social unrest is based not necessarily on religious doctrines like Salafism but also has to do with classical "relative deprivation" caused by rapidly rising economic and political expectations that are not being met by material conditions.

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## Notes

[1] *Azeri official lauds shrinking clout of missionaries*. Azerbaijan TV station ANS, December 28, 2004.

[2] Many Azerbaijanis often refer to Salafis in a derogatory way, dismissing them as Wahhabis, sakkallilar (bearded people) or garasakkalilar (black-bearded people).

[3] In October of 2007, Kamran Asadov, former officer of the Azerbaijan National Army, deserted from his military base taking four automatic rifles, one machine gun, twenty grenades and many rounds of ammunition. In late October 2007, his group committed an armed assault on a Lukoil gas station and heavily wounded an employee. According to the Ministry of National Security of Azerbaijan, the group planned to attack the U.S. and British embassies. In early November, Asadov and all the members of his group were arrested. Allegedly, Asadov and his followers were members of a "Wahhabi" organization (see Ismayilov 2007).

[4] *Day.az*, 27 September 2007, available at <http://www.day.az/news/society/93387.html> (last accessed July 19, 2008).

[5] In some instances, these *Khawarij* are called Qutbist – named after Sayid Qutb, the intellectual leader of Egyptian Muslim Brotherhood.

[6] Radical Salafis do not recognize Suleymanov as their leader and some of them consider him a traitor (see International Crisis Group 2008).

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### **'GUERRILLA ISLAMIC FINANCE: ISLAMIC BANKING THE AZERBAIJANI WAY**

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Despite government suspicions about the threat any religion-based activities may have for secularism, an increasing number of Azerbaijanis are exploring ways to introduce Islamic banking into the country, within the existing legal and normative framework, however unfriendly to such efforts those arrangements are. This article considers some of the challenges these efforts face and analyzes what some call "Guerilla Islamic Finance" as a possible harbinger of future trends.

At the present time, there are two levels in Azerbaijan's banking system, a central national bank (NBA) and a number of commercial private banks. Both are regulated by national legislation, with the banks performing most of the functions familiar to students of banking in Western countries and banned from getting involved in trade, manufacturing and other businesses as owners or operators. The system has suffered on occasion through the lack of sufficient prudential regulation and supervision, but the government has gradually moved to tighten its monitoring of liquidity and liabilities in line with Basel principles and thus improved public confidence in banks.

Could Islamic banking fit into this system? In principle, yes, because Islamic banking represents a system of financial intermediation that avoids interest-based transactions based on Islamic teaching concerning *halal* and *haram* and intended to ensure justice and equity. By so doing, such banking makes use of profit and loss sharing (PLS) transactions, an arrangement that can allow Islamic banks to function alongside non-Islamic ones.

Although there were attempts to set up such banks as early as the late 1950s in Pakistan and in Egypt in 1963, the beginning of the period of modern Islamic banking dates to 1975 when the Islamic Development Bank (IDB) was established to provide development

financing. That bank and its successors use a number of banking “modes,” many of which are unfamiliar to those who know only about Western banking system.

These include *Ijara*, a form of leasing, which involves a contract where the bank buys and then leases an item to a customer for a specified rental over a specific period; *Mudaraba* where there is a contract between two parties, one of which provides the funds and the other provides the expertise while both agree to the division of any profits made in advance; *Murabaha* which takes the form of a contract for purchase and resale and allows the customer to make purchases without having to take out a loan and pay interest; *Musharaka* which is a partnership that involves placing one's capital with another person and both sharing the risk and reward; and *Qard ul-Hassana*, a kind of loan free from profit but where service fees may be involved.

There are currently four kinds of modern Islamic banks: first, Islamic banks and financial institutions that operate in a fully-fledged Islamic banking system such as Iran, Sudan and Pakistan; second, Islamic banks and financial institutions that work in a dual banking system; third, Islamic banking activities undertaken by conventional banks; and fourth, international financial institutions such as the IDB which operate on the basis of Islamic principles.

