

Report No. AAA64 - AZ

Azerbaijan

Building Assets and Promoting Self Reliance: The Livelihoods of Internally Displaced Persons

October 2011
Social Development

EUROPE AND CENTRAL ASIA



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Acronyms

AZN	Azerbaijan Manat
CPI	Consumer Price Index
DRC	Danish Refugee Council
ECA	Eastern Europe and Central Asia
FGD	Focus Group Discussion
GoA	Government of Azerbaijan
IDMC	Internal Displacement Monitoring Centre
IDP	Internally Displaced Person (plural: IDPs)
LSMS	Living Standards Measurement Survey
OSCE	Office for Security and Cooperation in Europe
PL	Poverty Line
TSA	Targeted Social Assistance
SCRI	State Committee on Refugees and IDPs
SFDI	Social Fund for the Development of IDPs
SSI	Semi Structured Interview
UNHCR	United Nations High Commission for Refugees

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The Government of Azerbaijan (GoA) and the World Bank have a long history of partnership in addressing the needs of internally displaced persons (IDPs) in the country. Since 1998, the GoA and the World Bank have supported and implemented projects to improve the living conditions of IDPs; one lasting outcome of this work was the creation of the Social Fund for the Development of Internally Displaced Persons (SFDI). As the partnership moves into its second decade, the GoA and World Bank are concerned with focusing attention on IDPs' outstanding needs. The purpose of this study was to start identifying gaps and areas for further engagement. The report would not have been possible without the support of GoA counterparts, in particular His Excellency Deputy Prime Minister Ali Hasanov, Head of the State Committee on IDPs and Refugees Affairs. Thanks are also given to Minister Shahin Mustafayev, Minister of Economic Development, Minister Samir Sharifov, Minister of Finance, and Geray Ferhadov, Deputy Chairman of the State Committee for Refugee and IDP Affairs, who undertook a review of the final draft report and provided comments. Ayaz Orujov, SFDI Director, guided the qualitative research. Namig Ibrahimov, SFDI, acted as the focal point for the work liaising between the GoA, the World Bank, the research firm, and IDP respondents. Joanna P. de Berry was the World Bank's task team leader. Primary authors of the report were Joanna P. de Berry and Carolyn Turk. Other contributors

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Executive Summary

Seven percent of Azerbaijan's population (approximately 595,000 people) is displaced, making it one of the highest concentrations of Internally Displaced Persons (IDPs) per capita in the world. Most of these IDPs were forcibly displaced in the years 1988-94 during conflict between Armenia and Azerbaijan over the Nagorno-Karabakh region of Azerbaijan. The IDPs were settled into new locations in Azerbaijan. Without a peace agreement and final resolution of the conflict, these people remain unable to return to their lands of origin and remain in a situation of protracted forced displacement with profound implications for their social and economic status.

IDP Vulnerability

IDPs are a vulnerable group whose impoverishment in the immediate aftermath of their forced movement was an economic shock that has been hard to overcome, especially since they lost access to significant assets. They have had to adapt to a new context, but still suffer from loss and trauma. Data presented in this report show that while they face many of the same overall challenges as the poor in Azerbaijan, IDPs are particularly vulnerable in a range of areas: they are more likely to be poor, suffer worse living conditions, display lower employment rates and higher work inactivity rates than the non-displaced.

- Poverty rates among IDPs are 25.0 percent compared to 20.1 percent among the non-displaced;¹

- 42.5 percent of IDPs live in one-room accommodations compared to only 9.1 percent of non IDPs;
- IDP families have an average of 36 square meters of living space compared to 74 square meters for local families;
- Rates of access to electricity, hot water, and bathrooms are worse among the displaced than non-displaced;
- Employment rates among IDPs are 40.1 percent compared to 57.4 among the non-displaced;
- Work inactivity rates among IDPs are 54.3 percent compared to 36.2 percent among the non-displaced.

According to the report, there is also a widespread sense of social marginalization and hopelessness among the IDP population. The psychosocial status of IDPs is cause for concern. They express despondency and anxiety, likely a result of their uncertain situation. This feeling is combined with a dependency syndrome and expectations that the solution to all their difficulties lies with the actions of government. IDP respondents in the research linked psychosocial stress to their

Bank for assessing a poverty line, which involves calculating the amount required to sustain an intake of 2,267 calories per day. In Azerbaijan, this is estimated to require a per capita monthly consumption of AZN 60. Use of this methodology results in a slightly different poverty level among IDPs than Government of Azerbaijan statistics, which puts the poverty rate among IDPs at 23 percent.

1 Calculated using the global standard used by the World

fragile health profile, which intensifies their need for treatment and associated payments, which in turn further strains their household economies. The report shows that the links between ill health and poverty are more pronounced for IDPs than for non-IDPs—the poverty rates for those reporting as being in poor health are 30.7 percent among IDPs and 19.7 percent for non-IDPs.

The Government Response

The GoA has responded to the considerable challenge of protecting and supporting IDPs through a comprehensive and well-resourced set of assistance programs. These investments have had a positive impact on the social and economic welfare of IDPs and without them it is likely that IDPs would face worse prospects.² The GoA spends annually an estimated 3 percent of its GDP on assistance to IDPs. Globally, this is an unprecedented level of commitment shown by a government to its displaced population. High-level government agencies administer the IDP support programs to ensure that the development needs of IDPs are continually recognized at the national level. The State Committee on Refugees and IDPs, headed by a designated Deputy Prime Minister, leads the response to IDPs. Since 1993, there have been more than 70 Presidential Decrees, 290 Decisions from the Cabinet of Ministers and the adoption of 26 laws concerning the displaced.

The comprehensive assistance package for IDPs includes subsidized utilities (gas, water, and electricity), income tax exemption, free higher education fees, free access to all education and health services, in-kind food and tool donations. Every IDP is entitled to a monthly direct cash transfer of AZN 15 (equal to 25 percent of the poverty line). In addition, there are job quotas for IDPs.³

2 Government of Azerbaijan statistics show that poverty rates among IDPs have fallen from 74 percent to 23 percent over the past ten years as a result of comprehensive assistance programs.

3 Government of Azerbaijan statistics show that 76,977

These government cash transfers and employment initiatives have undoubtedly helped protect IDPs from descending deeper into poverty; while IDPs are more likely to be poor than non-IDPs, the gap between the two groups is relatively small and likely would be much greater without government support. In addition, the GoA leads a housing program for IDPs living in the worst conditions; by 2009, more than 75,000 IDPs had been relocated to new settlements, where they received individual houses plus access to a full range of services and infrastructure. The majority of those resettled were also allocated land. Between 2009 and 2010, a further 13,400 IDPs were relocated, and in 2010 approval was given through Presidential Decree No. 1346 for the resettlement of an additional 115,000 persons. The IDPs targeted under the new settlement program report a marked improvement in their living conditions and overall sense of well-being.⁴

The need to improve IDP self-reliance

The GoA recognizes that promoting the economic opportunities and livelihoods of IDPs requires much more attention. At present, state subsidies remain the main source of income for the majority of IDPs; 71 percent of the IDP population reports being dependant on cash transfers from the State, which are the main income source for their household. The data presented in this report suggest that there are two main needs in regards to IDP household incomes:

- More IDPs require employment. At present, there are extremely high levels of economic inactivity among IDPs, especially among women.

IDPs received with jobs over the past seven years.

4 Achievements under these resettlement programs include: the construction of more than one million square meters of housing, 126 schools, four music schools, 40 kindergartens, 45 health clinics, 33 communication exchanges, 564 km road, 672 km of water pipes, 1073 km of power lines, 149 km of natural gas lines, 37.1 km of sewage systems, 4.3 km of heating lines and installation of 559 power transformers.

- IDPs require higher incomes. At present, IDPs' expenditure often exceeds their income. They manage this gap through a series of credit and debt relations, which can become stressful and increase their sense of dependence and economic insecurity.

Time has come to consider a re-balancing of the nature of support for IDPs, moving away from their continued dependence on the State and instead focusing on improving their employment prospects, building their assets and facilitating their gaining sustainable livelihoods based on their own self-reliance. The potential benefits of promoting IDP self-reliance are considerable:

- Promoting IDPs' self-reliance will decrease their dependency on the State and instead enable them to make an active contribution to the national economy;
- Helping IDPs to become self-reliant means investing in skills and abilities that will increase their resilience and will enable them to successfully rebuild their lives on return to their home lands;
- Improved self-reliance is likely to improve the overall sense of empowerment, well-being and hopefulness of IDPs. The IDPs consulted for this report showed a strong desire to diversify their income sources away from state subsidies and to participate positively in the labor market;
- Improving employment among IDPs is likely lead to decreased poverty for IDPs; the incidence of poverty among employed IDPs is less than for the many who declare themselves inactive.

The World Bank and the GoA set up this research as a contribution to the identification of constraints on and opportunities for increasing IDPs' self-reliance. As such, it is a review of challenges, outstanding needs and insecurities identified by IDPs, giving the study problem-solving

orientation rather than making it a review of positive achievements already gained through government assistance.

IDP Livelihood Constraints

The report pursues the argument that in order to expand the choice of IDP livelihoods it is possible to build upon and extend economic activities in which they are already involved and which are currently unprofitable. Indeed, the report shows that many IDPs do seek to supplement their household incomes through a range of strategies but, due to a series of constraints, these strategies neither provide a viable employment source nor bring in substantial incomes.

The IDPs contacted during the course of the research were seeking supplemental income through three main avenues: in the informal labor market (especially in the construction industry), in petty trade, and in agricultural activities. In the informal labor market, IDPs reported being hampered by a lack of human assets i.e. qualifications and skills that would enable them to access better paid and more secure jobs. This lack of skills left them little alternative but to take up the more physically onerous work, which was often subject to demand flux and lack of formal contracting arrangements, leaving IDPs vulnerable to exploitation. In addition, such work was offered on a day-by-day basis and did not provide a consistent or secure form of income. There is a clear case for investing in vocational training and skills for IDPs, to improve their human assets to gain access to better paid and more secure work. Relevant data shows that poverty rates for IDPs with a technical qualification are lower than poverty rates for those with tertiary education. In addition, IDPs reported that there were high transaction costs associated with work in the informal labor market, as they often had to move across the country to access such work opportunities.

Discussions with IDPs who undertook petty trade suggest that their main constraints include a lack of secure premises or markets for their

trade and exploitative relationships with intermediaries with whom they often have a stressful relationship of debt and credit. The IDPs who engaged in petty trade frequently dealt with eviction from informal markets when property developers acquired the land on which they traded. No particular regard was paid to the livelihood loss these evictions entailed for IDPs, nor were any alternatives put in place to restore the lost income-generating activities.

Many IDPs consulted during research for this report expressed eagerness to pursue agricultural livelihoods, a reflection of their rural origins. Some IDPs participating in the research were growing produce or keeping livestock but this was often used for household subsistence rather than for profit. The major constraint IDPs reported when pursuing more lucrative agricultural livelihoods was lack of access to fertile, well-irrigated land. Despite having rural backgrounds, the majority of IDPs settled into urban areas and they have no land assets or entitlement. Additionally, IDPs reported that they lacked the start-up capital required to invest in profitable agricultural activity.

Their weak social capital and limited connections with people in positions of influence and opportunity was one prevailing livelihood constraint for IDPs. IDPs' experience, collated during the research, suggested that social capital was an important route for them to secure employment and protection in the work force. While social bonds within the IDP population seemed to be strong and a source of their psychosocial resilience, IDPs did appear to be socially marginalized within the broader society. They reported feeling subject to some social stigmatization and exclusion, which they felt affected their ability to gain employment. IDPs' fragile psychosocial profile may also prevent them from pursuing livelihood options and more risky strategies for economic self-reliance, as they lack the confidence to do so.

Variation within the IDP Population

Some important variations within the IDP population emerged in the report. The first was the difference in circumstances between IDP men and women. The levels of economic inactivity among IDP women were higher than among men. Other studies suggest that displacement resulted in a re-traditionalization of gender roles with women more confined to the domestic sphere than was the case before their displacement. The situation of female-headed households was particularly precarious with poverty rates of 32.3 percent among IDP female headed households compared to 22.7 percent among those headed by men.

Second, patterns of poverty and vulnerability varied according to location. Poverty rates were highest among IDPs who resided in secondary cities. These IDPs had neither access to land, which would allow them to pursue agricultural livelihoods, nor did they have access to the greater employment opportunities enjoyed by those IDPs who live in Baku and who have lower poverty rates. IDPs who reported a distinct improvement in their outlook and livelihood opportunities are those who had relocated into GoA-sponsored new settlements, with improved facilities. However, there was a risk of increasing disparity among the IDP population. Those in new settlements had been the subject of considerable investment. By contrast, those IDPs who remained in collective centers had seen little investment in improving their accommodation and continued facing a range of detrimental conditions.

