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# ***Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe***

## **Executive Summary**

### **Azerbaijan**

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VT/2010/001**

Since regaining independence in 1991, Azerbaijan has been subject to massive migration. Political instability and economic crisis at the beginning of the 1990s, as well as the Nagorno-Karabakh conflict with Armenia, resulted in many people deciding to emigrate from Azerbaijan. At the same time, the conflict with Armenia led to the inflow of about one million refugees and IDPs from Armenia and the territories occupied by the Armenian forces. However, since the mid-1990s, migration has been determined more by economic factors. Whereas emigration during the first half of the 1990s was dominated by outflows of Russians and Russian-speakers to Russia and other CIS countries like Ukraine and Belarus, the latter half of the decade was characterised by labour emigration in which Azerbaijanis sought employment abroad. The initiation of oil exploration at the beginning of the 2000s and a subsequent economic boom since then have increasingly attracted migrants from abroad.

Nonetheless, overall Azerbaijan remains a predominantly migration-outflow country. According to various estimates, approximately 16% of the national population live beyond its borders. Russia is the top destination country (60% of Azerbaijani emigrants head there), followed by Ukraine, Kazakhstan, Israel, Germany and Turkey.

Internal migration in Azerbaijan is dominated by flows of people involving a significant number of both rural population and IDPS from various regions to the capital Baku and the Absheron peninsula (within Baku's commuting range). The regions of Aran and Lankaran, which feature considerable rural populations, suffer the highest outflow rates. The scale of outflows is impossible to estimate (even roughly) since most migrants do not deregister when leaving their settlement of origin, which skews statistics based on official registration. Migrants typically hail from rural areas, have limited skills and social capital, are engaged primarily in subsistence agriculture, and face a higher than average risk of poverty. Urbanisation as well as internal displacement as a consequence to the Nagorno-Karabakh conflict have led to overcrowding in the capital and increasing competition in Baku's labour market. This, in turn, results in limited employment opportunities for Baku's population and increasing poverty rates. Given the drivers of internal migration in Azerbaijan and its consequences for the country, it is urgent that the government encourage de-urbanisation processes. Measures aiming to slow or halt urbanisation might include support for farmers in modernising their agricultural holdings, implementing regional infrastructure projects and providing incentives for private investors to invest in provinces.

Whereas the majority of Azerbaijani migrants abroad provide low-skilled labour, they are drawn to countries with a significant informal sector, such as Russia, other CIS countries and Turkey. As a result, these Azerbaijani citizens are cut off from social protection – now and in future, when they will not be eligible for pensions and other benefits. Informal workers do not make payments to the social security systems – a situation that increases “real” dependency rates and reduces the amount of public resources available for funding health, pensions and education services.

Migration is generally dominated by males of middle working age (25-44 year-olds) who leave their homes in search of better employment opportunities. Thanks to remittances, women and children left behind usually face slightly better living conditions. However, there are costs involved, as those left behind (women, children, the elderly) suffer an increased burden of physical labour and psychological pressure. In particular, the elderly in rural areas face limited access to health and social services and must rely on other relatives or neighbours for support and care.

IDPs are also particularly vulnerable to the effects of migration. The rate of poverty among them is significantly higher than the national average as a result of their high unemployment levels and limited access to basic public services and fertile land. Employment prospects are limited for IDPs in Azerbaijan, where they work mostly for low wages in physically highly demanding jobs. Policy measures targeting the integration of IDPs into the labour market are nearly absent. The government has instead been concerned primarily with improving IDP housing conditions.

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Nonetheless, several thousands of Azerbaijani IDPs continue to live in cramped and unhygienic collective settlements.

Whereas out-migration has been driven primarily by economic factors, it is not surprising that the main reason for migrants to return to Azerbaijan has been the country's economic growth, which potentially promises broader employment opportunities. However, there are several major factors limiting the positive impact of return migration on Azerbaijani economy and society. First, most migrants are employed in low-skilled jobs (e.g., retail, wholesale, restaurant and other petty services) and return without further acquired skills. They therefore face extended periods of unemployment upon their return. Second, even those who do acquire valuable skills abroad struggle to find employment in an undiversified economy unable to accommodate new skills. Third, widespread patronage and nepotism in the domestic employment market limits its growth. Furthermore, information on employment opportunities are difficult to access and active labour market measures supporting the reintegration of migrants are non-existent.

The positive impact of remittances is quantitative rather than qualitative. Though lower than that recorded in neighbouring countries, the volume of remittances still amounts to approximately 2.8% of GDP and contributes to poverty alleviation – mainly in rural areas where most remittance-receiving households are located. However, this money is used primarily for immediate consumption rather than investment purposes. Key factors here are the lack of information on investment opportunities and access to cheap credit as well as the absence of special programmes facilitating the set-up of a business (e.g., entrepreneurship training) and a taxation framework conducive to entrepreneurship.

All these negative developments have unfolded within the context of a total vacuum of legislative and policy measures. Neither the "State Migration Programme for 2006-2008 of the Republic of Azerbaijan" nor the "State Migration Management Policy Concept of the Republic of Azerbaijan", both adopted in 2004, have touched measures supporting the reintegration of returnees or promoting circular migration, including the mobility of skilled workers. Likewise, bilateral agreements on social security with the main destination countries are either absent or – as in the case of the agreement with Russia – not ratified. In order to ensure migrants' pension entitlements and avoid additional pressure on the existing pension system, bilateral and multilateral agreements on social protections for labour migrants should be concluded and ratified, and clear implementation and periodic harmonisation mechanisms should be introduced.

Things look slightly better when it comes to the legal framework defending the rights of the vulnerable population groups targeted by human trafficking. Nonetheless, a more serious enforcement of otherwise solid anti-trafficking framework is desirable. Furthermore, the Azerbaijani government does not have specific policies assisting migrant families, spouses, the elderly and children left behind in Azerbaijan. Although the Ministry of Labour and Social Protection of Population assists poor families via a targeted social assistance program, problems specific to the situation of migrant families usually remain unaddressed, and there are no special state policies or measures being applied.