Islamic banking is spreading in many post-Soviet states, but it faces some particular obstacles in Azerbaijan. Among them are the absence of any regulatory-legislative basis for Islamic banking, the NBA's unfriendly attitude, the lack of the necessary legislative and supervisory framework, the absence of an interest-free financial marketplace, and the lack of linkage institutions to provide those entering this sector with information and support.

Nonetheless some progress in this sector has been made, progress that we can call “Guerilla Islamic Finance” – banking activities “hidden” under the forms of conventional banking and thus accepted by the regulators. Of four above-mentioned types of Islamic banks two are in principle possible in Azerbaijan: Islamic banks and financial institutions that work in a dual banking system and Islamic banking activities undertaken by conventional banks.

Some elements of Islamic finance have been introduced into Azerbaijan via the activities of the Kovsar Bank, which positions itself as an Islamic bank; the collaboration of local banks, including the International Bank of Azerbaijan with the Islamic Development Bank (IDB), and the activities of the Caspian Investment Bank.

The Kovsar Bank uses *mudaraba* and *musharaka*, and also from the sale of bills of bank analogous to *sukuk*. But it remains unclear how this bank is able to do this given existing regulations, because the bank is not open to the public and because it releases little information. Consequently, just how much of a contribution it has made in this direction is uncertain.

The situation regarding collaboration of local banks with the IDB is clearer. Several Azerbaijani banks work with the IDB. According to the project coordinator Mr. Behnam Qurbanzadeh under this project IBAR allocated six million USD through *ijarah*, *ijara thumma al bai'* and installment sale. These operations do not contradict the Azerbaijani legislation and could be “hidden” under the accepted terms of conventional banking. Local banks can thus open “Islamic windows” and render bank services and products to the client segment, but such a partial Islamic banking does not cover so called “passive” banking operations dealing with deposit accounts.

And finally there is the case of the joint Caspian Investment Company set up in November 2007 by the Azerbaijan Investment Company and the Islamic Corporation for the Development of the Private Sector. Because it is not technically a banking institution it will be easier to implement the investment activities and various projects based on Islamic financial principles although it will not be allowed to render banking services or collect deposits.

There are thus several ways in which Islamic banking may be introduced in Azerbaijan. While the future of any of those remains uncertain even for those prepared to engage in such operations, some local experts drawing on the international expertise suggest that promoting "Islamic windows" within local banks would be the most plausible way to go though this would require greater involvement on the part of the local banking system and deeper collaboration with the IDB.

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## **A CHRONOLOGY OF AZERBAIJAN'S FOREIGN POLICY**

### **I. Key Government Statements on Azerbaijan's Foreign Policy**

Azerbaijan's consul general in Los Angeles Elin Suleymanov told the Union of Women Journalists of Azerbaijan that "the world should realize that we, Azerbaijanis, and our society do not intend to live without Karabakh. It is a matter of choice – either we return Karabakh or Azerbaijan will not exist without Karabakh. We should persuade the world society of that." (<http://www.anspress.com/index.php?nid=82583>).

Azerbaijani foreign ministry spokesman Khazar Ibrahim says that Armenia overstepped the limits imposed by the treaty on conventional armed forces in Europe by more than 70 pieces of equipment, adding that there is evidence that more than 300 armored cars have been stationed on the occupied territories of Azerbaijan (<http://www.anspress.com/index.php?nid=80971>).

### **II. Key Statements by Others about Azerbaijan**

Peter Semneby, EU special representative for the South Caucasus, said on July 31 that the European Commission, now discussing the "eastern partnership," will issue a report on the initiative, including a discussion on whether the project should be part of the European Neighborhood Policy (<http://en.apa.az/news.php?id=86044>).