Third, IDP experiences vary according to age. The protracted nature of displacement in Azerbaijan means that a entire new generation of children and young people were born and had grown up as displaced people, despite never having seen the lands from which their parents fled and to which they remained affiliated. Young people should be specifically targeted and encouraged to become economically self-reliant in their current places of residence, failing which they risk depres-

sion, frustration and inter-generational conflict. In this regard, the frequent references made by young IDPs in the course of the research to the difficulties they faced in marrying due to accommodation and financial constraints are cause for concern, as a delayed transition to adulthood (as represented in this context by marriage) carries the potential for conflict and tension among this second generation.

Conclusions and Recommendations

The report concludes that, two decades after their forced displacement, the IDPs' economic and social development still lagged behind that of the rest of the non-displaced population, and they needed continued support. Therefore, targeted investments by the GoA to support IDPs are justified and are still required to address their specific vulnerabilities. Continuing to target investments for IDPs will ensure that IDPs are included and benefitting equally from the growing prosperity of Azerbaijan. It is clear that support for IDP self-reliance should focus on addressing constraints to their livelihood strategies and improving their human, physical, natural, financial and social assets so they can build more independent and viable household economies.

Building Human Assets

- Acquiring professional skills will better equip IDPs to be competitive in the labor market and will increase their likelihood of securing more stable and lucrative employment. Where appropriate, active IDPs can receive vocational training to increase trade professionalism. However, in the longer term the goal should be to eliminate any skills gaps between IDPs and non-IDPs.
- Many IDPs interviewed for this research supplemented their incomes in the informal labor market, particularly marketing and trading. Therefore, policies favorable to the informal sector are likely to benefit IDPs. IDPs would gain from

affordable and accessible locations for trading activities. Urban development should take into account the location of IDP activities and the potential losses they could sustain when land is acquired for development and construction.

- Further analysis of the particular health and psychological needs of IDPs is necessary to ensure the adequacy and responsiveness of health care provision for this sector of the society.

Strengthening Physical Assets

- The living conditions and accommodation of IDPs can have an important link to their sense of well-being, hopefulness, and desire and ability to be self-reliant. Continued investment is necessary to upgrade IDP housing and services. In particular, investments are necessary to improve physical conditions in the IDP collective centers.
- An integrated approach to IDP housing that considers the relationship between accommodation location and livelihood options is necessary. Every effort should be made to accommodate IDPs in areas connected to markets, employment opportunities and viable livelihood opportunities, including possible access to land. In future, new settlements could be located with this in mind and renovation of existing accommodation (e.g. the collective centers) should be considered only in locations where IDPs are economically and socially connected, otherwise alternative residential options should be sought.
- Increased levels of IDP ownership of property would likely instill a greater sense of responsibility for their living conditions and an overall sense of self-reliance and would improve IDPs' ability to use their physical assets as collateral.

Strengthening Natural Assets

- Many IDPs in rural areas would benefit from improved access to and formal ownership of irrigated, fertile agricultural land to pursue agricultural livelihoods. This may encourage them to invest in productivity-increasing technologies with the reassurance that they would be able to reap the benefits of those investments. Land would also serve as collateral and allow IDPs to access formal financial services. Increasing opportunities for land renting and access to communal land can be an option. IDP incomes from agricultural activities could also be intensified through investments in quality inputs, knowledge and skills, and through enhanced access to markets.

Strengthening Financial Assets

- IDPs contacted in the research faced constraints in accessing credit to invest in income-generating activities and to smooth their consumption needs. As discussed, IDPs' lack of property assets that can serve as collateral hampers their access to credit. IDPs would benefit from loans for income-generating activities with less stringent collateral conditions for borrowing.
- However, enabling more IDPs to start micro-enterprises will not only require improved access to financial capital but also development of the skills and provision of support required for micro-enterprise growth.
- Even with improved assets, access to credit, and marketable skills, IDPs may still be loath to start up their own micro-enterprises or seek more lucrative income options because of their aversion to risk, due in part to their insecure situation. In similar settings, setting up community groups that jointly contribute into a common fund is one successful

model for stimulating economic activity for vulnerable and risk-averse persons. Such groups can develop collective saving practices and models of small-scale economic cooperation. They can be supported with additional financing and technical advice to commence income-generating activities.

Strengthening Social Capital

- While there are strong and resilient social bonds among IDPs, these do not often translate into social institutions or collective action. Very few IDPs feel empowered. Community mobilization approaches, where groups of IDPs collectively identify their development priorities and receive support to take responsibility for actions to address those problems, will enhance the effectiveness of social capital among IDPs as well as build their sense of empowerment.
- The interface between IDPs and local governments in their places of residence can be made more responsive, with more systematic ways for IDPs to contact and call upon local government officials. Allowing IDPs to vote in municipal elections in their places of residence may improve accountability of local authorities to IDP concerns.
- All IDP investment should encourage cross-community contacts and collaboration between IDP and non-IDP communities, thus building social "bridges" between IDPs and the rest of the society, in order to facilitate the development of IDP social capital necessary to improve their access to livelihood opportunities. This approach could include a review of the parallel school system for internally displaced children, to assess how much it supports the social connection between young IDPs and non-IDPs and whether it should be reformed. This approach may also include an IDP hous-

ing policy that promotes cohesion and accommodates IDPs so that they are socially connected to non-displaced populations. A socially responsive housing policy would also take into account the young people's need for separate accommodation in order to marry.

- The GoA can play a significant role in tackling the demoralized and entrenched psychosocial profile of IDPs and their 'dependency syndrome' by encouraging them to see themselves as resilient people rather than passive victims, people whose active economic participation and self-reliance in the present can better equipping them for returning home in the future.
- Like all members of society, IDPs would benefit from government action to ensure that all recruitment practices are meritocratic and the awarding of job opportunities are free from the informal influence of social connections.

Access to Markets

- In certain areas, IDPs have limited access to markets and market information, so they are vulnerable to exploitation by intermediaries. Development approaches that can bring markets closer to these IDPs, including through improved virtual communication and information, are worth exploring.

Recognizing Differences

- Different sectors of the IDP population face different challenges: there are high levels of economic inactivity among women; young people have inherited a legacy of displacement but are keen to adapt to their current places of living; IDPs living in small towns are particularly poor; those living in collective centers feel particularly depressed by their living conditions. Targeted investments and activities are required for the different needs of these different sectors of the overall internally displaced population.

PART 1: Introduction

The hostilities between Armenia and Azerbaijan over the Nagorno-Karabakh region of Azerbaijan, which commenced in 1988, resulted in the initial forced displacement of up to a million people. The majority of the displaced were Azerbaijanis from Nagorno-Karabakh and surrounding territories who fled after Armenian forces occupied and took control of the region. The IDPs settled into new locations within Azerbaijan.⁵ Although some of these displaced people later returned home, about 595,000 people in Azerbaijan are still currently registered by the GoA as being IDPs.⁶ The conflict over Nagorno-Karabakh remains a ‘frozen conflict’, without a peace agreement or settlement, preventing the return of these IDPs. Consequently, the displaced persons are left ‘living in limbo’, unable to return but waiting to do so, a situation which prevails almost two decades after the original displacement.

5 The main groups of displaced people affected by the conflict were: (i) Azerbaijanis living in Nagorno-Karabakh and the surrounding districts, (ii) those Azerbaijanis living in Armenia who fled to Azerbaijan as refugees during the conflict, and (iii) Armenians living in Azerbaijan who returned to Armenia as refugees in the other direction.

6 Accurate statistics for IDP populations are commonly difficult to establish (de Berry and Petrini 2010: 2). For the purposes of this report, the number of IDPs in Azerbaijan is given as the Government of Azerbaijan March 2010 figure of 595,000. However, some inconsistencies from this figure appear when IDP population statistics are disaggregated. This is because sometimes relevant data are only available from sources other than the GoA source, which have slightly different totals because the data was collected at different times through different processes.

Based on existing literature and new qualitative data, this study reviews the social and economic situation of IDPs in Azerbaijan. It gives particular focus to the livelihood status and opportunities of IDPs; the ways in which they gain an income and the constraints and opportunities of those income avenues. The study also looks at changes in income sources within the period April 2009 – April 2010. During that year, the global economic crisis affected and restricted the economic ability of vulnerable and marginalized people the world over. While the study found that the household level impact of the economic crisis was relatively limited in Azerbaijan, focusing on changes that have occurred over that year proves useful to improve understanding of the social and economic vulnerability and resilience of IDPs in Azerbaijan, and assess their adaptability to economic shocks.

The overall purpose of the study is to identify the constraints to and opportunities for increased social and economic resilience of IDPs. Ultimately, the study’s conclusions will serve to inform the emerging policy dialogue between the GoA and World Bank on how better to support the social and economic self-sufficiency of IDPs, and to inform the design of appropriate investments to enable IDPs to access the resources they need to build secure and productive lives for themselves and their families.

Part Two of this report is an overview of the status of IDPs in Azerbaijan and of the defining characteristics of the internally displaced population, including its distribution across the country, and its residence and accommodation situation. It

summarizes the main GoA policy and legislative provisions for IDPs. Part Three outlines the motivation for the research as well as the focus and theoretical assumptions that guided the study and the methodology used to gather data. Part Four contains a detailed exploration of the economic vulnerability of IDPs, including their poverty status and poverty trends. The analysis of the IDPs' income generating and livelihood strategies and the constraints they face illustrate their economic vulnerability. Part Five broadens the picture of IDP vulnerability by detailing the

non-economic dimensions of their situation, including housing conditions, access to services, social relationships, and psycho-social well-being. Part Six explores the IDPs' perception of the impact of the global economic crisis on their lives, as well as some of the ways they were affected by and sought to cope with increased economic pressure. Part Seven concludes the report with a summary of the main findings and their implications for future work with IDPs in Azerbaijan.

PART 2: *Internally Displaced Persons in Azerbaijan, Situation and Policy Context*

Seven percent of Azerbaijan's population is defined as IDP,⁷ making it one of the highest per capita concentrations of IDPs in the world.⁸ Most of these displacements occurred during the 1988-94 conflict between Armenia and Azerbaijan over the Nagorno-Karabakh region of Azerbaijan, in which approximately 30,000 people were killed. At the close of active hostilities, Armenian forces controlled the Nagorno-Karabakh region and seven adjacent districts of Azerbaijan. The majority of IDPs – approximately 90 percent – originated from the seven adjoining districts, with the remainder coming from Nagorno-Karabakh itself. Most IDPs fled in haste under fire and were unable to bring property with them. At first, they sought refuge with friends and relatives and later moved into government-assigned accommodation in tent camps, disused public buildings and empty housing stock.

7 An IDP is defined as: 'A Person or Group of Persons who have been forced or obliged to flee or to leave their homes or places of habitual residence as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or hand-made disasters, and who have not crossed an international recognized state border'. (UN, 2004. Guiding Principles on Internal Displacement).

8 Other countries with high per capita rates of IDP are: Cyprus (22%), Somalia (16%), Sudan (12%), Iraq (9%), Colombia (7 – 11%), Azerbaijan (7%), Zimbabwe (5 – 8%), Georgia (6%), Lebanon (2 – 9%) Central African Republic (4%). (Internal Displacement Monitoring Center, 2010).

A ceasefire to the conflict was negotiated in May 1994, but a subsequent peace agreement was never concluded between Armenia and Azerbaijan, leaving the status of Nagorno-Karabakh and the surrounding districts unresolved. Sporadic fighting and small-scale disturbances have occurred between the two sides along the de-facto border and civilian casualties have been reported. As such, the situation is classified as a 'frozen conflict'. Over the last two decades, The Minsk Group of the Organization of Security and Cooperation in Europe (OSCE) has attempted to mediate a number of peace agreement initiatives that have so far proved ineffective.

This situation has caused the internally displaced population in Azerbaijan to live in a state of protracted forced displacement. IDPs and the policy of the GoA remains overwhelmingly orientated towards a return of the affected population to its lands of origin. Resettlement processes are still intended to provide only temporary accommodation until the time IDPs can return to their original villages. As such, the defining characteristic for the lives of most IDPs is that they live in both a state of despair at all that has been lost and of hope for a return to their homelands, without full social and economic adaptation into their current locations.⁹ In addition, by now a generation of young people have been born into and grow up in a situation of protracted displacement, inheriting their parents' yearning for home

9 Balicki, A. 2004

while forging their own new lives in the current situation.

Population Characteristics

The internally displaced population of just under 600,000 persons has a large percentage of children (40.8 percent) and elderly persons (10.1 percent).¹⁰ Other defining characteristics of IDPs in Azerbaijan are the slightly smaller household size, slightly younger average age of household members, and the larger ratio of the number of dependants to non-dependants in a household compared to the households of non-IDPs (table 2.1).

IDPs live in all sixty-nine districts of Azerbaijan with the largest sector of the internally displaced population living in Baku (Table 2.2). The majority of IDPs reside in urban settings, particularly in the major urban centers of Baku and Sumgayit.¹¹ Urban areas absorb 49 percent of the total population, indicating that IDPs are significantly more urbanized than non-IDPs.¹²

IDPs live in a variety of accommodations. One-third of all IDPs are registered as living in collective centers, with the remainder spread across new settlements, individual houses or apartments, temporary shelters and shared accommodation with relatives (table 2.3). This distinguishes them from the non-IDP population, who overwhelmingly live in individual houses or apartments. These different accommodation types have a number of distinct features and

10 UNHCR, 2009.

11 It is a common trend of forced displacement across the ECA region that IDPs who tend to come mainly from rural backgrounds have ended up being largely displaced into urban settings (Holtzman & Nezam 2004: 53). This creates particular challenges for their integration (de Berry & Petrini 2010: 7), a theme discussed in Part Four below.

