

RURAL-URBAN LABOR MIGRATION IN AZERBAIJAN

By
Isa Aliyev

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Supervisor: Assistant Professor Valentina Dimitrova-Grajzl

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Abstract

The continuing flow of rural people to urban areas is increasingly becoming a challenging problem for many countries, particularly the less developed countries which have been experiencing such a phenomenon in the last few decades. Fuelled by various factors, rural-urban migration which is basically directed from rural areas to the capital city of Azerbaijan is also a challenging problem for the government. As the capital city can not meet the demands of increasing migrants for employment and basic public services, and most migrants are employed in temporary urban sectors irrelevant to their skills and knowledge, the phenomenon leads to the misallocation of skilled labor, distortion of the traditional rural sectors, rising unemployment and poverty in urban areas. Reviewing the country-specific determinants and consequences of internal migration in Azerbaijan, the thesis concludes that rural-urban migration should be effectively managed by changing its direction to other big cities of the country, which have comparative advantages. Qualitative method, particularly interviewing, is employed as a research methodology. To get an in-depth idea on the patterns and the influencing factors of internal migration in Azerbaijan, a survey was conducted among more than 70 rural migrants moved Baku from different areas of Azerbaijan. In addition, statistical data provided by the state bodies and independent sources are effectively used to collect data and to analyze the phenomenon.

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Introduction

Transition to market economy has been accompanied with rapid urbanization in Azerbaijan. That is, the major industries were established or moved to cities and towns, particularly to the eastern part of the country, which in turn led to significant income gaps between rural and urban areas and forced the population to move from rural to urban centers. To be exact, the development of the oil industry in the eastern part of Azerbaijan starting from the mid-nineties pulled rural population, who were suffering from a lack of employment and income opportunities, unfavorable infrastructure and little access to basic public services, to the relatively developing urban centers, especially to the capital city - Baku. In addition, the conflict between Azerbaijan and Armenia over Nagorno-Karabagh forced hundreds of thousands of people to move from the disputed area and the surrounding regions to the urban centers of the country.

Rural-urban migration in Azerbaijan has been accompanied with both positive and negative consequences for the areas of origin and destination. That is, in the short run, the rural-urban migration has helped to alleviate poverty by creating new income and employment opportunities for rural population, facilitating rural-urban economic and social integration and motivating the expansion of urban sectors, while in the medium run, this steady migration process has led to overpopulation, congestion, unemployment, pollution and poverty in urban areas and depopulation, gender and age imbalances and decrease in productivity in rural areas.

The state and independent organizations¹ have estimated that the rural-urban profile of the country has been significantly changing in the recent years. According to the data

¹ The State Statistical Committee of Azerbaijan (ASSC), the Caucasus Research Resource Center (CRRC), the United States Agency for International Development (USAID) and the United Nations Population Division (UNPD)

provided by these organizations, more than half of the total population of Azerbaijan lives in urban areas, and most of them reside only in the capital city at present. Although the Azerbaijani government does not announce official figures illustrating internal migration² in the country, the analysis of statistical data (e.g. retail sales turnover in different regions of the country) provided by the ASSC (2008) reveals that at least 40 percent of the total population has concentrated in the eastern part of the country, particularly in Baku. That is, irregular urbanization process is characteristics for the case of Azerbaijan, which creates serious problems for the capital city, such as overpopulation, congestion, pollution, increasing crime rates and unemployment. At the same time, rural-urban migration which mainly involves the most active and youngest group of rural population leads rural areas to a more stagnant situation. Considering that most rural migrants are employed in temporary urban sectors such as oil industry and construction, the underdevelopment of other sectors, particularly traditional rural sectors, can have significantly negative consequences for the country in the long run. What is worse, the UNPD (2007) forecasts that the irregular urbanization process in Azerbaijan will continue with a faster pace and increase significantly in the coming few years.

This thesis analyzes general tendency experienced in the changing rural-urban profile of Azerbaijan and explores the major factors fuelling the population flow from rural to urban areas. In spite of several characteristics similar to other less developed countries facing the same problem, the patterns, level and consequences of internal migration in Azerbaijan differs from others. Reviewing the country-specific patterns, determinants and consequences of internal migration in Azerbaijan, the thesis underlines that managing rural-urban migration is important from the viewpoint of reducing regional disparities and achieving socio-economic development of the country. The major contribution of the research to the field is to develop

² The terms “rural-urban migration” and “internal migration” are used interchangeably in the literature and this paper.

relevant policies based on the consequences of rural-urban migration in Azerbaijan, and to suggest recommendations on how to control migration effectively in order to reduce huge gaps between the capital city and other parts of the country and to achieve sustainable economic development.

As rural-urban migration has been experienced in most countries at different stages of their development, great deal of literature has provided extensive research on migration, its patterns, determinants and consequences. Rural-urban migration has been widely studied by economists, sociologists, demographers, regional scientists and geographers from different angles, and various theories, models and approaches have been introduced and developed. Some of these theories, such as the models introduced by Arthur Lewis (1954) and Michael Todaro (2003), explain rural-urban migration from urban perspective and consider the movement of population from rural areas to urban centers as a consequence of high income differentials between stagnant rural sectors and developing urban sectors. Everett Lee (1966), who goes beyond pure economic factors highlighted by Lewis (1954) and Todaro (2003), explains rural-urban migration both from rural and urban perspectives. Lee (1966) determines push (e.g. unemployment, lower income, little access to basic public services, conflicts in rural areas) and pull (e.g. more employment opportunities, higher incomes, better provision of basic public services in urban areas) factors fuelling rural-urban migration.

In addition to literature on reasons for migration, there exists another strand of research on the advantages and disadvantages of rural-urban migration in academic circles. On the whole, the views on migration can be grouped in two opposing sides. That is, some researchers (Lewis (1954), Todaro (1969) *et al.*) consider internal migration a positive phenomenon in terms of alleviating poverty through providing new income sources and job opportunities while other researchers (Michael Lipton (1976), Paul Harrison (1993) and John Westley (2001) *et al.*) view rural-urban migration both as a cause and consequence of poverty

in a country. Case studies taken from Bolivia, China, Germany, Nepal and some African countries show that migration is fuelled by various factors and the consequences of this phenomenon can be different from one country to another.

As internal migration is not officially registered in Azerbaijan, it is challenging to get accurate data to follow the process. In addition, migration is a complex phenomenon which depends on various factors and, like most human phenomena, requires an in-depth analysis. To attain the goals pursued and to analyze the phenomenon in-depth, qualitative research is employed as a research methodology. Data have been collected through interviews with migrants and their family members. Furthermore, statistics provided by the State Statistical Committee of Azerbaijan and the reports and studies conducted by some international organizations, such as The State Statistical Committee of Azerbaijan, the Caucasus Research Resource Center, the United States Agency for International Development and the United Nations Population Division are used for data collection.

The paper is consisted of four chapters. The first chapter provides an overview of the existent literature on migration. In this chapter different approaches are discussed, compared and evaluated. In the second chapter the determinants of rural-urban migration in Azerbaijan are discussed. The third chapter deals with the consequences of rural-urban migration on rural and urban areas. This chapter studies both economic and social consequences of migration in areas of origin and destination. In the last chapter the policies and interventions that can be conducted by Azerbaijani government to manage internal migration are discussed and different policy options are evaluated.

Chapter 1: Internal Migration: Theoretical Approaches and Strands of Research

Rural-urban migration has been experienced in most countries at certain stages of their history, and it has had a great impact on economic and social life of these countries. Since rural-urban migration is a complex phenomenon fuelled by economic, social, geographic and demographic factors, there is no general agreement among scholars on the causes of internal migration, its major determinants and impacts on rural and urban areas. However, internal migration has been extensively discussed in development economics and even “most [social and demographic] researchers have recognized the overriding importance of economic motives in the decision to migrate” (Derek Byerlee 1974: 549). Economists such as Arthur Lewis (1954), Everett Lee (1966), Michael Todaro (1969), Derek Byerlee (1974), Eliakim Katz and Oded Stark (1986) have extensively studied internal migration and developed sophisticated models. These models, which are reviewed and compared below, help to explain rural-urban migration, its determinants and consequences.