Heikki Talvitie, special envoy of the OSCE chairman-in-office, said that "[Nagorno Karabakh] conflict must be settled within [the] framework of Azerbaijan's territorial integrity," arguing that principles of territorial integrity and self-determination do not contradict each other (<http://www.anspress.com/index.php?nid=82626>).

David J. Kramer, assistant secretary of state for democracy, human rights and labor, told the US Helsinki Commission on July 29 that "Azerbaijan is situated in a tough and strategically important neighborhood. If it enacts meaningful political reform, its location and abundant resources give it tremendous potential to serve as a model for aspiring democracies." He said the US wants to raise "cooperation with Azerbaijan in the democracy issues to the level of cooperation in the sphere of energy and security" (<http://today.az/news/politics/46742.html>).

Turkish President Abdulla Gul said during a meeting with President Ilham Aliyev that the Kars-Tbilisi-Baku railway will revive the historical silk way and will enable to transport cargo from China to Europe (<http://www.anspress.com/index.php?nid=81915>).

Moldovan President Vladimir Voronin said that his country considers the formation of a GUAM peacekeeping force as inappropriate but added that Chisinau has no plans to withdraw from the organization (<http://www.anspress.com/index.php?nid=81827>).

### **III. A Chronology of Azerbaijan's Foreign Policy**

31 July

President Ilham Aliyev receives EU special representative for the South Caucasus Peter Semneby.

29 July

President Ilham Aliyev receives Heikki Talvitie, special envoy of the OSCE chairman-in-office.

The Turkish parliament proposes making February 26 a special Commemoration Day of Khojaly massacre (<http://en.apa.az/news.php?id=85999>).

The US Helsinki commission holds hearings on human rights and democratization in Azerbaijan.

Azerbaijan's electronic equipment maker Kur LLC starts exporting the Optima 510 model of its computers to Moldova (<http://en.apa.az/news.php?id=85940>).

28 July

AZAL signs a contract with American Sikorsky Aircraft company to purchase two S-92 helicopters in 2010 (<http://www.anspress.com/index.php?nid=82236>).

Binali Yildirim, Turkish transport minister, says Nakhchivan – Igdir – Tuzluca highway will be in service by the end of 2008 (<http://www.anspress.com/index.php?nid=82232>).

25 July

The GUAM Youth Summit starts in Kyiv, Ukraine. Intigam Babayev, deputy youth and sports minister, represents Azerbaijan (<http://en.apa.az/news.php?id=85749>).

24 July

President Ilham Aliyev joins the presidents of Georgia and Turkey to inaugurate in Kars (Turkey) construction on the 76-km long Turkish section of the Kars-Akhalkalaki-Tbilisi-Baku railway.

Goran Lennmarker, former president of the OSCE parliamentary assembly, is named OSCE special representative for the Karabakh conflict (<http://today.az/news/politics/46603.html>).

23 July

Marlen Asgarov, vice-president of AzerEnerji, says Azerbaijan will completely cover its electricity debt to Iran by October 2008 (<http://www.anspress.com/index.php?nid=81831>).

22 July

After serving in Iraq's Al-Hadida city for six months, 88 Azerbaijani peacekeepers return to Azerbaijan. Another Azerbaijani unit is dispatched to Iraq to replace them (<http://www.anspress.com/index.php?nid=81602>).

21 July

Turan Air begins regular direct flights between Baku's Heydar Aliyev Airport and Kars.

Riga hosts the second session of the intergovernmental commission on economic, scientific-technological and cultural cooperation between Azerbaijan and Latvia.

18 July

Russia names a station on the Baikal-Amur Mainline (BAM) after Heydar Aliyev in recognition of his role in the construction of that line (<http://www.anspress.com/index.php?nid=81292>).

17 July

A US House of representatives subcommittee rejects by one vote calls by the Armenian Caucus to cut all military aid to Azerbaijan (<http://www.anspress.com/index.php?nid=81116>).

#### **Note to Readers**

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