12 World Bank, 2010.

13 This table, taken from official government statistics, shows the areas of highest concentration only; IDPs scattered across the country in various locations are shown under 'other'.

Table 2.1: Household composition for IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Average number of household members	4.7	5.2
Average age of all household members	29.0	32.0
Average number of adults in a household	3.3	4.0
Average number of children (under 18) in a household	1.4	1.3
Ratio of non dependants to dependants in a household	1.42	1.67
<i>Source: World Bank, Living Standards Measurement Survey (LSMS), 2008</i>		

Table 2.2: Regions with the highest concentration of IDPs, 2011

Region	Number of IDPs	Percent of IDPs
Baku	183,644	30.1
Fuzuli	65,565	11.0
Sumgayit	50,573	8.5
Aghdam	38,378	6.4
Barda	33,582	5.6
Mingachevir	20,093	3.4
Bilasuar	19,583	3.3
Ganja	15,602	2.6
Agjabedi	15,573	2.6
Tertir	15,403	2.6
Beylagan	14,856	2.5
Absheron	14,127	2.4
Lachin Winter Grounds	12,445	2.1
Yevlakh	11,749	2.0
Goranboy	9,368	1.6
Qazax	7,304	1.2
Other ¹³	67,249	11.3
Total	595,094	100.0
<i>Source: State Committee on Refugees and IDPs, January 2011</i>		

Table 2.3: Access by IDPs to housing, 2009¹⁴

Accommodation type	Percentage of IDP population	Number of IDP
Collective centers	33.0	199,073
Houses and apartments	27.0	162,878
Temporary shelters	15.0	90,488
New settlements	12.5	75,500
With relatives	12.5	75,500

Source: State Committee on Refugees and IDPs 2009, as cited in UNHCR 2009.¹⁵

data presented further on suggest that these are important influences in livelihood and other choices.

- **Collective Centers** – public buildings such as dormitories and sanatoriums that have been designated as and to some extent converted into IDP living quarters. Families occupy individual units but cooking, washing and sanitation facilities are usually communal.
- **New Settlements** – new communities purposely built for IDPs. Families occupy individual houses or apartments and the communities have a full range of infrastructure including schools, health posts and community centers and connecting roads.

14 Discrepancies occur in the figures on IDP access to housing, for example the figures given in the table above, which are based on official government data, differ substantially from those in the World Bank 2008 LSMS, that show 45 percent living in collective centers, 35 percent in new settlements, 9 percent in privately owned houses and apartments and 12 percent with relatives. This discrepancy may relate to two factors: i) a lack of standard definitions in housing types, (ii) while official statistics record the place of IDP accommodation registration, this may not be the same as actual IDP residence. Due to informal migration, a number of IDPs live in informal, unregistered settlements or may move between types of accommodation.

15 In 2010, a further 13,400 persons moved into new settlements.

- **Houses and Apartments** – families living in their own separate, permanent housing units, usually interspersed with the local population. These houses and apartments may be previously empty housing stock that was either assigned to IDPs by the government or that IDPs themselves found and moved in to. This category also includes rented accommodation and self-built properties. The houses and apartments may be formally owned or informally inhabited. Where informally inhabited, the Government often protects the residency of IDPs by legislating against their eviction.
- **Temporary Shelters** – a leftover from the immediate emergency response for IDPs, some families still remain in the makeshift, usually wooden, shelters that were constructed by humanitarian agencies and the Government.
- **Living with relatives** – The IDP household shares living space with a non-displaced relative.

The main shift in the pattern of IDP residence and accommodation over the past twenty years has been the construction of the new settlements. Starting in 2001, the Government started a process of relocating those IDPs living in the worse conditions – in tents, railway carriages – to 57 purpose-built communities and closing those types of temporary shelters. To date, more than 75,000 IDP have moved to and now live in new settlements, the majority of which are located in rural areas.

Policy Context

By global standards, the GoA allocates a very high amount of state funding and attention to its displaced population.¹⁶ Since 1993, there have been 70 Presidential decrees, 290 decisions by the Cabinet of Ministers and 26 laws issued

16 IDMC, 2009.

concerning refugees and IDPs. Significantly, since 1999, the Government allows each person registered as an IDP to receive a direct monthly cash transfer. In 2007, the subsidy amounted to AZN 9, amount that was subsequently increased to AZN13.5 and, in September 2010, increased again to AZN 15. Since 1992, IDPs benefit from a comprehensive assistance package that includes free utilities (gas, water and electricity), income tax exemption, free higher education, free access to all education and health services, in-kind food and tool donations, and job placement schemes. The assistance package was modified recently, with a phase-out of food assistance and a cap on electricity usage. Ninety-eight percent of all IDPs receive some form of social protection assistance, compared to 58 percent of the non-displaced population who receive social protection.¹⁷

17 LSMS, 2008.

18 In February 2010, Presidential Decree No. 1346 amended and updated once again The State Program on the

Poor IDPs who qualify are also eligible for Targeted Social Assistance (TSA) in addition to their IDP subsidy. The Government of Azerbaijan launched the TSA program in 2006. It provides monetary transfers to low income families. Eligibility for TSA is determined by both income and asset levels; households qualify for the benefit if their estimated per capita family income from all sources is less than AZN 60 per month. This threshold applies equally to IDP and non-IDP households. In 2009, 165,461 households encompassing 760,000 persons (9.2 percent of the population) received TSA. Of these, some estimated 92,720 persons, or 12.2 percent, were IDPs, meaning that the number of IDPs receiving TSA was greater than their population share.

Table 2.4 illustrates the most significant presidential decrees concerning IDPs and their main provisions

Improvement of Living Conditions of Refugees and Internally Displaced Persons and Employment Promotion.

Table 2.4: Legislation governing the provision of assistance to IDPs, 1999-2007

Date	Decree/Legislation	Main Provision
May 1999	Law on the Social Protection of Internally Displaced Persons and Persons Equated to Them	Definition of IDP status and granting of IDP rights to: subsidies based on IDP status; free accommodation, health services, pensions and primary, secondary and university education; right to return to place of origin; right to be allocated temporary land; interest-free loans; temporary assistance in seeking employment; free transportation; exemption from payment of taxes and utilities.
2003	Decree No. 1308 on Waiving tuition fees for IDP students at State Universities and High Schools.	Granting of free higher education for IDP students.
2004	Decree No. 298. State Program for the Improvement of Living Standards and Generation of Employment for IDPs and Refugees	Definition of State IDP Program 2005 – 2008 to include employment quotas for IDPs, start of construction of new settlements
2007	Decree No. 2475. Amendments to the Decree No. 298, State Program on the Improvement of Living Conditions of Refugees and Internally Displaced Persons and Employment Promotion. ¹⁸	Definition of the State IDP Program 2008-2011 to include: increased funding for new settlements; distribution of land for those residing in new settlements; infrastructure improvement for all IDP settlements; health care provision for the seriously ill; additional payments for IDPs employed as civil servants; promotion of low interest credits; agricultural inputs.

Source: UNHCR, 2009

Table 2.5: Expenditures on IDP programs from the State Oil Fund, 2002-2009

Allocations from the Azerbaijan State Oil Fund for IDP assistance (million AZN)	
2002	43.8
2003	27.3
2004	18.0
2005	40.4
2006	110.3
2007	154.2
2008	145.0
2009	90.0
2010	195.0

Source: Department for Refugees, IDPs, Migration and Work with International Organizations of the Cabinet of Ministers, 2010.

An estimated 3 percent of GDP is allocated towards these measures to support the IDP population. In 2010, the average per capita state expenditure for each IDP was AZN 684. The majority of this funding comes from the State Oil Fund (Table 2.5). Table 2.5 provides only allocations from State Oil Fund for IDP assistance. Data on overall Government spending on IDPs proved difficult to collate for the purposes of this report because it is not collated by one ministry or agency). These Oil Fund resources serve to provide improved infrastructure and housing for IDPs and have been directed primarily towards the construction of the new settlements.

Non-oil revenues are largely spent on the cash and in-kind state subsidy assistance. Since 2003, the GoA has allocated a total of approximately 770 million AZN from the State budget for IDP-related expenditures. In 2008, the 145 of the allocated 163 million AZN came from the State Oil Fund; in 2010, the State Oil Fund contributed 195 million AZN to the 206.6 million AZN allocation.. Further evidence of the high priority the Government gives to IDP issues are the institutional structure set up to manage IDP affairs: a designated Deputy Prime Minister, Head of the State Committee on Refugees and IDP Issues (SCRI), represents IDP issues in the Cabinet of Ministers.

All provisions for IDPs in Azerbaijan reflect the overall policy outlook of the Government who considers that the return of IDPs to their lands of origin as being the only viable long-term solution for IDPs. In the meantime, the Government supports retaining institutional and administrative structures from the IDPs' lands of origin. For example, all IDPs who worked as civil servants in local authorities in their places of origin retain the same jobs in the same village and regional structures as if they were still living in those locations, a policy which serves to improve employment rates among IDPs. In addition, schools for the IDP children are reproduced with the same school administration and facilities of their villages of origin. Education, attendance and literacy rates among IDP children are high, probably due to the GoA's emphasis on keeping schools for IDP communities intact and keeping former teachers employed.¹⁹

¹⁹ UNHCR, 2009.

PART 3: *Research Focus and Methodology*

Motivation

There were two key motivations for the present analysis. The first relates to the GoA's plans for new investments to support economic opportunities and livelihoods for IDPs intended to increase IDP self-reliance in income generation and boost employment. In November 2010, the GoA launched a new working group on IDP Livelihoods. Convened by the State Committee on Refugees and IDPs and UNHCR, the working group aims to build consensus across Government ministries and international donors to plan and coordinate relevant support for the economic resilience of IDPs. This analysis was designed to inform these planned investments by increasing the understanding of the livelihood strategies and living conditions of IDPs and identifying areas that might warrant greater investment. In order to ensure that the specific vulnerabilities of IDPs are addressed and that IDPs are able to overcome the disadvantage of their forced displacement, the research focused on those aspects of IDP life that needed the most attention. With its review of gaps, challenges and outstanding needs and insecurities IDPs have identified, this study is orientated towards problem-solving in rather than reviewing positive achievements reached through Government and international assistance.

The second motive relates to concerns that IDPs, as a vulnerable group, might be particularly affected by any economic contraction associated

with the global crisis that began in 2008. The research for the study was designed to include IDPs' own perspective on how they have been affected, the transmission routes by which the economic crisis became immediate to them, and other effects of the change. Analysis of the effects of these shocks on IDP household economies, consumption and expenditure, and on their social and emotional well-being, aimed to show where their particular sensitivities lie and to reveal what the mitigating factors and characteristics are that mediate, cushion or exaggerate the impact of those shocks. In addition, it was important to look at the coping strategies that IDP employed when these changes occurred, and whether they have been successful or difficult to implement.

In practice, it proved difficult during the research to isolate economic vulnerabilities resulting from the economic crisis. Therefore, findings regarding chronic livelihood issues rather than short-term shocks remain dominant throughout the report. As discussed in Part 6, this may be because the impact of the economic crisis on IDPs in Azerbaijan has been relatively limited. The research showed that IDPs themselves were unlikely to identify the crisis as a sole causal factor in their changed social and economic circumstances and were therefore unable to attribute specific effects or adjustments in coping strategies to the economic crisis. Despite original intentions to document carefully the vulnerability and resilience of IDP communities in the face

of economic shocks, the research summarizes with more detail the general conditions of IDP livelihoods.

Sources and Methodology

The study draws on data from three main sources: (i) a literature review of existing data and analysis on the situation of IDPs in Azerbaijan, (ii) the results of the 2008 Azerbaijan household living standards measurement survey (LSMS), (iii) newly commissioned qualitative research on the livelihoods of IDP.

The literature review identified knowledge and information gaps with respect to IDP livelihoods in Azerbaijan. Where assessments on the livelihoods of IDPs have already been conducted, they tend to focus on one sub-set of the population, such as only rural or only urban IDPs. This prevents comparison and the identification of trends among the whole group. Therefore, the results of the research will make an important contribution to filling in the information vacuum and to formulating an evidence-based policy and designing a project to support IDP livelihoods.

The Azerbaijan Programmatic Poverty Assessment (FY08-FY10) included the development of a specific module focused on IDPs for the LSMS and the over-sampling of IDP households in order to provide a clearer picture of their living conditions and poverty level. This initiative provided an invaluable set of quantitative data on the status of IDPs. Importantly, the LSMS data allows disaggregated poverty comparisons across IDP and non-IDP households and thus a fuller comparison between the relative poverty status of these two population groups. Only a small portion this IDP-specific quantitative data was presented in the 2010 Living Conditions Assessment Report. The present study makes fuller use of that data set.