In general, there are several strands of literature exploring rural-urban migration in academic circles. One strand of literature investigates the causes of internal migration and explores various factors influencing an individual’s decision to migrate. Another strand studies the desirability of rural-urban migration in different contexts depending on the consequences of internal migration for rural and urban sectors as well as for the overall economy. This chapter will present some of the main theories on internal migration and utilize these theories to explore the determinants and consequences of the phenomenon.

One of the earliest views on internal migration is the two-sector model proposed by development economist Arthur W. Lewis (1954), which explains rural-urban migration in the

light of economic growth. To be more exact, “the primary focus of the Lewis model is on both the process of labor transfer and the growth of output and employment in the modern sector” (Todaro and Smith 2003: p.117). In his model, Lewis (1954: p.5 cited Bauer 1956: p.633) divides the economy into two sectors - a large ‘subsistence’ sector and a small ‘capitalist’ sector. By ‘subsistence’ sector, Lewis (1954: p.2 cited Bauer 1956: p.633) refers to the traditional agricultural sector, which is characterized by underdevelopment and unemployment, with “negligible, zero or even negative marginal labor productivity”. So, ‘surplus labor’, which is defined as such in the Lewis model, can be withdrawn from traditional ‘subsistence’ sector without any loss of output (Todaro and Smith 2003: pp.116-117). By ‘capitalist’ sector, Lewis (1954: p.2 cited Bauer 1956: p.633) refers to the modern urban industrial sector, which is more developed than the traditional sector in terms of “capital, income and wages per head, the proportion of income saved and the rate of technical progress” (Bauer 1956: p.633).

Lewis (1954: p.8 cited Bauer 1956: p.634) argues that the development of an industrial sector increases income differentials between rural and urban areas. The expansion of the ‘capitalist’ sector creates labor shortages which are gradually covered by surplus labor from the ‘subsistence’ sector (Lewis 1954: p.8 cited Bauer 1956: p.633). Hence the ‘capitalist’ sector provides higher income and many employment opportunities for surplus labor from the ‘subsistence’ sector (Bauer 1956: p.633). Under these conditions, “the labor surplus in rural areas supplements the labor shortage in urban areas, and in this way rural-urban migration begins” (Timalsina 2007: p.23). Lewis (1954: p.8 cited Bauer 1956: p.633) further argues that rural-urban migration continues until surplus labor in the ‘subsistence’ sector is fully absorbed by the ‘capitalist’ sector.

Although Lewis’ (1954) two-sector model provides the basic explanation for rural-urban migration, some of its key assumptions do not fit the institutional and economic

realities of modern developing countries (Todaro and Smith 2003: p.119). In fact, now one can hardly claim that labor surplus from the ‘subsistence’ sector will be fully absorbed by the ‘capitalist’ sector or the flow of people from rural to urban areas will stop in case of unemployment in urban areas, after the elimination of labor shortage. These assumptions lessen the validity of the Lewis model and decrease the applicability of this model to modern developing countries which are experiencing high flow of people from rural into urban areas despite rising unemployment in urban areas (Todaro and Smith 2003: p.336).

Another well-known model explaining internal migration from an economic viewpoint is the Todaro model, which was introduced by Michael Todaro (1969). Todaro and Smith (2003: p.337), who considers migration a pure economic phenomenon, argues that rural-urban differences in *expected* income are the key factor fuelling internal migration. That is, individuals decide to migrate from rural to urban areas if their expected incomes in the urban sector prevail over their average earnings in the rural sector (Todaro 1969: p.139). The author, additionally, views the probability of obtaining an urban job as a key factor influencing an individual’s decision to migrate (Todaro 1969: p.139). According to the author, an individual is highly unlikely to migrate in case the probability of finding a job is “one fifth”, even if urban income is fairly higher than rural average earning (Todaro 1969: p.140).

The model also discusses the high urban unemployment and underemployment observed in most developing countries as the result of massive rural-urban migration. Todaro (1969: p.139) views urban unemployment and underemployment as a natural case in the course of internal migration and explains it by classifying rural-urban migration as a two-stage process. According to the model, in the first stage, a migrant spends a certain period of time in the “urban traditional” sector which encompasses all those workers not regularly employed in the urban modern sector (Todaro 1969: p.139). In the second stage migrants attain a more permanent modern sector job (Todaro 1969: p.139). Here the basic assumption

is based on the fact that rural-urban labor migration continues despite high unemployment and underemployment in urban areas, as migrants expect to find a permanent urban job that can give them better compensation (Timalsina 2007: p.24).

Although Todaro's (1969) model describes rural-urban migration in a broader sense compared to Lewis' model and explains urban unemployment and underemployment, it has also been criticized in academic circles because of the absence of several key aspects of rural-urban migration. First, many rural migrants are engaged in the informal economy in urban areas instead of waiting for a permanent job; this fact has been ignored in the Todaro model (Timalsina 2007: pp.32-33). Second, migration is not a static or a one-way process, i.e. migrants facing higher risks in urban areas or improving livelihood in rural areas can return to rural areas. Thus, the model does not explain the dynamic nature of migration (Timalsina 2007: p.24).

Questioning Todaro's model, Eliakim Katz and Oded Stark (1986) introduce a new theory of internal migration. Katz and Stark (1986: pp.134-149) go beyond the above theories and explore other determinants of internal migration. The authors argue that "a small chance of reaping a high reward is sufficient to trigger rural-to-urban labor migration" (Katz and Stark 1986: p.134). Katz and Stark's model postulates that an individual can decide to migrate even if expected income in urban areas can be lower than that of the rural area (Katz and Stark 1986: p.135). The authors justify their positions with four possible assumptions. Firstly, Katz and Stark (1986:135) consider that rural-urban migrants are "risk-loving", i.e. "only the risk-preferring leave, so the remaining people are risk averse". Secondly, the authors consider human rationality to be bounded, i.e. "people may (...) not be able to deal with all the possible implications of their migration decision" (Katz and Stark 1986: p.135). Thirdly, the model views rural-urban migration as a phenomenon, which is "perfectly consistent with a person's aversion toward risk even if the risks associated with urban income earnings are initially high"

(Katz and Stark 1986: p.135). In other words, initial high risks can diminish with permanent employment and disappear after a certain period of time. Finally, Katz and Stark (1986: p.136) view a migrant as a member of a family who is also an important decision-maker, i.e. family and migrant involve intra-familial trade in risk and cooperative arrangement. The support provided by the family to the migrant who is initially unemployed in urban sector reduces risk in the short-run, and remittances sent back by migrants diversifies family portfolio in the long-run (Katz and Stark 1986: p.136).

By “a chance of reaping high reward”, Katz and Stark (1986: pp.134-149) refer to some key motivations influencing an individual to migrate. One of the major motivations is remittances that can be invested in rural areas and facilitate technological change in agricultural production (Katz and Stark 1986: p.140). Another important motivation is a social status which can maximize a migrant’s utility among others, i.e. “the greater the wealth of an individual in comparison with others, the greater his utility” (Katz and Stark 1986: p.141).

Though the above-mentioned theories and models explain rural-urban migration and its key determinants and possible implications, these approaches discuss the phenomenon mostly from an economic viewpoint and from an urban perspective. Therefore, Byerlee (1974: p.551) rightly argues that “[they] are urban oriented and do not address such critical questions as the determinants of rural incomes, the role of rural education and information and non-economic variables relating to the rural social system”. The common assumption of the models introduced by development economists is that rural-urban migration is basically income-related and job related and a pure rational decision made by an individual.