Qualitative Research

The qualitative research, which was commis-

sioned for this report, was intended to build upon and expand the quantitative LSMS data and poverty-based analysis of IDPs in Azerbaijan. The study consisted of two main avenues of research. The first was based on the assumption that vulnerability is broader than economic poverty alone and has multiple other dimensions. The second probed the basis and evolution of IDP livelihood strategies and the dynamic ways in which IDPs seek and retain income, and explored the skills, assets and capabilities they have for securing these economic opportunities. It also explored how the livelihood strategies of IDPs were affected by the stress and shock of the impacts of the economic crisis and the coping mechanisms used by IDP to mitigate these impacts.

These research hypotheses for the qualitative research are detailed below:

Hypothesis 1: Levels of consumption and poverty are only one measure of IDP vulnerability; vulnerability is a multifaceted concept that includes social, psychological, economic and physical factors.

Consumption-based welfare indicators are important to assess how IDPs fare in terms of levels of poverty compared to the non-displaced population in Azerbaijan and to track changes over time and place. However, these indicators provide a narrow description of the ways in which IDPs may be deprived, vulnerable and prone to particular hardship and risks. In line with the definition of poverty and deprivation given in the 2001 World Development Report, the qualitative research started with the assumption that vulnerability is a multidimensional phenomenon that includes material deprivation (as measured by income and consumption) as well as a range of other factors.²⁰ Other dimensions of economic vulnerability include the stability and ro-

20 World Bank, 2001. For a fuller discussion of multi-dimensional aspects of IDP poverty and vulnerability, see Holtzman & Nezam, 2004.

bustness of income sources and the existence of constraints that impede IDPs' maximizing their earning potential. Using a broader definition of vulnerability entails investigating a whole range of other factors beyond the economic, which may impede their ability to gain sustaining livelihoods. These include factors such as IDPs' physical shelter, housing and living conditions and any particular disadvantage they may face in their accommodation and residential patterns and in accessing quality services and facilities. In addition, assessments of IDPs' human capital and the educational levels and skill sets show whether they are equipped to make the most of economic opportunities. Social capital and social cohesion – the nature and extent of the social relationships of IDPs and whether they are a supportive resource²¹ – need appraisal, as do the health and psychosocial well-being of IDPs, their emotional strength or suffering that may determine how able they are to make the most of the circumstances. In addition, there is the specific vulnerability of displacement to be considered; it is important to gauge the impact of being a war-affected group of people who have lost access to important securities of property and a sense of belonging. Finally and most importantly, it is vital to understand how IDPs themselves perceive their own fragility and vulnerability and the factors that they themselves experience as having the greatest impact on their well-being.

Hypothesis 2: Material welfare is the outcome of a set of dynamic livelihood strategies to secure income, whose success or weakness depends on a range of external factors.

Levels of material welfare are determined by the wide series of decisions about income and consumption IDPs make often on a day-by-day basis. Analyzing poverty levels using a livelihood perspective probes beyond those rates to assess the foundation upon which they rest. A livelihoods

perspective investigates the constituent decisions and strategies IDPs pursue to gain income and to support their families. It also explores the challenges and constraints – including the social and emotional ones – IDPs face in maximizing their livelihood strategies and income sources and in overcoming poverty.

Hypothesis 3: There are important differential experiences among the IDP population according to gender, age, residence type and location.

The study attempted, where possible, to look at variations within the IDP population to see where importance differences in vulnerability and livelihoods lie, whether across gender, age, residential types and location. It looked at who is more likely to experience what kind of vulnerability and shock and who is more or less likely to be resilient and to cope.

Approach and Methodology of the Qualitative Research

The qualitative data was collected between March and June 2010. The researchers used a combination of focus group discussions (FGDs) and semi-structured interviews (SSIs) with individual households (table 3.1). A total of 30 focus groups and 30 semi-structured interviews were conducted comprising a total of 327 persons (176 men and 151 women). All methods were piloted before being finalized. After some discussion and trial, it was decided to facilitate mix-gender focus groups, although in retrospect this may have contributed to a certain muting of the female participants. The sample frame for the qualitative work was devised to ensure a spread across the IDPs' types of residences and locations and is given in Table 3.1.

²¹ Social capital is defined as “networks, norms and values that enable people to act collectively to produce social benefits” Holtzman & Nezam, 2004: 103.

Table 3.1: Sample frame for qualitative study

Residence type	Location	# FGD	# SSI
Collective centers	Baku city	5	5
	Shirvan city	1	1
	Gyanja city	2	2
	Mingachevir city	1	1
	Tartar town	1	1
	Agjebedi town	1	1
	Total	11	11
New settlements	Fuzuli rayon (Zobjug settlement)	1	1
	Agjebedi rayon (Takhtakorpyu settlement)	1	1
	Bilasuvar rayon (New settlement #6)	1	1
	Goranboy rayon (Ashagy Agjakand settlement)	1	1
	Agdam rayon (Baharly settlement)	1	1
	Beylagan rayon (Khojavand settlement)	1	1
	Total	6	6
Private houses /apartments	Baku city	2	2
	Mingachevir city	1	1
	Tartar town (Nicat settlement)	1	1
	Total	4	4
Living with relatives (in private houses)	Barda town (Shorelli and Meshachilik settlements)	2	2
	Total	2	2
Informal / improvised housing	Baku city	1	1
	Agjebedi town	1	1
	Goygol town	1	1
	Yevlakh town	1	1
	Saatly town	1	1
	Total	5	5
Young men working in construction ²²	Baku city	2	2
	Total	2	2
Total	Grand Total	30	30

²² Included through selective sampling; this group was considered to be potentially very vulnerable to the impacts of the economic crisis.

PART 4: *Economic Vulnerability of IDPs*

This chapter explores the economic situation of IDPs and their income and livelihood strategies, identifying economic vulnerabilities and constraints to their achieving greater economic security. It starts with an exploration of poverty trends among IDPs, showing that they are more likely to be poor than non-IDPs although there are important variables within the population. The analysis then goes beyond consumption-based indicators of deprivation to explore the vulnerability of IDPs in a number of other economic dimensions, including their low levels of employment and still very high reliance on state subsidies as their main source of income. The data reveal that IDPs do desire to diversify their income sources and seek to supplement their income in a number of ways (including through agricultural production, informal labor and petty trade) but face a number of constraints in moving to more self-reliant forms of income generation through these livelihood strategies. It appears that limited social capital and risk aversion are the most prevailing barriers preventing IDPs from maximizing income from sources other than state subsidies. Other components of the economic vulnerability of IDPs are explored, including their persistent indebtedness and the particularly high levels of economic inactivity among women. The main findings of the section are summarized throughout in italics.

The Poverty of IDPs

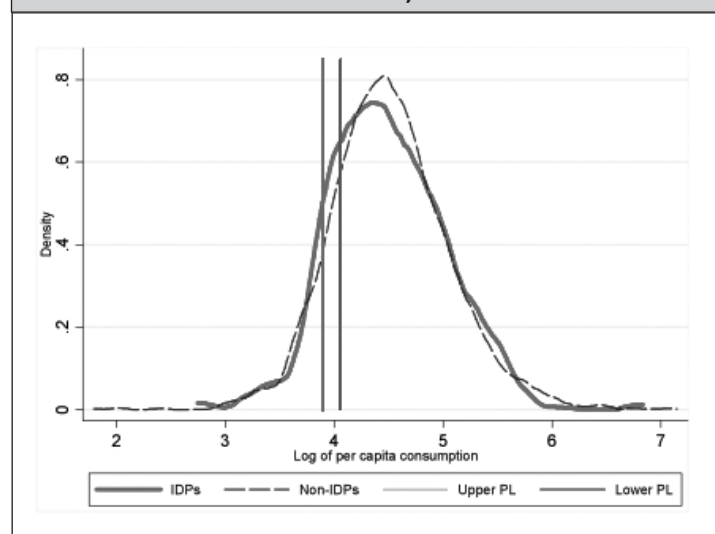
Poverty data show that being an IDP is associated with exacerbated risk of living in poverty. IDP poverty rates are variable across location and residency type, with those living in secondary cities and outside designated IDP settlements having an increased risk of poverty. Among IDPs, a relationship between additional years of education and decreased poverty appears to be less pronounced than for non-IDPs.

The data from the LSMS allows a comparison of basic poverty measures for IDP and non-IDP populations. For the purposes of this report, the poverty line (PL) used captures the consumption needed to maintain an intake of 2,267 calories per day. Globally this methodology is the most useful for establishing levels of absolute poverty for particular populations. Though derived

from the same datasets, calculation of a poverty line using this methodology resulted in a higher poverty line than those presented elsewhere and accepted as the official poverty line in Azerbaijan.²³ As a result, poverty estimates quoted in this report are higher for both IDP and non-IDP populations than those appearing in other literature. Figure 1 presents the distribution of per capita expenditures for IDPs (in bold red) and non-IDPs (in dashed blue), the curve for the IDPs being slightly to the left of the non-IDPs, indicating slightly lower per capita expenditures for IDPs. The vertical poverty line on the left is the official poverty line of AZN 49 per capita per month. The vertical line to the right is based on per capita monthly expenditure of AZN 60.

²³ For example, as used in the World Bank, 2010, Living Conditions Assessment Report.

Figure 1: distribution of per capita expenditures for IDPs and non-IDPs, 2008



Data from the 2008 LSMS determined poverty rate among IDPs as being 25 percent²⁴ compared to a 20.1 percent rate among the non-IDP population and an overall poverty rate of 20.4 percent (Table 4.1). As with displaced populations the world over,²⁵ IDP poverty is likely linked to two

24 Government of Azerbaijan figures, calculated using a different methodology, put the poverty rate among IDPs at 23 percent.

25 IDMC, 2010.

factors. First, their impoverishment in the immediate aftermath of their loss and forced movement from their places of origin would have been an economic shock hard to overcome especially since they lost access to significant physical and capital assets in their places of origin. Second, overcoming poverty means achieving economic success and integration into a new context, one that they may have been unfamiliar with, unprepared for or marginalized from and which may not have offered the same level of economic opportunities to absorb their labor supply as their places of origin. The evidence is that, twenty years after their displacement, IDPs have yet to overcome the specific impacts of displacement and marginalization, and this still determines their poverty risk. In addition, the poverty gap estimates suggest that poor IDPs are likely to be further below the poverty line than poor non-IDPs and this is particularly true for rural IDPs.

The majority of IDPs (86 percent) live in urban areas but the poverty situation of these urban dwellers varies considerably depending on the type of town or city of residence. IDPs living in major regional cities (such as Sumgayit and Ganja) are much more likely to be poor compared both to the local population of those cities and compared to IDPs living in Baku or small towns (Table 4.1). Indeed, living in Baku appears to decrease the likelihood of IDPs being poor, where-

Table 4.1: Poverty headcounts and poverty gap for IDPs and non-IDPs by region and rural-urban settings, 2008 (based on poverty line of AZN 60 per capita per month)

	Percentage of total population living in poverty	Percentage of IDP population living in poverty	Percentage of non-IDP population living in poverty	Poverty Gap IDPs	Poverty Gap non-IDPs
Urban	18.0	199,073	17.3	5.4	4.1
Baku	16.5	162,878	16.3		
Other major cities	18.6	90,488	16.0		
Small towns	20.6	75,500	20.7		
Rural	23.2	75,500	23.1	5.7	4.7
National average	20.4	25.0	20.1	5.4	4.4

Source: World Bank, 2008 LSMS

as living in a secondary city vastly increases the poverty incidence. IDPs living in major urban areas outside Baku account for 50 percent of the poor despite accounting for less than one third of the total IDPs in urban areas. Rural IDPs, although fewer in number, also have higher poverty rates compared to both other IDPs and the local rural population.

Poverty rates also vary across accommodation type; according to the LSMS data, IDPs living in designated IDP settlements - public buildings, dormitories and new settlements – are less likely to be poor than those in their own houses, apartments, and in temporary accommodation (table 4.2). These figures suggest that IDPs who have sought their own accommodation outside government programs and provision in collective centers may be at greater risk of poverty, especially if they live in major towns and cities other than Baku. However, this finding is different from the results of the qualitative research, which indicate that IDPs living in collective centers in small towns are the most economically vulnerable. One possible explanation for this divergence could be that IDPs living in Government designated IDP communities may be more likely to be the target of special assistance for IDPs. There could be ‘hidden’ poverty among those who have sought their own accommodation and are less easy to identify and assist.²⁶ Further investigation may be required to establish a more precise picture of the trends of IDP poverty rates across accommodation type. It appears, however, that inequities in poverty between IDPs in different types of accommodation have increased since 2003 where data showed less variation in the poverty levels across different types of shelter groups and locations. This suggests that disparity within the IDP population may be increasing.²⁷

26 These figures may also be influenced by the small sample size in the LSMS of those IDP living with relatives and in their own accommodation.

27 This statement is presented as a general trend based on comparison with findings presented in the World Bank 2003, Azerbaijan Republic Poverty Assessment, which used data collected in the 2002 Azerbaijan Internally Displaced People Survey. Exact data to substantiate this statement is

Table 4.2: Poverty headcounts for IDPs by accommodation type, 2008

	Percentage of IDP population living in poverty (2008)
Houses/apartments	35.2
Temporary shelters	34.0
Collective centers	18.4
Newly built settlements	20.7
Living with relatives	32.5

Source: World Bank, 2008 LSMS

One particularly interesting trend that emerges from a poverty-based assessment of IDP vulnerability is that the relationship between additional years of education and decreased poverty appears to be less pronounced than for non-IDPs. While poverty rates fall for non-IDPs as education levels increase, the pattern is less obvious for IDPs (table 4.3). Among IDPs, the incidence of poverty for those with primary education and again for those with secondary education

Table 4.3: Poverty rates by educational level

	Percentage of IDPs living in poverty	Percentage of non-IDPs living in poverty
Below primary or no education	26.4	26.3
Primary education	31.8	26.3
Basic education	24.7	23.1
Vocational/technical after Basic	18.0	22.1
Secondary education	26.9	20.3
College/technical after Secondary	15.5	14.6
Higher education	14.2	6.4

Source: World Bank, 2008, LSMS

not given here due to the use of a different poverty line and different definitions of IDP accommodation types of between the 2002 and 2008 surveys.

is above the average rates. Indeed, a particularly high proportion of IDPs that attained secondary education is poor, suggesting that, among IDPs, achieving secondary education is less likely to translate into stronger economic success. This is possibly a reflection of more limited opportunities in the labor market. However, there is a noticeable dip in the IDP poverty incidence of IDPs who achieved a vocational or technical qualification after their basic education; this group has a poverty incidence well below the average IDP poverty incidence.

Sources of Income

IDP employment rates are low and rates of economic inactivity are high. Government subsidies are by far the greatest contribution to IDP incomes .

IDPs are less likely to be employed and more likely to be inactive than non-IDPs (Table 4.4), despite the introduction, since 2004, of IDP employment quotas in large companies and enterprises as well as retention of all civil servants (teachers, doctors and local officials) who worked for the government before their forced displacement. According to the 2008 LSMS data, only 40 percent of the displaced report being employed compared to 57 percent of the non-displaced. Other surveys suggest that this discrepancy may increase markedly in rural areas with only 29 percent of rural IDPs being employed compared to 40 percent of the local population.²⁸

It is important to note that the lower levels of IDP employment relate more to higher level of inactivity amongst IDPs rather than to higher unemployment rates. The levels of inactivity among IDPs are striking: 54 percent of all IDP household members report being inactive compared to 36 percent of non-IDPs; when it comes to household heads, 26 percent of household heads in IDP families are inactive compared to 16 percent in non-IDP households. The qualitative research suggests that two factors may influence the high levels of inactivity among IDP. The first factor is the prevalent inactivity of IDP women who since displacement have been more involved in the domestic sphere (see below for a fuller discussion). The second factor may be that the type of job search undertaken by IDPs is often of an ad hoc nature, with IDPs seeking jobs in the informal sector and through personal connections when needs require and on demand rather than in a systematic way that would be picked up by surveys of consistent employment search strategies.

Employed IDPs and employed non-IDPs both experience poverty rates below the average for their group, suggesting that employment is a clear pathway out of poverty across the population, although, as noted above, a much larger percentage of non-IDPs are working than IDPs.

Table 4.4: Employment activity by IDPs and non-IDPs, 2008

	IDPs	Non IDPs
Percentage employed	40.1	57.4
Percentage inactive	54.3	36.2
Percentage unemployed	5.6	6.3

Source: World Bank, 2008 LSMS

Table 4.5: Poverty Rates by employment status

	Overall population	IDPs	Non-IDPs
Percentage of employed who are poor	17.1	21.6	16.9
Percentage of unemployed who are poor	25.9	20.0	26.2
Percentage of inactive who are poor	20.7	25.9	20.2
Total	20.4	25.0	20.1

Source: World Bank, 2008 LSMS

28 DRC, 2007.

Perhaps because of the safety net in place for IDPs, unemployment does not appear to increase the risk of poverty – indeed the incidence of poverty is slightly lower for the small number of unemployed than for the employed (table 4.5). This is at odds with the experience of the non-IDP population, for whom unemployment is associated with increased poverty.

In absence of employment, IDPs place particular reliance on various forms of government support as their main source of income (Table 4.6). The 2008 LSMS found that 71 percent of IDP respondents stated that their main source of household income was government assistance, with only 18 percent of IDP households claiming to rely primarily on income from informal, public or private employment.²⁹

In conclusion, IDPs would benefit from increased levels of employment. In the meantime, government subsidy systems for IDPs play an extremely important role in household incomes and in mitigating the further risk of poverty for IDPs. The removal of such subsidies would engender an increase in poverty rates for IDPs, at least in the short run. The disadvantage of this situation, however, is that IDP incomes are largely composed of transfers from the State and are not self-derived, characterizing this population as having extremely low levels of economic self-reliance.

Household Debt

At present, IDPs describe that their expenditure often outstrips their income. They manage to fill this gap through a series of credit and debt relations, which can become stressful and may increase their

²⁹ These findings on the distribution of sources of income for IDP are corroborated by a 2007 assessment of the livelihoods of rural IDP and by the qualitative research, which both showed that IDP consistently report that their most important source of income are the Government IDP subsidy, followed by other forms of social assistance including pensions.

Table 4.6: Source of main income, 2008

Source of income	IDPs	Non-IDPs
Government allowance	70.8	51.1
Public service	10.5	15.2
Occasional work or trade	9.8	9.9
Public sector employment	3.9	4.9
Private sector employment or business	4.0	6.9
Self employment - farm	0.3	5.9
Other	0.7	6.1

Source: World Bank, 2008 LSMS

sense of dependence and economic insecurity.

In the qualitative research, IDP households commonly stated that their household had greater expenditures than income. They reported that they managed this gap through a series of in-kind or cash credit and debt arrangements to cover daily expenditures and needs. These arrangements were most commonly conducted at a local level with friends, neighbors and family members. One livelihoods survey suggested that 68 percent of respondent families had various forms of such debt; for example, settling an account at a local grocery store at the end of the month when subsidies and benefits were received, or borrowing from and repaying friends on a day-by-day basis.³⁰ In addition to this strategy, about 10 percent of households reported having taken out a loan from a credit organization to cover household consumption rather than to invest in a business start-up.

Indebtedness and debt management appeared to be a fairly acceptable and common economic strategy for IDPs; small-scale debts with friends and relatives were considered more manageable and less risky than taking out credit from a bank. Nevertheless, this strategy can become overwhelming and burdensome both financially and psychologically. Financially, when families have

³⁰ DRC, 2007.

Box 4.0: IDPs' opinions on borrowing

"Today I have borrowed some flour from the neighbors to bake bread. I felt so ashamed when I went to them with a bucket and asked them to give me some flour. We will eat this bread for two days. And if we have some money in those two days, I will buy flour for us and to give it back to the neighbors." Woman, household head, Mingachevir City, private apartment

"I borrow money from my friends and neighbors when I need it. This is OK. I may repay it when I can. But I am afraid of taking a loan, because I am the only one who works in my family, and it would be difficult to re-pay a credit." Male household head, Barda, living with relatives

to borrow larger amounts in case of an emergency (usually a medical crisis) and find the repay-

ment crippling over a long period. Psychologically, when carrying the burden of always being seen to borrow from other people and not to be self-sufficient. Overall, IDPs contacted in the research expressed a desire for higher incomes in order to be free from this cycle of debt and borrowing.

Income Diversification: A Key Aim for IDPs

Although largely reliant on Government subsidies, IDPs do aspire to diversify their sources of household income and to improve income levels.

When discussing their income, IDPs contacted for this research stated that they did aspire to spread their household economies across different sources of income. They pointed to successful families in their communities as being

Box 4.1: Case study of an economically successful IDP household with diverse sources of income and livelihood strategies

The family fled from their native village Garakhanbeyli of Fuzuli rayon in 1993. When leaving the house, the family members could take only some clothes, warm blankets and personal documents. During the first month, they lived at their relatives' in Sabirabad rayon, and later moved to a tent camp and, subsequently, to a temporary house in the same rayon where they lived until 2007. Since 2007 they have lived in new settlement of Zobjug in Fuzuli rayon.

The head of family worked as a metalworker at the local factory before displacement. His spouse was engaged in husbandry. At present, the household head works in the irrigation system in the Fuzuli rayon. Like other families, the household was allocated land that they actively use to grow different agricultural crops (mainly grain crops and fodder). In addition, the family grows vegetables (for their own consumption) on the homestead plot of land. The household head is engaged in a small trade.

The sources of family income include the household head's salary, government subsidies to IDPs, husbandry and trade business. The family sells foodstuffs in their small shop. "Most of the money is earned from the shop; so far this has been quite a reliable source of income. It is located in our yard, so we don't have to pay to rent or something else like this. Moreover, if I am out of home, my family members can carry on trade." According to the household head, they do not have problems or difficulties with trade. "The only difficulty related to the trade business is that most people in the settlement buy goods on credit, and this causes some difficulty because I don't have as much cash as I'd like to. If I always had cash I could keep my shop full of goods often, and it would promote the trade". The family suggests that, unlike trade, agricultural activity needs significant financial costs. "There are a number of difficulties in husbandry. Cultivation of crops requires a lot of money. We cultivate grain

crops. Doing so requires tillage, sowing, good fertilizers, and all of this cost quite a lot”.

The household head assesses the current level of his family’s well-being as good and stable. “We were much worse off before we moved here. Now we live well. We have jobs, we have a house, we have land to cultivate. Besides, we have a relatively good income from our small shop. I think we live well.” His spouse completely agrees with him and adds: “I don’t want even to remember that life we had three years ago before we moved here. We didn’t know what to do to feed our kids, where to earn a living to keep body and soul together. Now it is totally different. Now we are much more hopeful. We hope our lands will be reoccupied some day, and we will return to our home.” Fizuli, new settlement

those who have spread their livelihood strategies across a range of lucrative and less lucrative, reliable and less reliable sources. The key principle IDPs expounded on was the desire to mitigate income risk by relying on a range of sources to spread that risk. Interestingly, one of the foundations of household income diversification appears to be one IDP household member holding a secure job in the formal sector, which provided a regular and guaranteed source of enough capital to invest in other ventures. The money that IDP households received as government subsidies, by comparison, was not necessarily put to such ends but was rather devoted to subsistence either because it was not sufficient to amount to capital savings and investment funds or because IDPs saw it only, as the name implies, as ‘bread money’ to be consumed.

Supplemental Incomes

Among IDPs contacted for this research, the most important avenues through which they seek additional incomes are agricultural production, informal labor opportunities and petty trade, but they face a range of constraints in maximizing income from these sources.

In seeking to diversify and increase their sources of income, IDPs supplemented their household economies through income generating activities. Although data about the exact occupations of IDPs is not available from the LSMS, the qualitative research showed that there were three main avenues through which IDPs sought additional income: agricultural production, informal labor

opportunities and petty trade. The livelihoods strategies of IDPs diverged markedly depending on their access to land. In rural areas, where the minority of IDPs resided, IDPs are more likely to practice agriculture. Data from the LSMS suggests that the overall engagement of IDPs in agriculture is low, with only 18 percent of employed IDPs working in agriculture compared to 42 percent of the employed non-IDPs.³¹ These low figures correlate with the high levels of urbanization of IDPs and their lack of access to land. Indeed, not all rurally based IDPs have access to land. One assessment in a rural location found that only 16 percent of the IDPs located there had access to land compared to 73 percent of the local population.³² However, data from the Government of Azerbaijan suggests that engagement with agriculture is more significant than is evident from the LSMS survey.³³

Older IDPs were particularly keen on engaging in agriculture as many of them came from rural agricultural backgrounds (Box 4.1). One third of IDPs were farmers before displacement and most other IDPs were employed in professions linked to agricultural production, many on collective farms.³⁴ As a result, there has been and

31 World Bank, 2008, LSMS.

32 DRC, 2007.

33 Data from the SCRI suggests that 174,177 IDP are engaged in agricultural activity: 44,255 in animal breeding and poultry; 19,474 growing vegetables; 8350 working on vineyards, orchards and tobacco; 8473 growing cotton; 17,897 producing grain crops.

34 World Bank, 2003: 29.

continues to be a serious disjuncture between IDP skills and their environment. This has multiple ramifications; it means that the older generation of IDPs does not have the human capital, the competencies and the experience to maximize income opportunities in urban environments. It also means that, during the time that they do not practice agriculture, these IDPs are losing skills and know-how in a key set of practical agricultural knowledge that they would need should they return to their rural homelands. In addition, the next generation will be largely orientated towards urban livelihood options rather than rural ones.

Another dimension is also at work in this equation: with the collapse of the Soviet system, the collective farms and agricultural cooperatives IDPs left behind them no longer function. Some IDPs expressed a nostalgic desire to return to this type of system. In this sense, IDPs were doubly displaced: from their land and from the system of agricultural production with which they were familiar and for which they had been equipped to work. By 'living in limbo' away from their own land and without access to alternative land, IDPs have been bypassed by the changes and values

of land privatization, from which they have not benefitted and towards which they are not orientated. This has left them more vulnerable in terms of limited suitable human capital through which they can engage in agriculture.