Nevertheless, the approach introduced by Everett S. Lee (1966) considers a larger variety of aspects of rural-urban migration such as social, demographic and physiological aspects. The main point observed in Lee’s theory is the consideration of possible influential

factors existing in the origin area that can “push” an individual out. In other words, Lee (1966: p.50) views migration as a result of a decision influenced by both “push” and “pull” factors, some intervening obstacles and personal characteristics of a migrant. The author argues that there are many positive (“pull”) and negative (“push”) factors both in the area of origin and destination which can attract or repel people (Lee 1966: p.50). For instance, lack of employment and income opportunities as well as less access to basic public services experienced in rural areas can push rural people to urban areas, while more income and employment opportunities and better provision of education, health and transport services in urban areas can pull rural people to big cities. In addition, some other intervening obstacles, such as distance and restrictions, and personal factors, such as personal sensitivities, intelligence and awareness of conditions in destination are factors influencing an individual’s decision to migrate (Lee 1966: p.51).

Another strand of research on migration in academic circles investigates the advantages or disadvantages of rural-urban migration. Some researchers, such as Lewis (1954), Todaro (1969), Katz (1986) and Stark (1986), consider that migration is one of the driving forces of economic growth. Advocates of rural-urban migration further argue that such labor mobility provides more job opportunities and better income sources for the poor (Lewis 1954; Todaro 1969). Moreover, rural-urban migration is claimed to reduce income disparities between rural and urban areas, to alleviate poverty, to foster effective and efficient public service delivery and social integration between rural and urban communities (Lewis (1954), Todaro (1969), Katz and Stark (1986) and Lykke E. Andersen (2002). However, other researchers, such as Byerlee (1974), Michael Lipton (1976), Bryan R.Roberts (1989), Paul Harrison (1993) Lincoln Quillian (1999) and John Westley *et al* (2001), view rural-urban migration as a cause of poverty, depopulation, underdevelopment and increasing dependency

rate in rural areas, as well as overpopulation, congestion, unemployment and pollution in urban areas.

Case studies from Brazil, Bolivia, China, Germany, India, Nepal, Vietnam and other similar countries show that the implications of rural-urban migration can be different from country to country. For instance, internal migration has been considered the easiest way of poverty alleviation and a driving force for economic growth in Bolivia. Lykke E. Andersen (2002: p.1), in a study of the rural-urban migration in Bolivia, argues that “it is so much cheaper to provide basic services like electricity, piped water, schools and health services to people when they are gathered in towns or cities”. However, in most African countries, where the rate of urbanization is among the highest in the world, averaging about 7 per cent annually, rural-urban migration has caused serious problems, such as high unemployment in cities, national food deficits, rising food prices and inequitable distribution of income (Byerlee 1974: p. 543).

Moreover, internal migration can often be economically beneficial from an individual view point while this is not always the case from a community view point (Stark 1967: p.4). That is, for an active individual, movement to an urban area can be an economic advantage, which offers a migrant higher living standards and better income opportunities (Stark 1967: p.4). However, when it comes to the desirability of migration from the community view point, the problem becomes more complicated, i.e. “many more economic aspects must be taken into consideration and at first sight the whole picture seems to raise some doubts” (Stark 1967: p.4).

The literature briefly introduced above shows that rural-urban migration is a complex phenomenon that can be fuelled by a variety of factors, such as economic, demographic and social factors. Although most scholars support the fact that economic factors have more

influence on an individual's decision to migrate, social and demographic factors can not be ignored either. Furthermore, the consequences of rural-urban migration for rural and urban societies as well as for the aggregate economy can differ across countries. That is, in some cases labor mobility can be advantageous, while in other cases disadvantageous for a country. In some cases, internal migration can lead to the reduction of interregional income differences and poverty alleviation, while in other cases it can lead to serious problems, such as unequal income distribution, poverty and distortion of traditional sectors. Based on the approaches and assumptions above, the thesis studies rural-urban labor migration in Azerbaijan, its country-specific and most significant determinants, its implications on rural and urban communities, and the advantages and disadvantages of internal migration in Azerbaijan.

Chapter 2: Rural-Urban Migration in Azerbaijan: Its Patterns and Determinants

2.1 Rural-Urban Migration in Azerbaijan

The development of urban sectors in many countries is fostering urbanization and the movement of people from rural to urban areas. Hence, rapid economic growth is accompanied with the concentration of major industries in large cities and the flow of rural population to developing urban areas. Migration of people from rural to urban areas is happening at the fastest pace in less developed countries (LDCs) of Asia and the Pacific region (Economic and Social Commission for Asia and the Pacific (ESCAP) 2007: p.15-16). Forecasts made by the compilers of the World Urbanization Prospects (WUP) (2007) illustrate that expected population growth in urban areas in the coming decades will be significantly fuelled by rural-urban migration.

Azerbaijan has also been experiencing rapid rural-urban migration as the result of the development of the oil industry and other urban sectors in recent years. That is, the growing industrialization, particularly in the oil sector, has led to the concentration of most industries on the Absheron peninsula, especially in Baku, and speeded up urbanization and population inflow to the eastern part of the country. Although Baku was the biggest city of the country with 46 percent of the total urban population before the transition period, the number of dwellers in the capital city increased significantly after its rapid development (ASSC 2008). Now the peninsula, which comprises only six percent of the whole territory of the country, hosts more than 55 percent of the urban population, without accounting for the huge number of refugees and internally displaced people (IDPs) in the area (Khanlarov 2006: p.2). However, the economic growth in eastern part of the country is not the only reason for the

continuing internal migration, and it has also been fuelled by political and social factors which are explored in more detail in the sections below.

2.2 Changing rural-urban profile in Azerbaijan

Although Azerbaijan had experienced population inflow to urban areas, particularly the eastern part of the country, over the last century as the result of industrialization, the fundamental changes in the political, economic and social life of the country at the beginning of the 1990s speeded up the process considerably. That is, the distortion of infrastructure and traditional rural sectors, which were mostly subsidized by the central government in the Soviet times and lost their financial sources after the regime change, lack of job opportunities and the concentration of most industries in the oil-rich Absheron peninsula increased the gaps between the regions and led to the population inflow to the eastern part of the country. The newly established government which was lacking enough sources to finance traditional sectors and to fill the gaps between regions completely removed the control over internal migration that was managed through administrative policies in the former Soviet regime. Consequently, the movement of population from rural areas to relatively developing cities has fostered urbanization in Azerbaijan, and the proportion of urban population in total population increased to 57 percent at the beginning of 2000s (Center for Global, International and Regional Studies (CGIRS) 2008). The level of urbanization is even forecasted to increase to 64 percent till 2015 as the result of natural population growth on the one hand and rural-urban migration on the other (USAID 2002).

Although urbanization in most countries has been characterized with the emergence of new cities and towns and the movement of population to these centers, the typical feature of the process in Azerbaijan is “mono-centrism” (Khanlarov 2006: p.2). In other words,

“Azerbaijan has undergone irregular urbanization process and mono-centrism of its manifestation on Absheron peninsula [particularly in Baku]” (Khanlarov 2006: p.2). That is, urbanization has very unevenly distributed throughout the country and mainly affected oil-rich Absheron peninsula, particularly Baku, which has become the major industrial center of the country and the main destination for rural migrants (Rumiantsev 2004: p.127). Consequently, Baku has become not only the biggest city of the country with the largest population among urban areas, but also the biggest urban center in the Caucasus (Kurtubadze 2008).

According to the official statistics provided by the ASSC (2007), more than 50 percent of urban population is settled only in Absheron peninsula, particularly in Baku. To be more precise, out of 4.4 million urban population approximately 2.2 million people is settled in Absheron peninsula (ASSC 2007). Furthermore, out of 2.2 million people approximately 1.9 million are settled only in Baku. If the huge number of refugees from Armenia and IDPs are accounted, the number of people in the city might be much higher than presented in official documents. Although the level of rural-urban migration is not officially announced by the Azerbaijani government, some statistical data provided by ASSC (2007) help to calculate the approximate number of population dwelled in Baku. That is, comparison of data illustrating retail sales turnover, the number of passengers transported and the number of cars over the regions of the country shows that Baku constitutes around 50 percent in all the parameters mentioned (ASSC 2007). Findings of a household survey conducted by the CRRC in 2007 illustrate that around 66.7 percent of the households surveyed in Baku have moved to the capital city either from surrounding areas or other regions of the country.

Further analysis of the statistical data shows that internal migration has had a great impact on increasing the number of urban population. Rumiantsev (2004: p.127), who compares the outflow of population from cities to the rate of urbanization, concludes that rural-urban migration has been one of the major factors influencing the urban population growth,

particularly in Baku. Rumiantsev (2004: p.127) states that city-dwelling among Azerbaijanis towards the end of 1990s increased considerably compared to 1959. That is, the percentage of Azerbaijanis among the urban population was 51.3 percent in 1959, Russians constituted 24.8 percent and Armenians 15.2 percent of urban population (Rumiantsev 2004: p.127). As a consequence of the events at the beginning of the 1990s, i.e. the collapse of the former regime and emergence of political instability, most Russians and Armenians, who were mainly city-dwellers, left the country (Rumiantsev 2004: p.127). Referring to the information provided by the Russian Embassy in Azerbaijan, Yunusov (1999: pp.77-78) shows that more than 220 thousand Russians left Azerbaijan during 1990-1992 (Yunusov 1999: p.77-78). Furthermore, approximately two million people, who were mainly city-dwellers, primarily the members of intelligentsia, left the country in search for a job in other countries, particularly in Russia and Turkey (Rumiantsev 2004: p.127). Despite the huge outflow of city-dwellers, the percentage of urban population did not change and even increased, which proves an enormous inflow of rural population into cities in Azerbaijan (Rumiantsev 2004: p.127).

2.3 Causes of rural-urban migration in Azerbaijan

As internal migration in Azerbaijan is not officially monitored and announced, there is little information about its volume, determinants and patterns. To determine what kind of factors influence an individual's decision to migrate and to analyze the possible consequences of rural urban migration, I conducted a survey of migrants in Baku. The survey questionnaire (see Appendix) was sent to most respondents electronically. Some of the surveys were conducted by individuals who are working with rural migrants in Baku. To maintain representativeness, people from various regions of Azerbaijan and from different sectors of economy were selected for interviews. More than 70 respondents participated in the survey.

The findings of the survey show that 85 percent of the respondents are between the ages of 25-45 and 25 percent of them are females while 75 percent are males. Around 57 percent of the respondents have a university degree. The responses show that various factors, such as economic, political and social factors, have influenced their decision to migrate. Therefore, the factors fuelling rural-urban migration in Azerbaijan have been grouped under the mentioned parameters in the coming sections.

Some of these determinants are negative factors pushing people out of rural areas, while others are positive ones motivating people to move to the cities. More specifically, stagnant rural economy, lack of job opportunities, scarce income sources and ineffective public service delivery in rural Azerbaijan push people out of rural areas, while at the same time, rapidly growing urban sector and industrialization pull rural labor to big cities, particularly to Baku. Therefore, all the factors influencing an individual's decision to migrate are explored in light of pulling and pushing factors, and are grouped under economic, political and social parameters which are reviewed in more detail below.

2.3.1 Economic factors fuelling internal migration in Azerbaijan

Among economic factors influencing an individual's decision to migrate from rural to urban areas, differentials in income and employment opportunities between rural areas and developing urban centers of the country are prevailing factors. Most of the respondents interviewed have stated that they left their previous place of residence for economic reasons. To be more precise, out of 72 respondents 32 people stated lack of employment opportunities, less income sources and poor economic conditions in their previous place of residence as the major reasons for them to migrate. On the other hand, developing industry, particularly oil sector, in the eastern part of the country has attracted rural people who have lost their jobs and

were lacking income sources. So, internal migration experienced in Azerbaijan can be considered as the natural consequence of the collapse of the traditional rural economy and at the same time, rapid growth of urban sector. In other words, huge income gaps appeared between the stagnant rural sector and developing urban sector has led to the population flow from rural to urban areas.

Since the collapse of the former regime and transition to market economy, agriculture, which was highly dependent on state subsidies and other kinds of central government allocations, has become the most stagnant sector of economy. Consequently, employment in agriculture dropped to the lowest level (29 percent) in mid-nineties (ASSC 2007).

Nevertheless, the land reform introduced by the government had a positive impact on the restoration of traditional agriculture sector and increased employment by more than 10 percent at the beginning of the 2000s (SPPRED 2003: p.48). However, lack of investment and capital in agriculture sector has prevented this branch of economy from developing, and it is still in stagnation and one of the lowest income generating fields. That is, monthly average nominal wages of those employed in agriculture are still among the lowest compared to those in other sectors of economy.

Table 1: Average monthly nominal wages in January-December 2007

Name of kinds of activities	Average monthly nominal wages (in manat)		
	Total	of which	
		State	Non-state
National average for all industries	214	171.2	324.9
Agriculture, hunting and forestry	87.3	85.8	90.9
Fishing	85.6	88.9	71
Mining and quarrying	846	514.7	1437.3

Manufacturing	212.1	220	205.6
Electricity, gas and water supply	210.3	210.7	195
Construction	385.8	286.2	475
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	173.6	178.9	173.5
Hotels and restaurants	211.8	169	214.7
Transport, storage and communications	248.6	216	424.6
Financial intermediation	687.6	334.2	839.5
Real estate, renting and business activities	473.7	211.1	1063.8
Public administration and defence; compulsory social security	206.5	246	82.6
Education	143	142.4	187.8
Health and social work	92.2	89.9	169.8
Other community, social and personal service activities	129.7	109.5	254.3

Source: The State Statistical Committee of Azerbaijan, 2007

The table illustrates that the average nominal wages per month in the traditional agriculture sector is approximately one third of the national average, one fourth of the nominal wage in construction sector and approximately one tenth of that in mining. So, the huge income gaps between agriculture which employs most of the labor force and other sectors of economy, such as industry, construction, mining and service sector, which are rapidly growing in urban areas, are acting as a fuelling factor of rural-urban migration in Azerbaijan. To put it differently, the lower income and productivity push rural population out of rural areas on the one hand, and growing urban sector pulls rural people to cities on the other.

Moreover, small towns and cities of the country outside Absheron peninsula are another major migrant origin. Closing down of industries and service sectors in small towns and cities led urban population even to a more vulnerable situation, while the development of oil industry and the related sectors prevented Absheron peninsula, particularly Baku, from such a crisis. Consequently, the poverty rate in small towns and cities of the country increased to 58 and 54 percent accordingly (SPPRED 2003: p.23). Now, small towns and cities of Azerbaijan are suffering from unemployment and underemployment as most of the industries are concentrated in Absheron peninsula, particularly in Baku. That in turn widens gaps between Absheron peninsula and other regions of the country.

Table 2: Discrepancies among the regions in the number of entities, employees and incomes

	Number of legal and natural entities	Average annual number of employees in economy (thousand persons)	Average monthly nominal wages of employees in economy (manats)
The Azerbaijan Republic	318013	1337.5	149.0
Baku city	122580	573.6	232.9
<i>Economic regions:</i>			
Absheron economic region	20098	74.1	99.4
Ganja-Gazakh economic region	31904	141.3	82.7
Sheki-Zagatala economic region	17704	69.2	76.6
Lankaran economic region	20765	68.2	80.9
Guba-Khachmaz economic region	18248	49.1	93.7
Aran economic region	59650	211.6	89.5
Upper Karabakh economic region	3573	41.8	72.8
Kelbejer-Lachin economic region	867	39.5	73.9

Mountainous Shirvan economic region	7461	39.6	79.6
Nakhchivan economic region	15163	60.9	104.7

Source: The State Statistical Committee of Azerbaijan, 2007

The table illustrates that around 40 percent of legal and natural entities over the country is located only in Baku, which at the same time holds approximately 43 percent of total employees. Regarding the average nominal wages of employees, Baku again prevails over all the other regions and the national average; the average nominal wages in Baku are at least twice as much as those in other regions. Therefore, the gaps existing between the capital city and the other regions of the country cause the mass inflow of population to Baku from other cities and small towns of the country.