For the minority of IDPs with access to land and engaged in agriculture, growing produce appears to be done largely to supplement household subsistence rather than for marketing. Animal husbandry is more profitable, but IDPs identified two factors that would determine their ability to engage in profitable animal husbandry: access to enough fertile, irrigated land to use also for pasture, and access to the capital required to buy livestock. Other facilitating items that enabled IDPs to engage in profitable agricultural activity included having access to easily reachable land, good transport connections to enable marketing, and up-to-date knowledge of farming practices and methods.

In their own opinion, expressed by IDPs in the qualitative research, an increased reliance on agriculture had become especially significant for those IDPs recently relocated into the new settlements, where they were guaranteed access to land

Box 4.2: IDP views on the importance of agriculture

"If I had at least 800 square meters of homestead land I would grow potatoes, onions and other vegetables all year round. I could supply my family with these products; we would be less dependent on someone else's aid." Man, Household Head, Barda Town, collective center

"We could live better if we had land. Thankfully, the government now provides micro-credits to IDPs but the best use of these credits is agricultural activity, husbandry. We need land to improve our well-being." Man, Goygol Town, temporary housing

"All people living here used to be engaged in husbandry, had livestock before their lost their homes. We are not afraid of any kind of agricultural work, we are hard working enough. But here we don't have the conditions to engage in husbandry." Elderly man, Goygol Town, temporary housing

"Urban people suffer more from poverty and face more difficulties in making ends meet. Those who live in villages at least have some land, they can grow vegetables, keep livestock and support their families with this income. But in cities people have to think where they will earn their living tomorrow." Woman, wife of household head, Yevlakh, collective center

plots as part of the resettlement process. In total, approximately 50,000 hectares of land have been temporarily granted to IDPs in new settlements for farming activities. The qualitative research showed that about a third of the sample who resided in new settlements practiced agriculture, whereas a minimal number of the sample from collective centers, private houses and informal housing did so. However, the remoteness of some of the settlements and the absence of processing and transportation facilities may impede marketing and reduce the income they gain.

In urban areas, IDPs may cultivate small kitchen gardens on land surrounding their accommodation but they stated that they were more likely to turn to casual and informal labor market opportunities to supplement their household economies.

The qualitative research showed that many men participated in the informal labor markets whereby those looking for an income gathered on the street waiting to be hired as daily labor. Such casual economic activities may be under-reported because often only salaried formal employment truly counts or is valued as real work in Azerbaijan. Indeed, there is a discrepancy between the results of the 2008 LSMS, which suggested high rates of inactivity among IDPs, and the findings of the qualitative study, which revealed the ongoing and active search by men for work in the informal labor market. This may be because their job search is of an ad hoc nature and undertaken during only some months of the year, according to household need and demand rather than a systematic search and is not therefore recorded as unemployment.

As discussed, the trend of men seeking additional income through informal work is especially strong in urban households that lack access to land for agricultural production but have readier access to informal labor opportunities. The clear difference between livelihood strategies according to location may account for the higher levels of poverty among those IDPs in secondary cities. This group of IDPs does not generally have access to land to engage in agriculture, and sec-

ondary cities do not have the more extensive casual labor and commerce opportunities of Baku, making it harder for IDPs to supplement their income through these avenues.

Even in rural areas, men will journey into towns and cities looking for such work. Existing literature (for example UNHCR, 2009, Internal Displacement Monitoring Center (IDMC) 2009) on IDPs in Azerbaijan expresses concern that the flexibility to move towards labor opportunities may be curtailed by the system of registration for IDPs, which links their benefits entitlement to their place of temporary residence, a registration that cannot easily be transferred to another location. This may limit migration among IDPs who may otherwise move to seek better living conditions and employment opportunities elsewhere but are loath to move for fear of losing access to their state subsidy. However, the Government of Azerbaijan stated that this system was less constraining and inflexible than it had been portrayed. IDPs indicated that they had a number of strategies to deal with this situation; when seeking casual day labor they may travel into a city for a day or few days at a time, and look for temporary accommodation while they do so (young men often pool resources to rent such accommodation) but return to their place of residence after each spell of work. This strategy does however raise the transaction costs of casual labor as it entails paying transportation costs and rent. Other IDPs appeared to maintain two residences, one informal in a city as a foothold for economic opportunities and one formal in the place of their registration. Different family members may be distributed across the two locations at various times. Though they may provide ways around registration requirements, these strategies may add to the cost of seeking and retaining work. This policy may also encourage family separation and the growth of informal IDP settlements as some family members move to seek employment and the rest remain in the place of registration of the IDP household.³⁵

35 UNHCR, 2009.

In the informal labor market men sought work either as unskilled laborers (such as undertaking generic construction work, digging, cleaning and carrying, and loading and unloading goods in markets and truck stops, railway terminals and wholesale depots) for which they were paid on a daily cash basis. Although many IDP families relied on such additional income, it was not a highly valued or desired form of earning. IDP men reported that the daily labor was physically hard and contingent on strength and good health and this type of labor made them liable to accidents and exhaustion, compounding the physical health vulnerability that is so widespread among IDPs (as discussed below in Part Five). IDPs also related other disadvantages of such work, including its seasonal nature, sensitivity to economic contraction, the prevalence of social networks and contacts that determined who is hired, and the disadvantage for older men or men who did not have a particular skill to offer. More desirable for IDPs was higher skilled construction work such as welding and plumbing, which was less physically challenging and offered more lucrative income, but many were unable to take up such careers through a lack of skills and social connections for job openings.

Aside from agriculture and informal labor, IDPs reported that they attempted to earn supple-

mentary income through small-scale commerce, selling food and non-perishable goods such as clothing. This strategy appeared again to be particularly important for those living in cities, although IDPs in new settlements also reported doing such small-scale trade within their vicinity. In cities and towns, travelling traders followed the same route every day, visiting the same buildings on the same schedule. Other such small traders occupied specific spots on the sidewalk, in the market or near a metro stop for which they pay informal rent. However, those who pursue this activity were constantly subjected to additional pressures. A noticeable number of IDPs told of how the informal markets they were engaged in were shut down and destroyed when a new developer or government agency acquired the land on which the market operated. This destroyed the possibility for this commerce and required that the affected IDPs to negotiate another spot in another location.

In addition, the traders were often enmeshed in a complicated system of debt and credit; they bought the goods from wholesalers who would collect the money and/or goods on a tight cycle in order to repay the larger wholesaler to whom they themselves were linked. However, the IDP traders often sold to their customers on credit thus having to juggle precariously with credit

Box 4.3: IDP opinions on informal labor

“I did not think we would ever end up living like this. Both my sons leave home in the morning to find a job, to earn 5-10 manats for daily bread. If there is any opportunity they go to work as workmen, load or unload trucks. And they even don't know if they will find something like this. When they come back in the evening I see in their faces if they day was successful or not.” Mother, Mingachevir, private apartment

“It is very difficult to find a job, even as a day laborer. Some people go to work as workmen for miserable money and live off this earning, but it is not enough to keep the whole family. Some people can't even find the money for transportation to go to a rayon to look for a job.” Wife of household head, Goygol, informal housing

“I went to Baku to earn money. But almost 60 – 70 percent of what I earned there was spent on accommodation and food and the rest of the money was so miserable, not enough to keep the family, so it was not at all profitable for me to work there.” Young man, Goygol, informal housing.

and debit that can leave the trader out of pocket, in debt and beholden to both customers and wholesalers in order to continue working. As a result, many IDPs said that that source of income was never enough to be more than a supplementary income for subsistence only.

Livelihood Constraints

Among the many constraints that IDPs feel prevent them from accessing livelihood opportunities and maximizing income from sources other than government subsidies, the need for social capital and social connections is the most pervasive constraining factor. A risk aversion and desire for stable sources of income is a second constraining issue.

The qualitative research showed that IDPs had to face a number of constraints in accessing each potential source of additional income. These difficulties need addressing and resolution so that IDPs can maximize income from these sources (table 4.7). Where IDPs accessed income through state subsidies, they faced a range of difficulties related to the efficiency and transparency of the procedures. Where IDPs generated income through their own initiatives, they faced a number of hurdles including lack of skills to qualify for available work, lack of start-up capital or relevant assets to take on new income-generating ventures.

The qualitative research highlighted the consistent reference to the need for social capital as a

Box 4.4: IDP views on trade and business

“Doing trade in the local market used to be good but the market has been closed. Many of us have lost income because of this.” Male household head, Fizuli, new settlement

“A trading business is good but it is very difficult to withstand some powerful people who don’t allow you to develop your business.” Male household head, Goranboy, new settlement

facilitating agent in accessing income or work opportunities. Apart from agriculture, IDPs felt that livelihood opportunities and income sources were best accessed and acquired through informal channels based on relationships (friendship and family) as much as through the formal systems. IDPs stated that personal connections were also useful in speeding up bureaucratic processes to register for state benefits and in overcoming a range of obstacles in the pursuit of income.

References to the importance of friends and, more particularly, relatives in positions of influence and opportunity pervaded the qualitative data and were supported by findings from the LSMS survey. IDPs were firm in their opinion that social connections rather than education were more instrumental in improving and supporting their livelihood strategies. The reliance on personal connections appeared to be more important for IDPs than non-IDPs; 62 percent

Table 4.7: Livelihood options constraints

Source of income	IDP perceptions about constraints/disadvantages
IDP subsidy	<ul style="list-style-type: none"> • Loss of this source of income if an IDP marries a local; • High level of paperwork and bureaucracy required to access the payment; • Requirement of personal connections and informal payments to facilitate the bureaucratic process; • Loss of the source of income if the family member moves abroad for employment; • Payments can be delayed; • Need for information about subsidy system and the rights to apply

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Pension	<ul style="list-style-type: none"> • High level of paperwork and bureaucracy required to access the payment; • Requirement of personal connections and informal payments to facilitate the bureaucratic process; • Increase in retirement age; • Lack of ATMs in rural areas to access payments; • Payments can be delayed.
Salary from formal employment	<ul style="list-style-type: none"> • Lack of formal employment opportunities; • Need for high level of education; • Need for personal connections and informal payments to secure job opportunities; • Being an IDP living in a remote rural area reduces access to job opportunities; • Low salaries; • Need for good health.
Day labor and seasonal labor	<ul style="list-style-type: none"> • Need for good health and fitness; • Vulnerable to demand insecurity and fluctuations in work hours; • Need for personal connections (friends and relatives) to access job opportunities; • Need for right skill set.
Small business	<ul style="list-style-type: none"> • Difficult and bureaucratic to obtain a license; • Need for start-up capital; • Difficult to access business loans; • Difficult to compete with established businesses led by powerful persons; • High taxes and custom fees; • High business accommodation rent rates; • Need for right skill set; • Access to markets.
Agricultural activity	<ul style="list-style-type: none"> • Lack of capital; • Lack of irrigated land; • Transport constraints for marketing of produce; • Lack of farming knowledge.
Social allowances	<ul style="list-style-type: none"> • High level of paperwork and bureaucracy required to access the payment; • Requirement of personal connections and informal payments to facilitate the bureaucratic process; • Delays in payment.

Table 4.8: Strategies for seeking employment, IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Percentage of people who find a job through:		
direct contact	9.1	1.6
a friend	62.3	47.0
an advert	20.5	41.0

Source: World Bank, 2008 LSMS

of IDPs said that they had found a job through a friend compared to 47 percent of non-IDPs (Table 4.8).

Yet it is in the field of social capital that IDPs felt that they were particularly disadvantaged and vulnerable. The intra-community networks among IDPs may be resilient and strong, having survived the upheaval of dislocation, but the inter-community networks IDPs had with non-IDPs were often more tenuous because they had been settled into places where the families of

others, not their own, held influence and power. Without those connections, IDPs often felt that their access to jobs and work was almost hopelessly constrained. The only other route into employment they saw was to make informal payments to those offering jobs and they often found that the amount of cash expected was beyond their reach.

Some IDPs attempted to establish and run their own small business, which, when successful, proved to be a lucrative source of income. Data from a 2007 Livelihood assessment showed that those IDPs who ran a small business earned an average AZN 103 per month. Although this was far less than what non-IDPs would earn through small business (AZN 215 per month), it exceeded what IDPs earned monthly from government assistance at that time (average ANZ 46), pensions (AZN 74), formal employment (AZN 96).³⁶

However, a number of challenges prevent IDPs from pursuing the livelihood possibility of establishing a small business, including the IDPs' particular difficulties in securing loans due to their lack of property assets (Table 4.7).³⁷ Due to the 'temporary nature' of IDPs' residency status, they are only granted access to state allocated land and housing, as their permanent residence in Azerbaijan is still considered their place of origin. IDPs acquire full property ownership rights with great difficulty. In addition, IDPs are hampered from starting up new ventures by their own aversion to risk, a theme that emerged strongly in the qualitative work. IDPs clearly saw government subsidies and pensions as being desirable because they were guaranteed and secure on a month-by-month basis, without fluctuation. IDPs said that it was relatively straightforward to access the government subsidies as long as their

³⁶ DRC, 2007.