2.3.2 Conflict-related factors causing internal migration in Azerbaijan

The conflict between Azerbaijan and Armenia over Nagorno-Karabakh since 1988 has been another factor of internal migration, which resulted in the movement of around 778,000 people out of Armenia, Nagorno-Karabakh and the surrounding regions to the other parts of Azerbaijan (Norwegian Refugee Council 2003: p.22). Though some of the internally displaced people (IDPs) returned to their hometowns after the ceasefire agreed between Azerbaijan and Armenia in 1994, the Internal Displacement Monitoring Centre (IDMC) (2008: p.3), reports more than 572,000 IDPs in the country as of April 2008. Though some part of IDPs has been resettled in different cities and towns of Azerbaijan, such as Fizuli, Agdam, Barda, Mingachevir and Ganja, they have not been evenly distributed throughout the country (IDMC 2008: p.2). About 40 percent of IDPs have been resettled only in Absheron

peninsula, particularly in Baku. The capital city officially hosts around 187,000 IDPs at present (IDMC 2008: pp.2-3).

IDPs are the most vulnerable group of Azerbaijan population, who are suffering from fewer income opportunities and less access to basic public services and fertile land. That is, “many IDPs have been resettled in economically depressed regions without public transport links and are often distant from other communities and administrative centers” (IDMC 2008: p.5). Moreover, referring to the government studies conducted among IDPs in 2003, IDMC (2008: p.6) shows that the unemployment rate among IDPs is around 70 percent, and unemployed IDPs are highly dependent on government assistance. Most unemployed IDPs are those who were mainly engaged in traditional rural economy, while the employed are those who were mainly public servants before displaced. That is, “IDPs and returnees who were not public servants before they were displaced are still struggling to find jobs or earn an adequate wage” (IDMC 2008: p.6). Last but not least, the poverty incidence among IDPs (63 percent) is significantly higher than the national average (49 percent) (Norwegian Refugee Council 2003: p.6). So, all these factors mentioned above, i.e. lack of job opportunities particularly for unskilled IDPs, less access to basic public services, high rate of poverty and poor living conditions force IDPs to migrate from the areas, where they were initially settled, to the developing eastern part of the country, particularly to Baku (IDMC 2008: p.6).

2.3.3 Other factors fuelling internal migration in Azerbaijan

Distortion of infrastructure, less access to basic public services, such as education and health, and poor delivery of energy and water supplies in rural areas have been among the major factors pushing rural people to bigger urban centers with relatively better conditions. That is, after the collapse of the former Soviet regime, the newly established Azerbaijani

government, which was lacking enough sources, could not provide public services effectively, particularly in rural areas. Consequently, rural population suffering from these inconveniences started to migrate to urban centers of the country, particularly to Baku.

My findings of the interviews with rural migrants suggest that education is one of the major factors pulling rural youth to urban centers, i.e. approximately 18 percent of respondents have moved to Baku for the purposes of studying in universities and other educational institutions. As Baku is the major higher educational center of the country with 71 percent of the state higher educational institutions, thousands of school leavers (16,489 as of 2007) come to the capital city every year to continue their education at universities and higher educational institutions (ASSC 2007). If the private higher educational institutions are also accounted, the number of students coming to Baku for study every year can exceed 20,000 (State Students Admission Commission of Azerbaijan 2007: p.28). What is more, a significant number of graduates tend to stay in Baku to work or live upon the completion of their higher education. Unfortunately, lack of available data on the number of university graduates staying in Baku after finishing their education makes it challenging to describe the whole picture of this process more broadly.

The poor conditions of the healthcare services in rural areas of Azerbaijan are another major factor pushing rural people to urban centers which are relatively better provided with healthcare facilities and doctors. The gap between Baku and other regions of the country in the provision of healthcare exists in this sector of public service as well. That is, most rural areas are suffering from lack of doctors and healthcare facilities with electricity, water and gas supplies (Salahov 2008: pp.1-3). “While Baku contains 95 doctors per 10,000 residents, that number falls to a mere 15 physicians per 10,000 residents in the southern region of Lankaran, and to rock-bottom at about 10 doctors per 10,000 residents in the southwestern region of Kelbejer-Lachin” (Salahov 2008: p.1).

Furthermore, there are also huge discrepancies in the provision of water and energy supplies between Baku and the other regions of the country. That is, energy supplies are less reliable in the regions outside Baku and Absheron peninsula, in which energy supply is guaranteed only for several hours per day (SPPRED 2003: p.26). The studies conducted by independent organizations, such as USAID (2002) and the United Nations Statistics Division (UNSD) (2005), also conclude that urban people have also been ‘luckier’ than their rural counterparts in terms of the provision of basic utilities. That is, 82 percent of the people without water supply lived in rural areas of Azerbaijan in 2001 (USAID (2002: p.1) and more than 40 percent of rural population had no access to improved water sources in 2004 (UNSD 2005: p.1).

Last but not least, cultural factors, such as family relationships, play an important role in migration as well. That is, most migrants are moving to Baku with their spouses and children as family relationships are very strong in Azerbaijan society. The results from the survey I administered show that around 30 percent of the interviewees and almost all of those who are married have migrated to a new place of residence just because the head of the family or other members have moved. Despite housing problems and unemployment, migrants prefer to bring their family members, such as parents, spouses and children with them.

So, poor provision of basic public services, such as education and healthcare, i.e., the concentration of major higher educational institutions in the capital city, poor conditions in rural healthcare facilities and lack of doctors in rural areas, as well as poor delivery of water and energy sources in rural areas push people out of rural areas to bigger urban centers, particularly to Baku.

To conclude all those discussed in this chapter, urbanization in Azerbaijan is characterized with “mono-centrism”, i.e. the concentration of most urban sectors and

population in one area, the eastern part of the country, particularly in Baku. While the growing discrepancies between the regions in income, job opportunities and provision of basic public services have been major factors of internal migration in Azerbaijan as experienced in other LDCs, the process has also been significantly fuelled by the ethnic conflict, which is specific for the case of Azerbaijan.

Chapter 3: Consequences of internal migration in Azerbaijan

The possible consequences and assumptions briefly introduced in the first chapter in the samples of case studies and the country-specific determinants and patterns of rural-urban migration analyzed in the previous chapter cause to raise such questions as the ongoing internal migration should be considered positively or negatively from the viewpoint of Azerbaijan's socio-economic development and the inflow of rural population to urban centers should be encouraged or not. To answer these questions, the consequences of internal migration both for rural and urban communities should be evaluated in light of socio-economic development of the country. This chapter is therefore dedicated to explore the consequences of internal migration in Azerbaijan both for rural and urban areas, and to determine the benefits and losses derived from the continuing rural-urban population flow.

3.1 Consequences of internal migration for rural areas of Azerbaijan

Internal migration in Azerbaijan has been affecting rural areas of the country both positively and negatively. Rural-urban migration creates new employment and income opportunities for rural population and more access to basic public services on the one hand, and it causes the distortion of traditional rural sector, age and gender imbalances among rural population and loss of skilled labor on the other hand.

One of the benefits of internal migration for rural communities is new employment and income opportunities offered by the developing urban centers, particularly the oil-rich eastern part of the country. The findings of interviews I administered with rural migrants illustrate that most migrants who were unemployed before migrating have found jobs either in formal or informal urban sectors. To be more precise, approximately 28 percent of the

respondents have stated that they were unemployed before migrating, while they have been working since moving to the capital city. Finding new employment and income opportunities in urban areas has helped to reduce income gaps between rural and urban communities and alleviate poverty in rural areas. Therefore, the comparison of data provided by independent sources, such as USAID (2002) and International Fund for Agricultural Development (IFAD) (2007), shows that poverty in rural Azerbaijan declined significantly during 2000 and 2007. Hence, rural population constituted 48 percent of total population under poverty level in 2000 (USAID 2002) while this rate declined by 6 percent in 2007 (IFAD 2007).

Another benefit of rural-urban migration in Azerbaijan is better living conditions, more access to basic public services and regular water and energy supply provided by urban areas. That is, rural population still tends to migrate to urban areas which provide relatively better living conditions both for migrants and their family members even though migrants can not get well-paid jobs immediately after moving to urban areas, they are often employed in low-income positions and the cost of living in urban areas is pretty higher than that of rural areas. For instance, around 70 percent of the respondents I interviewed stated that they decided to move to Baku as the capital city offers them and their family members better living conditions compared to those in the previous place of residence. Such motivations are encouraging rural people to migrate although some of them could not get a higher income by moving to Baku and even face with higher living costs in the urban area.

Furthermore, rural-urban migration can lead to the diversification of family income by creating new income opportunities. That is, remittances sent back to other family members left in rural areas contain a part of family income. However, as most migrants are employed in low-income positions and their income could often meet only their basic needs in urban areas, remittances do not constitute large part of rural family income so far. The household survey

conducted by Caucasus Research Resource Center (CRRC) in 2007 illustrate that remittances contain only 10 percent of family income in most rural areas of the country (CRRC 2007).

Despite all these positive sides, internal migration is also accompanied with some negative impacts on rural areas.

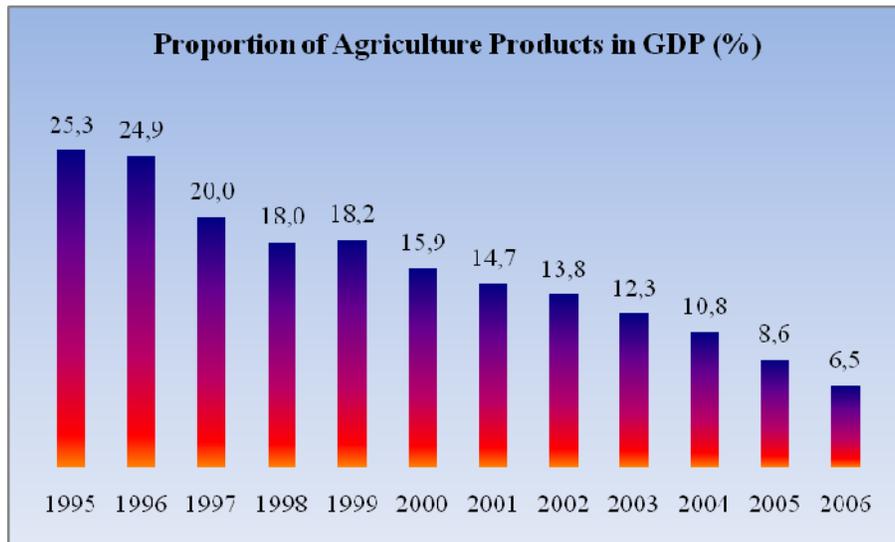
One of the negative consequences of internal migration for rural communities is the loss of skilled labor in rural areas. The findings of my interviews show that only few rural migrants are employed in higher positions in urban areas, which helps the development of human capital in rural areas. That is, those who are employed in higher positions acquire new skills and knowledge in urban sector. However, the findings of my survey show that this is not common among the rural migrants. Internal migration in Azerbaijan has, on the contrary, caused to the loss of skilled labor in rural areas. The findings of the survey I conducted among migrants show that most migrants are between the ages of 25-45 which constitute the youngest and most active group of rural population. Additionally, around 57 percent of migrants interviewed have higher education or they are skilled employees among whom there are teachers, doctors, lawyers, accountants and engineers. The findings of my survey show that most of these people (around 68 percent) are employed in positions irrelevant to their professions - they are either employed in informal economy and lower positions in industry or unemployed. In addition, migrants who find better jobs and income opportunities in urban areas are hardly willing to come back to the previous place of residence. The household survey conducted by the CRRC in 2007 illustrate that migrants rarely return to their previous place of residence. The data show that around 15-20 percent of migrants return to their previous place of residence after migrating (CRRC 2007). The findings of the survey I conducted among rural migrants also illustrate that the willingness of skilled migrants to return to their previous place of residence is quite low; i.e. almost none of skilled migrants is willing to return villages under the existing conditions in rural areas. Therefore, considering

that the skilled labor constitutes a large proportion of migrants, they are employed improperly in urban sectors and they are not willing to go back to rural areas under existing circumstances, i.e. less income and employment opportunities in rural areas, the loss of skilled labor for rural communities can be claimed pretty high.

Another negative impact of rural-urban migration on rural communities is the distortion of age and gender balances in rural areas. The findings of my interviews with female migrants show that females are not so willing to migrate as males are. That is, most female migrants interviewed stated that studying and movement their spouses and other family members were the major factors influencing them to migrate. As there is no official statistics on the percentage of male and female migrants moving from rural to urban areas of the country, it is challenging to give a picture of the situation. However, the work available in urban sectors is mainly in labor-demanding sectors such as construction and oil industry, which reduces the chances of females to migrate, and it can therefore be inferred that females are less likely to migrate. Moreover, the findings of my survey show that most of the migrants are young people who can work in hard jobs. From this finding it can be inferred that older people are less willing to migrate and rural population left behind in villages is more dependent group of population, i.e. older people, children and females.

Finally, internal migration has led to a serious decline of productivity in traditional rural sector. As agriculture is one of the most labor-demanding sectors of economy and this sector lacks productive labor force because of outflow of young and active people, productivity in agriculture sector has significantly declined over the past few years. Such a trend can be clearly observed from the following figure which illustrates the proportion of agriculture products in GDP over 1995-2006.

Figure 1



Source: Azerbaijan State Statistical Committee, 2007

The figure obviously illustrates that the percentage of agriculture products in GDP has declined by 18.8 percent. Although the increase in productivity in urban sectors has played an important role in the decline of the proportion of agriculture in GDP, the role of rural-urban migration can not be ignored either. Such a decline can have a significantly negative impact on the country which is highly dependent on extractive industry and is attempting to develop non-oil sectors of economy to reduce its dependency on extractive industry and to attain sustainable development. Considering that Azerbaijan is highly likely to undergo a recession in the coming years such a continuing decline in rural sector can lead to significant negative consequences both for rural areas and overall the country (IMF 2008: p.246).

3.2 Consequences of internal migration for urban areas of Azerbaijan

As in rural areas of Azerbaijan, internal migration has also been affecting urban areas both positively and negatively. On the one hand, internal migration provides developing urban sectors with cheap labor force which in turn creates opportunities to expand urban sectors such as industry and service sectors. On the other hand, it causes overpopulation, congestion, high crime rate, poor delivery of basic public services in urban areas and inequalities among regions.

Above all, rural-urban migration has covered the huge demand for labor force in developing urban industries of Azerbaijan, such as oil production, construction and service sectors. Hence, the rapid development of industry, particularly oil and oil-related sectors, construction and service sectors in mid-nineties created huge labor shortages in the urban sectors, which were fully covered by the migration of labor from rural to urban areas. So, internal migration in Azerbaijan has caused surplus-labor in subsistence rural sector to move to developing urban sectors which were undergoing labor shortages.

Another benefit of rural-urban migration for urban areas has been the contribution of labor flow to the development of urban sectors, particularly industry, construction and service sectors. As most capital and labor force has concentrated in Baku, the capital city has become the major economic center of the country with most of the industries, almost all of the oil producing companies, and developing service and construction sectors. Now, approximately 39 percent of all entities over the country have concentrated in the capital city, and more than 70 percent of capital investments have been directed only to Baku (ASSC 2008). In addition, the capital city has attracted around 62 percent of foreign investment directed to the overall country (ASSC 2008). Baku, around which almost all of the oil industries are located, contains around 60 percent of the total GDP without considering other urban sectors (ASSC

2008). So, the concentration of labor and investment in Baku has made the capital city not only the major political but also economic center of the country.