³⁷ Although some IDPs report that they circumvent this problem by entering in to an informal contract with a non IDP friend or relative who is more able to take out a loan and then re-lends it to the IDP, and other data would suggest that IDPs face no more constraints in opening businesses than do the non-displaced (DRC 2008).

Box 4.5: IDPs' opinions on the importance of social connections

"Local people can get a job easier than IDPs because they were born here. They have good connections, better education and more money. We have neither rich relatives nor good connections to solve our employment problems." Old woman, Ganja City, collective center

"If you don't have education and professional skills, it is difficult to get a job. But if you don't have someone powerful behind you, it is even more difficult." Young man working in construction, Baku

"Due to good connections and property, locals can start a business and take out loans. They will not face the same problems as us." Young man, Evlakh, informal housing

Box 4.6: IDP opinion on business

"I thought of taking a loan from a bank, but it is too risky. Trade business is not of a reliable nature. What will I do if I am not successful in trade? Where will I get the money to repay a loan or a debt? I don't want to put my family in such a desperate situation" Male household head, Shirvan City, collective center

paperwork was in order. IDPs explained in many instances how, in their opinion, the only secure livelihood was formal employment and that anything involving enterprise and entrepreneurship was too risky for them to consider.

Women's Livelihood Options

Displacement has particularly affected the livelihoods strategies and incomes of women. IDP households headed by a woman appear to be especially vulnerable and face a significantly higher incidence of poverty.

According to UNIFEM (2006), displaced women in Azerbaijan were more likely to be uninvolved in either formal or informal work than non-IDP

Box 4.7: IDP views on women’s employment opportunities

“Women can find a job more easily than men. Because the salary is usually so low that men cannot keep their families on this money, they will not agree to work on such jobs. For example, how can you keep your family on 200 manats a month? But women will work even on a low-paid job.” Grandmother, Agdam rayon, new settlement of Baharly

“Age plays a very important role in searching for a job. Young people, especially young women, are more successful at job placement.” Mother and wife of household head, Ganja, Collective Center

Table 4.9: Poverty headcounts for male-and female-headed households for IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Percentage poverty rates by household head:		
Male	22.7	19.4
Female	32.3	23.6

Source: World Bank, 2008 LSMS

women. When they did work, they were more likely to be in low-paying work. Indeed, displacement appeared to have caused some re-traditionalization of roles across the genders. IDP women who before the conflict may have been more active in the public sphere (partly due to the Soviet emphasis on women’s employment), were at present more likely to be solely engaged in the domestic sphere. In the qualitative research, about a quarter of the sample described themselves as housewives and of these almost all reported being in employment before their displacement and inactive subsequently. Nevertheless, IDPs themselves saw two facilitating factors that made it easier for women to find paid work. They said that women lacked men’s pride and would therefore be more willing to take on demeaning jobs out of necessity. In addition, in a marketplace where social capital was so vitally important to secure work opportunities, IDPs felt that younger and attractive women might find it easier to connect into a position.

The high level of work inactivity among IDP women probably contributed to the higher vulnerability of female-headed households. The incidence of poverty among IDP female-headed households was significantly higher than the incidence of poverty among male-headed IDP households (table 4.9).

PART 5 *Physical, Social and Emotional Dimensions of IDP Well Being and Vulnerability*

This section is guided by the research hypothesis that to fully understand the livelihood opportunities and challenges of IDPs it is necessary to explore the non-economic dimensions of vulnerability and deprivation, which may affect their livelihood opportunities. To build a broader scope of IDP vulnerability, this section relies upon IDPs' own definition of well-being, which includes constituents such as seeing an end to their displacement, having good living conditions, strong health and robust social networks. The rest of this chapter then details the ways in which IDPs feel they match up to or are struggling in regards to the well-being indicators important to them.

Components of Well-Being

IDPs understood their well-being as having more than an economic basis and as being multi-faceted. Having a secure income, a good quality of housing, good health, and being socially well connected are important constituents. In their opinion, the situation of forced displacement was the most significant overall determinant of IDPs' well-being and of their ability to undertake sustainable livelihoods; IDPs considered returning to their homelands to be the factor with the greatest potential to truly improve their lives.

When asked to define a 'good life' and acceptable standard of well-being, IDPs participating in the research identified a range of factors, besides access to a stable income, that needed to be in place to guarantee a satisfactory level of living. Above all, they stressed that they would be unable to fully enjoy a good life while still displaced and uncertain about the possibility of returning to their lands of origin. Secondly, respondents referred to their physical living conditions; the ample benefits of having a clean and spacious place to live with good access to services. All the attributes of well-being mentioned by the IDP respondents were as follows (in order of

importance):³⁸

- Not being forcibly displaced;
- Having a stable source of income;
- Having good living conditions;
- Being in good health;
- Being of age to be economically active;
- Having powerful relatives who can protect and provide for those they are connected to;
- Seeing family members being able to undergo important life cycle events such as marriages and births;
- Maintaining a mind-set which is positive and motivated;
- Living in a place called 'home' preferably conducting agriculture.

³⁸ It is worth noting that compared to other similar populations of marginalized people in other countries, IDPs in Azerbaijan largely omit to select some commonly cited components of well-being, including the need for quality education and the supportive role of religious faith.

Box 5.1: IDP opinions on displacement

“There are lots of things that make up a good life but the most important is to be living back on our own lands, in our own homes. Even if it is fine to live anywhere else, it cannot be compared to living back on the native land.”
Male household head, Barda, living with relatives

“If we had our lands back, we could improve our lives. We would not need government subsidies; we could earn our living back on our native land. What is the use of receiving pensions and allowances if we spend all this on medical treatment? Because staying here [away from the lands of origin] we lose our health day by day.” Elderly man, Baku, collective center

Table 5.1: Characteristics of housing and ownership of household goods for IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Percentage of households living in accommodation:		
with 1 room	42.5	9.1
with 2 rooms	40.3	35.6
with 3 rooms	13.9	34.0
with 4 rooms	3.3	21.3
Size (square meters) of living space per household member	8.0	16.0
Percentage of households owning:		
satellite TV	61.0	85.0
mobile phone	55.0	65.0
computer	0.1	4.7
bike	0.5	1.8
car	9.1	17.2
Percentage of households reporting that housing is:		
too noisy	33.0	11.0
too small	72.0	47.0

Source: World Bank, 2008 LSMS

The majority of IDPs in the research sample considered that they could never truly be happy, living well and free from vulnerability as long as they remained away from their lands of origin (Box 5.1). For them, the ultimate solution to their problems would only be achieved if they were able to return to their homelands; a hope that was expressed with intense longing. In the main, there was very little sense that resettlement and living in other settings would ever be an adequate alternative, or as satisfying or as good for life and well-being as return. Thus, IDPs despite living away from their homelands for more than twenty years still considered themselves in a temporary situation, displaced and not integrated. They consistently saw this forced displacement and dislocation they consistently as the root cause of other difficulties.

Living Conditions

Most IDPs aspire to better housing and living conditions and consider that this would greatly improve their well-being and livelihood chances. At present, the majority of IDPs’ living conditions are still worse than the general population’s. While access to public services is equal or better among IDPs than non-IDPs, the former consider that the quality of the services needs improvement. However, those IDPs living in new settlements are in general satisfied with their living standards.

There were striking differences in the residential patterns of IDPs compared to non-IDPs and in the access to and ownership of housing between the IDP population and the non-displaced. Only 27 percent of IDPs lived in a house or apartment compared to 92 percent of non-IDPs, and only 9 percent of IDPs owned their own house compared to 89 percent of non-IDPs.³⁹ On average, IDPs fell short on many housing standards indicators compared to the general non-displaced population. For example, 42 percent of IDPs lived in accommodations with only one living room compared to 9 percent of the non-IDP population (table 5.1). IDPs were more likely to

39 2008 LSMS.

say that their accommodation was noisy and too small compared to non-IDPs. This perception was backed by data that showed that displaced people had half the living space of the non-displaced; IDPs had an average of 36 sq meters of living space compared with 74 sq. meters for local families. In addition, IDPs were likely to have fewer household goods than non-IDPs. IDPs were less likely to have access to media (TV/satellite/audio), communication equipment (mobile phones/computers) and transportation (bicycles/cars) but where they did have these items, they were likely to have acquired them more recently than non-IDPs.

Access to some basic housing facilities and services was also worse among IDPs than non-IDPs; rates of access by IDPs to hot water and bathrooms were significantly lower among than in the general population (table 5.2). Discrepancy in access to services was also pronounced in terms of access to electricity; according to self-reporting in the LSMS survey, only 41 percent of IDPs had access to 24-hour electricity compared to 53 percent of non-IDPs. Only 37 percent of IDPs rated their access to electricity as good compared to 56 percent of non-IDPs. However, IDPs did not fall significantly behind the local population in all regards; their access to running water, sewerage and heating was about equitable if not better than the standards for the overall population.⁴⁰ Other surveys have shown that most IDP walked less than 100 meters to access drinking water and toilets.⁴¹ In addition, due to the high levels of electricity and utility subsidies, IDPs were less likely to have unpaid bills for their home services than non-IDPs; only 2 per cent of IDP households reported having an unpaid utility bill compared to the 22 per cent of non-IDP households who report currently having unpaid bills.

The LSMS data suggest that IDPs were often as well, if not better, served and supported by local

Table 5.2: Access to and evaluation of access to household utilities for IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Percentage of households with access to:		
hot water	21.6	33.3
bathrooms	43.3	56.8
24 hours electricity	41.1	53.7
12 – 24 hr water	48.2	41.8
12 – 24 hr sewage	70.0	59.6
12 – 24 hr heating	42.9	47.3
Percentage of households evaluating access to this utility as good:		
electricity	37.8	56.0
water	22.0	22.1
sewage	40.7	37.4
heating	16.0	18.0
Percentage of households reporting having an unpaid bill	2.0	22.5

Source: World Bank, 2008 LSMS

infrastructure as non-displaced populations (table 5.3). On average, IDPs took equal or less time and paid less to get to school, rayon and health centers than did non-IDPs. Ninety-seven percent of IDPs could get to a health center in less than 30 minutes compared to 89 percent of non-IDPs. However, inequalities arose when IDPs rated the quality of services; they were less likely than non-IDPs to evaluate the quality of health and education services as satisfactory. This would seem to suggest that although the Government had made considerable investments in IDP settlements and had paid dividends to improve coverage of services for IDPs, more attention should be given to what was delivered through that infrastructure and to improve the caliber of service.

The qualitative research highlighted that, apart from those IDPs who had recently relocated in new settlements, concern and frustration over living conditions still pervaded the experience

40 2008 LSMS.

41 DRC 2007.

Table 5.3: Access to and perceived quality of health, education and government services for IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Percentage of households who access the following in less than 30 minutes:		
health center	97.1	89.8
school	98.7	98.0
rayon	90.0	77.8
12 – 24 hr water	48.2	41.8
12 – 24 hr sewage	70.0	59.6
12 – 24 hr heating	42.9	47.3
Cost of travel to (average AZN spent per trip):		
health center	0.25	0.68
school	0.36	0.31
rayon	0.48	1.08
Percentage of households who rate the quality as good:		
health care	19.6	25.9
education	26.8	33.0

Source: World Bank, 2008 LSMS

Box 5.2: IDPs living in the worst conditions express the impact of poor housing on their lives

“I have a 28-year-old son, he can’t get married. Where will he bring his wife? We are six people living in one room. I turned to many places for help, but still no positive reply.” Woman, wife of household head, Baku collective center

“How can this be called a life if there are eight people living in one small house, if one person has to use only one bucket of water to bathe, if you have to sleep, eat, bathe and receive guests in just one room? It is unthinkable that in the 21st century there is no bathhouse for IDPs here.” Man, household head, Barda, living with relatives

of being an IDP in Azerbaijan.⁴² Particularly in collective centers, the smells, dangers and filth of sanitation and sewage problems, hazardous electric cabling, leaky roofs and vermin brought misery and depression to IDP residents. They worried that these conditions impeded their family development, restricting privacy and exposing them to health and safety risks.

For those living in new settlements the picture was very different. Data from the LSMS was not available to compare living conditions indicators within the IDP group, but the qualitative data suggested that moving into a new settlement brought a substantial improvement to the lives of those targeted. They gained more private space for their families in individual housing units, access to kitchen gardens and access to productive agricultural land, as well as easy access to infrastructure and services. Residents of these settlements were extremely positive about these improvements.

Health Status of IDPs

The detrimental impacts of ill health are more pronounced for IDPs than non-IDPs. Ill health is a source of considerable vulnerability and anxiety for the IDP population for the expense it causes and because it limits livelihood opportunities.

IDPs were on a par with the non-displaced when it came to rates of reported sickness and disease (about 18 percent of each group reported being in poor health). However, IDPs seemed to experience more deeply the adverse effects of ill health (table 5.4). Nearly one third of IDPs who self-identified as being in poor health were poor, compared to the overall poverty incidence of 25 percent among IDPs. By contrast, among the non-IDP population, poverty rates among those self-identifying as having poor health were no greater than for those with satisfactory health.