Nevertheless, internal migration has also been accompanied by more negative impacts for urban areas, such as congestion, pollution, high crime rates and unemployment in urban areas. Above all, internal migration has been manifested in the rapid population growth in urban areas, particularly in Baku. Such a population growth is likely to be far higher than it is now as the birth rate among rural migrants (2.6) is higher than that of urban population (2.0) (ASSC 2008). High birth rate among young rural migrants has affected the urban fertility by increasing its rate from 1.6 in 2000 to 2.1 in 2006 (ASSC 2008). So, internal migration has affected urban population growth both directly and indirectly, i.e. urban population has been increased by internal migration and natural population growth which is also significantly affected by population inflow to cities. Now Baku has become the densest city of the country with the highest population density (889/km²) (ASSC 2008). In addition, there have appeared slums around the capital city without adequate communication systems for dwellers. The increasing illegal settlements mostly inhabited by rural migrants create congestion problems for urban communities. As the capital city lacks enough capacity to meet the basic needs of increasing population and appearing settlements around it, Baku has been experiencing high congestion.

Migration of rural population to urban areas has also been accompanied with the pollution and increasing crime rate in the cities, particularly in Baku. That is, the overpopulation experienced in the capital city with insufficient infrastructure, such as water supply and sewage systems, has challenged to preserve environment and to prevent diseases. Therefore, according to the survey conducted by the Development Gateway Foundation, which ranks 215 cities based on levels of air pollution, waste management, water portability, hospital services, medical supplies and the presence of infectious disease, Baku is now at the

top of the 25 dirtiest cities of the world (Luck 2008). Furthermore, the population increase has also been accompanied with the increasing crime rates in the capital city. The data provided by ASSC and the Ministry of Internal Affairs show that around 44 percent of the criminal cases over the country have been recorded only in Baku. Therefore, the capital city is now considered one of the least secure cities of the country, in which population inflow to Baku has played an important role.

Another important problem derived from rural-urban migration is increasing unemployment and underemployment that challenge urban areas. According to the statistics provided by ASSC (2008), the number of persons receiving compensation for unemployment in Baku has doubled and around 36 percent of all such people are in Baku. As the level of migration is fairly high despite low rate of job creation in industrial sector, urban areas are facing unemployment and underemployment. In addition, the movement of other family members such as spouses and children with migrants, who are not generally employed in urban sectors, causes the increase of urban unemployment and underemployment. My findings from interviews with rural migrants show that around 60 percent of respondents have migrated with their family members who are “passive” migrants without employed in urban sectors, i.e. either children or spouses of migrants. Therefore, internal migration which leads to unemployment and underemployment can increase poverty in urban areas and simply transfer rural poverty to urban areas.

In conclusion, the analyses of internal migration in the context of rural and urban areas of the country show that both areas experience benefits and losses as a consequence of population movement. For a certain period of time rural-urban population movement has affected both rural and urban areas positively. However, the continuing process is increasingly affecting rural and urban areas as well as overall the country adversely.

Chapter 4: Policy options

Rural-urban migration in Azerbaijan, which can lead to serious challenges for the country in the long run, urges the Azerbaijani government to manage the phenomenon effectively. Considering that migrants are mainly employed in short-term urban sectors, such as extractive industry and construction, rural-urban migration is unlikely to be advantageous for the country for the long run, though it can be positive for the short run. Furthermore, rural-urban migration which leads to the distortion of traditional rural sector and mismanagement of skilled labor force can cause to serious problems for the country. Moreover, as the existing urban sectors can not provide employment opportunities for current and potential migrants, the level of unemployment is increasingly growing in the capital city. Despite the significance of the problem, the Azerbaijani government is not implementing a comprehensive policy to manage the continuing flow of rural people to the capital city and the surrounding regions. The specific features of migration, such as its mono-centrism, country-specific determinants and consequences of rural-urban migration, require that adequate policies be implemented to slow down the inflow of population to the capital city and to benefit from positive sides of internal migration. In order to develop relevant policies to manage rural-urban migration in Azerbaijan, several aspects of the phenomenon should be carefully examined and short-term and long-term negative and positive consequences of internal migration should be considered and the existing government interventions should be evaluated.

The consequences of internal migration in various countries have urged governments to treat this phenomenon in different ways. The case studies from China, Bolivia, Ghana, India, Indonesia and Malaysia show that in some cases, rural-urban migration has been encouraged while in other cases rural people were either forbidden to migrate from rural to urban areas or encouraged to stay in villages.

One of the policies that can be applied in response to the steady population movement from rural areas to the capital city can be a restrictive policy, similar to that of Indonesia and South Africa. The Azerbaijani government can introduce a restrictive policy allowing only a limited number of people to move to the capital city and offering a reduced number of rural migrants to work in urban areas. Restrictive policies can be particularly effective in legalizing informal economy which is widely-spread in the capital city. Possible restrictions on informal economy can have positive impacts in terms of taxes, social security contributions and other similar payments to the government in the short-run. At the same time, legalizing informal economy can provide benefits for those engaged in such activities in the long run. However, under the existing conditions, i.e. huge employment and income disparities between rural and urban areas, a wide-scale restrictive policy can lead rural people to a more stagnant situation and increase the level of poverty in rural areas. As the movement of population from stagnant rural areas to developing urban centers is a natural process in a market economy, rural-urban migration can hardly be restricted.

Nevertheless, there can be a “positive” policy (in line with Jones 1986: p.208) applicable in the case of Azerbaijan, which suggests the dispersion of urbanization across the country, i.e. to encourage rural poor to migrate to other urban centers of the country. The government can effectively manage internal migration by influencing its direction, i.e. establishing new “growth centers”, as suggested by Riddel (1978: p.256) and creating incentives for rural migrants to move to other cities of the country, which is one of the most extensively implemented policies to manage internal migration in the world (Lall *et al* 2006: p.48-49). Putting more capital investments and opening labor-intensive industries in other cities, such as Ganja, Zagatala, Lankaran, Guba, Mingachevir, Alibayramli and Shamaxi, which have been the cities of national importance because of their huge industrial, tourism and agriculture potentials, can change the direction of rural-urban migration to these cities.

Creating new migration centers can provide new opportunities for rural people on the one hand, and foster the development of these cities as well as their surrounding regions on the other hand. In order to avoid mismanagement of skilled labor while encouraging migration to other urban areas, recruitment offices can be established in major migrant origins to provide potential migrants with necessary information on employment in urban sectors. By this way, potential migrants can get jobs in urban areas relevant to their skills and knowledge. Nevertheless, changing the direction of migration and creating new urban centers can have negative consequences for effective management of rural-urban migration in Azerbaijan. That is, if the conditions in these new urban centers are not the same as those in the capital city, these centers can increase the level of migration from rural areas to the capital city by acting as passage-ways (Ridell 1978: p.256). Therefore, the new “growth centers” should be equally provided with necessary conditions (Ridell 1978: p.256).

Moreover, rural areas should be equally developed so that labor that can not be absorbed by new “growth centers” could be employed. Additionally, developing rural areas can be huge market for the products produced in urban areas. To develop the stagnant rural sectors the government should provide adequate financial opportunities for farmers and business people in rural Azerbaijan. Establishing credit organizations in rural areas, offering long-term credits with special discounts and easing loan granting process for rural famers and business can have positive effects on rural development. Another step to develop rural areas can be the improvement of rural infrastructure such as roads connecting rural areas to the close cities as well as energy and water supplies.

Implementation and management of these policies should be addressed both in the national and local levels. That is, the determination of new “growth centers” should be conducted by the government while providing potential migrants with adequate information should be implemented by local authorities as they have more information about their labor

force and its potential. Regarding rural development programs, such policies should be introduced and implemented in the framework of government-local officials' coordination.

To conclude, though internal migration in Azerbaijan creates some negative consequences for rural and urban societies, it can be changed to a driving force of national development and sustainable growth. That is, changing the direction of rural-urban migration from Baku to other cities of the country and providing these cities with cheap labor force and investment can lead to the development of the regions, the reduction of high disparities between the eastern part of the country and other regions and the improvement of non-oil sectors of economy.

Conclusion

The rapid development of urban industry sector and the stagnation of traditional rural sector experienced in Azerbaijan in the 1990s caused the movement of rural population to developing urban centers, particularly to the oil-rich eastern part of the country. As discussed in the extensive literature on migration, rural-urban migration in the case of Azerbaijan was fuelled by a variety of factors such as political, economic and social factors. The stagnant agriculture sector, poor infrastructure and less access to basic public services pushed rural people to big cities on the one hand, and the developing urban sectors, such as industry, construction and service sectors, and better provision of basic public services in big cities pulled rural people to urban areas on the other hand. Consequently, the level of urbanization in Azerbaijan rapidly increased and is forecasted to continue in the coming years at a fast pace. However, urbanization in Azerbaijan was characterized with its mono-centric feature, i.e. Baku and the surrounding regions became the major migrant receiving areas.

Internal migration has provided poor rural population with new income and employment opportunities and better access to basic public services on the one hand, and it has led to the loss of skilled labor force, depopulation, gender and age imbalances and decline of productivity in traditional rural sector on the other. Furthermore, internal migration has provided urban sectors with cheap labor force and led to the expansion of industry, construction and service sectors in urban areas, while the process has caused overpopulation, congestion, high crime rates, unemployment and poverty in the cities.

Considering the determinants of internal migration in Azerbaijan and its consequences for the country, the thesis aimed to propose some possible policy options for the government to manage the population movement from rural to urban areas and to benefit from the advantages of rural-urban migration. The policy options which are based on the experiences

of other countries facing similar problems show that internal migration can be effectively managed by changing its direction from Baku and the surrounding regions to other cities of the country. This policy can also be accompanied with relevant rural development policies in order to decrease the dependency of rural population from earnings outside their place of residence.

However, the limitations of the thesis can not be excluded. The major challenge to analyze the situation in more detail and to determine the rate of rural-urban migration in Azerbaijan is the lack of information about the flow of people across the country. As rural migrants are not registered in the destination areas and the authorities in origin areas do not provide information about the movement of people, it is challenging to follow the process. Therefore, the registration of migrants in the areas of origin and destination can enable to get a more accurate data about the number of migrants, major migrant origins, ages and sex of migrants and other characteristic features.

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Appendix 1: INTERVIEW GUIDE

Please note that the answers you will provide for this survey are completely confidential. The results from the survey will be used only for research purposes by the author, will not be shared with any official agencies and will not in any way affect your residence or employment status. Moreover, your participation is completely voluntary.

I. Personal Characteristics:

1) Age:

2) Sex:

- Male
- Female

3) Educational attainment:

- Primary School
- Middle School
- Secondary School
- Technical (secondary) school
- University with Bachelor degree
- University with Master degree
- Candidate of Sciences
- Doctor of Sciences
- Other (please state) _____

4) Martial Status:

- Single
- Married
- Divorced
- Other

5) If **married**:

(i) *What does your spouse do?*

- Employed in the formal economy
- Employed in the informal economy

- Works in a family business
- Is looking for work
- Is studying
- Is at home taking care of dependents
- Is retired or at home without dependents
- Other (*please state*) _____

(ii) *Did your spouse move to Baku with you?*

- Yes*
- No*

If not, why not?

6) Do you have any children?

- Yes
- No

If “No”, skip questions 7 through 9 and proceed with the next section.

7) How many children do you have?

8) For each child please identify their educational attainment:

- | | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> Kindergarten or below: | 1 st | 2 nd | 3 rd | 4 th | 5 th |
| | <input type="checkbox"/> |
| <input type="checkbox"/> Primary school: | 1 st | 2 nd | 3 rd | 4 th | 5 th |
| | <input type="checkbox"/> |

- | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> Secondary school: | 1 st | 2 nd | 3 rd | 4 th | 5 th |
| | <input type="checkbox"/> |
| <input type="checkbox"/> University: | 1 st | 2 nd | 3 rd | 4 th | 5 th |
| | <input type="checkbox"/> |

9) Did your children move to Baku with you?

- Yes
 No

If not, why not?

II. Decision to migrate:

1) How long have you lived in Baku? _____

2) Where did you live before moving to Baku? _____

3) What was the reason for you to move from your previous place of residence?

Check **all** that apply.

- Lack of job opportunities
- Fewer employment benefits
- Less income
- Poor job quality
- Poor economic conditions
- Poor health services
- Poor education services
- Poor provision of public transport or lack of public transport
- Bad quality of housing
- Unfavorable climate
- High crime rate
- Ethnic tensions
- Lack of recreational and leisure activities

- Cannot achieve desired lifestyle
- Other (please state) _____

4) Why did you choose to move to Baku?

Check **all** that apply.

- More job opportunities
- Higher job quality
- Better employment benefits
- Better economic conditions
- Better health services
- Better education services
- Better provision of public transport services
- Good quality of housing
- Less pollution
- Less crime
- Lack of ethnic tensions
- Cultural diversity
- Availability of recreational and leisure activities
- Can achieve desired lifestyle
- Have relatives from Baku
- Other (please state) _____

III. Employment

1) What is your occupation? (e.g. secondary school teacher, mechanic, accountant etc.)

2) What sector was your job in before you moved to Baku (i.e. the main activity of the place where you worked before migrating to Baku)? (e.g. education, health services, retail trade)

(Please provide as much detail as possible)

3) Which of the following options describes your employment status?

- Employed
- Unemployed looking for a job
- Unemployed not looking for a job

Other (please state) _____

4) What sector is your job in now (i.e. the main activity of the place where you are currently working)? (e.g. education, health services, retail trade)

(Please provide as much detail as possible)

If “unemployed”, please skip questions 5 through 8.

5) Which of the following options best describes your employment status in Baku?

- Employed in formal economy
- Employed in informal economy
- Self employed and employing others in my business
- Self employed and NOT employing others
- Working in a family business
- Other (please state) _____

6) How satisfied are you with your job?

Check only one option.

- Very satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied

7) If somewhat dissatisfied or very dissatisfied, why?

Check **all** that apply.

- I am not using my skills, expertise and work experience.
- This job is not my preferred occupation.
- Pay is too low.
- I am experiencing discrimination from my employer because I am a migrant.
- Working conditions are bad.
- I am deprived of employment benefits (e.g. group insurance, retirement benefits, sick leave, vacation and social security).
- My current job is less secure, i.e. the chance of losing my job and being unemployed is very high.
- Other (please state) _____

8) How well does your total income meet your everyday needs for things such as housing, food, clothing and other necessities?

- Not enough money
- Enough money
- More than enough money

9) Prior to living and working in Baku, how well did your total income meet your everyday needs for things such as housing, food, clothing and other necessities?

- Not enough money
- Enough money
- More than enough money

10) Please evaluate job opportunities/job quality at the place where you lived before migrating.

- Many job opportunities, good quality
- Many job opportunities, bad quality
- Few job opportunities, good quality
- Few job opportunities, bad quality
- No job opportunities

11) Please evaluate job opportunities/job quality in Baku.

- Many job opportunities, good quality
- Many job opportunities, bad quality
- Few job opportunities, good quality
- Few job opportunities, bad quality
- No job opportunities

12) How do you relate/compare your previous occupation with present job?

- Very similar
- Somewhat similar
- Somewhat different
- Very different

13) (A) Please state the similarities between your previous job and your present job.

13) (B) Please state the differences between your previous and present jobs.

14) Would you consider moving back to your previous place of residence?

- Yes
- No

15) If “Yes”, what would motivate you to return your previous place of residence?

Check **all** that apply.

- Creation of more job opportunities
- Improvement of job quality
- Provision of more employment benefits
- Improvement of economic conditions
- Provision of better education services
- Provision of better health services
- Provision of better public transport services
- Provision of good housing
- Reduction of pollution
- Reduction of crime
- Decrease of ethnic conflicts
- Provision of recreational and leisure activities
- Other (please state) _____