42 See also UNHCR 2009.

Box 5.3: Case study of a family living in a new settlement

Since 2008, the family has been living in the New Settlement of Khojavand. The wife works at the local school. They have a house, homestead land of 1200 square meters planted with an orchard and a plot of 60 square meters around the house, where they grow crops and keep poultry. "Our life improved significantly after we settled here. Now we have a house, land, poultry and we are engaged in animal husbandry. We don't need to pay much for foodstuffs, like we did when we lived in a collective center or in a rented apartment. We feel much more secure and confident in the future." Beylagan, new settlement

Illness was more likely to interfere with daily activities and economic livelihoods of IDPs than of non-IDPs, and IDPs were more likely to attribute lack of work to illness and disability. IDPs were more likely than non-IDPs to quote ill health as being the main reason for their economic hardship, while non-IDPs were more likely than IDPs to quote unemployment.

As is the case for many other displaced people the world over, the topic of ill health was a re-occurring theme in the testimonies of IDPs in Azerbaijan, casting a continual shadow over many parts of their lives. It is likely that that high incidence of references to poor health was partly due to the particular situation of stress in which they lived, the day-to-day pressure of poverty combined with the fundamental uncertainty their lives, i.e. whether they would return home one day or continue to 'live in limbo'. Such a transitional and marginal life could manifest itself in psychosomatic symptoms related to the anxiety of having an unpredictable future and the need to balance a long-term vision of returning home with day-to-day needs of current life in a current location. In the qualitative research, IDP women narrated that they were particularly likely to find such conditions trying and emotionally burdensome, increasing their worry and

Table 5.4: Perceptions of health status, IDPs and non-IDPs, 2008

	IDPs	Non-IDPs
Poverty rate for those self-reporting as being in poor health	30.7	19.7
Percentage of households reporting:		
interference in life due to sickness	81.3	75.8
ill health as main reason for hardship	29.0	17.7
lack of work due to illness	8.5	4.1
care for a sick family member interferes with job search	15.8	5.6
<i>Source: World Bank, 2008 LSMS</i>		

sense of responsibility for their families, and affecting their pride. Women specifically noted that poverty and a limited capacity to buy new clothes affected their image and self-esteem.

In turn, ill health deepened apprehension and worry because of the financial strain and consequences it could have on IDP households. Although ostensibly provided with free health care, in practice gaining access to treatment and medication in Azerbaijan involves the payment of nu-

Box 5.4: Case study of a family living in a new settlement

"I am a teacher. I should look good because I work at the school, and children always think that their teacher should look beautiful and wear nice clothes. I can't afford good clothes, not to mention visits to the beauty salon." Woman, Baku, collective center

Box 5.5: Case study of the effects of ill health on household well-being and livelihood options

This man was 17 when he had to leave his home in Fuzuli rayon in 1992. “I fled alone. My father was a driver at public enterprise; my parents joined me later in Saatly rayon.” He took three sheep with him from their home, and later the family sold them.

He lived with his parents in Saatly rayon until 1994, when they moved to Baku and settled in a dormitory collective center in Sahil settlement. He now lives with his spouse in one small room. He is seriously ill, he needs surgery. But neither he nor his parents has money for it. “During the year I try to save some money to maintain a course of treatment. I borrow money from friends, relatives. Without this course my state of health deteriorates badly. This treatment costs 300 manats, the surgery costs about 2,000 manats. I don’t have this kind of money and don’t have any possibility of earning it.”

The main sources of income in the family are government subsidies and his disability pension (60 manats). Last year, he got a job (as a worker) at the local school. “I had a salary of 60 manats. The school’s principal promised to increase my salary, but he demanded that I stay at the school from 8 am to 8 pm. I agreed, but my salary remained the same.” Due to his illness, he said he could not endure such a schedule. His health got even worse. After four months of work at the school, he left. He tried to find another job many times. “There is no place here where I did not turn for the help to get a job, but I didn’t get any. You should have good connections or money to get a job. You can’t even get a job as an unskilled laborer if you don’t have someone behind you. ”

The family hardly covers its needs. “We are in debt all the time, we owe many people here. We can’t repay these debts because I don’t have job.” His spouse does not work either. He does not see any other possible sources of income but day labor. “I’m not afraid of any work, but my health problems don’t allow me to do hard work. If I could pay for the surgery and solve these problems, I would need neither pension nor government subsidy. If I were in good health, I could earn much more money.” Semi structured interview, Baku, collective center

merous informal and additional sums to service providers, which proved to be a heavy financial burden for IDPs. Ill health in the family could be a chronic drain on resources or a massive financial shock beyond the capacity of everyday coping strategies. Its incidence could lead to a spiral of depression, impoverishment and hopelessness for those affected.

Social Capital of IDPs

Social life is a source of hope for IDPs and a powerful resource for well-being and overcoming vulnerability. However, IDPs feel that their social capital in the wider society is undermined by their social marginalization and stigmatization compared to non-IDP groups.

For IDPs in Azerbaijan, the important life cycle events that bring joy and pride into the family offset the stringencies of daily life, of poor health, of earning an income and overcoming the emotional burdens of forced displacement. In the qualitative research, IDPs narrated that seeing offspring marry and have children and attending wedding parties were positive events. Likewise, children’s achievements and success in life, be it in their education, in their competitions and in their safe return from the army after military service, all gave a sense of hopefulness and of moving forward. Families where such events were stalled were particularly vulnerable, bearing increased disappointment and anxiety.

The importance of social life for Azeri IDPs was not driven just by the emotional uplift caused by

Box 5.6: IDP views on their social stigmatism

“Personally I was always very proud of being originally from Agdam. Now I often feel ashamed and try even to say that I am not from Agdam because people will call me ‘gachgyn’.⁴³ This word is so bitter and humiliating to hear.” Man, household head, Barda, Collective Center

“Sometimes we feel very humiliated. For example, my child goes to the local school and he is called ‘gachgyn’ there. It traumatizes a child’s psychological state and makes him feel second rate” Young mother, Baku collective center

“I feel very depressed about being an IDP. Sometimes when I am on the bus, I hear people talking about ‘gachgyn’ with disdain and irritation. I often face things like this. Even if people don’t say it to you openly, they talk about IDPs in this way behind you.” Male household head, Baku, collective center

these lifecycle events but also by social capital, which is such a vital resource on which advancement in many economic and livelihood areas depends. IDPs were very clear that those with the strongest networks, those whose relatives were well connected were best protected from vulnerability and more likely to have wider livelihood options and to achieve a better quality of life. Thus, seeing their children marry and start a family of their own raised the possibility of increased potential and strengthened social capital in a family network through all that that new family unit might acquire or achieve.

Social relations within the IDP population appeared to be resilient and provide much-utilized safety nets. However, their ‘bridging’ social capital with non-IDPs (social capital that could, as discussed in Part Four, better connect them to livelihood opportunities) would seem to be weaker. A number of factors could be behind the social marginalization that IDPs report feeling. First, many IDPs tended to live in designated

IDP settlements and apart from the non-displaced, decreasing the number of opportunities to contact and connect with the non-displaced. Second, many children of IDP households did not attend schools with local children, which may have contributed to segregation as it was harder for them to develop cohesion and foundational social capital with the non-displaced. In addition, IDPs felt that they suffered some stigmatization. While on a national level there was a strong ideology of support for IDPs, it was tempered by a widespread perception that in some regards IDPs were responsible for the loss of their lands because they had not put up greater resistance to protect them. In addition, at the local level IDPs related being subjected to insults about their appearance and their living conditions. Such derogatory remarks may have served to further marginalize IDPs within society.

⁴³ Literally ‘refugee’, the word has very negative connotations.

PART 6: *The Impacts of The Economic Crisis On IDP*

This section shows the relatively limited household level impacts of the global economic crisis on IDPs in Azerbaijan. The reasons are two-fold: the relative stability achieved by Azerbaijan through this period, and the low levels of engagement by IDPs in the labor market, where the transmission effects have been strongest. While IDPs did report deterioration and a sense of heightened vulnerability for the period prior to the research, they attributed this to a range of causes not just the global crisis. Rising prices and contraction of employment opportunities were the main economic pressure IDP households faced over the twelve months prior to April 2010. This led to reduced consumption and to increased social and emotional strain, particularly for young people. The qualitative study set out to explore not only how economic shocks affected IDP livelihoods but also how IDPs strove to cope with those changes, thereby investigating the sources of resilience in IDP livelihood strategies. The findings, however, point less to a picture of resilience among IDP and more to a vulnerability to hopelessness and depression, combined with a 'dependency' syndrome and expectation that the solution to all their difficulties lies with the actions of government.

IDP experience of the economic crisis

IDPs considered that in general their livelihood strategies became increasingly challenged between

mid-2009 and mid-2010. They did not see full causality between those reduced economic circumstances and the global economic crisis but instead cited a number of factors as the cause of the deterioration in their conditions.

Table 6.1: GDP and sectoral growth rates, 2005-2010

	2005	2006	2007	2008	2009	2010p
GDP Growth Rates	26.4	34.5	25.0	10.8	9.3	3.7
Oil	66.3	63.2	36.8	6.8	14.3	3.6
Non-oil	8.3	11.9	11.4	15.7	3.2	4.5
Agriculture	7.5	0.9	4.0	6.1	3.5	1.5
Industry	14.8	4.1	7.9	6.4	-13.8	5.0
Services	9.6	18.2	12.5	13.7	9.1	5.0
CPI	9.7	8.4	16.6	20.8	1.4	4.7

Source: World Bank/IFC/2010 Azerbaijan Country Partnership Strategy

The impacts of the economic crisis have been more limited in Azerbaijan than in other countries in the region; while the growth rate slowed, it remained positive. Annual growth rates averaged over 20 percent per annum during the period 2005-2009, though growth in 2008 was less than half the 2007 rate. This picture of strong macroeconomic growth was partly due to increased oil production in 2009, resulting from the resolution of technical difficulties at the oil fields and the use of transfers from the State Oil Fund to bolster the economy. The main shock was in the non-oil sector, with poor economic performance in Russia and Turkey affecting non-oil export revenues and remittances for Azerbaijan. Azerbaijan's non-oil sector growth fell from 15.7 percent in 2008 to 3.2 percent in 2009 (Table 6.1).

Box 6.1: IDP views on the impacts of the economic crisis

“The economic crisis has nothing to do with our problems. I think these are just the problems of being an IDP and there is no relation to the crisis.” Male household head, Barda, living with relatives

“I think there is a link between a fall in my income and the economic crisis. I worked and had a job of 100 manat. I was fired due to staff reduction. I think it was due to the economic crisis.” Young man, Barda, living with relatives

The major transmission vectors of the economic crisis in Azerbaijan were contractions in industry (especially steel and chemical) and construction; construction slowed as private demand for housing reduced in line with uncertain market conditions. Social spending and public sector spending was largely protected.⁴⁴

The qualitative research explored how IDPs experienced these changes. In defining the focus of the research, it was anticipated that IDPs would be most affected by the economic crisis through the following channels: a contraction of employment in the non-oil formal sectors, a contraction of demand for goods and services provided by the informal sector, and the possibility of unfavorable price movements in the agricultural sector. The research findings were less equivocal in substantiating these prior assumptions. The qualitative work revealed that IDP respondents were generally of the opinion that their life had become harder in the twelve months prior to being questioned. However, they attributed this change and decrease in overall well-being to a range of causes of which the global economic crisis and its related attributes were the most consistently mentioned reason, although by less than half of the sample.

IDPs tied their experiences of a harder life and increased difficulties over the past twelve months more to the cumulative effects of poverty and vulnerability inherent to the unresolved Na-

gorno-Karabakh crisis and to the accumulated effects of almost two decades of displacement. In particular, respondents drew attention to their situation of chronic inactivity with respect to the labor market. All IDPs considered that life had become more difficult recently, apart from those in the new settlements, whose opinion was more mixed. While these IDPs could identify negative changes over the preceding months, those changes were, in their opinion, offset by all the positive changes they had experienced (new houses, better living conditions and access to land) since their resettlement.

Increased economic pressures

IDPs reported that their most significant economic pressure of the twelve months prior to the research were rising prices of foodstuffs and other goods, as well as contraction of formal and informal work opportunities and earnings mainly in the private sector. IDPs also suggested that some delay and freeze in social payments might be related to the economic crisis.

Box 6.2: IDP opinions on increasing food prices

“Prices have increased. I work and have a salary of 200 manats. I could cover our basic needs in food and some clothes with this money, but now I can’t. Life has become even more difficult.”

“We could put by some little money and food earlier. Now we can’t even think of this. We hardly cover our need in food with these increased prices.”

44 World Bank/IFC 2010.

Box 6.3: IDP experiences of heightened employment insecurity

“I used to work in a public enterprise, but I lost this job due to staff reduction. Then I worked as a day laborer. Last year, I was working on three houses in construction and repair works and had a good income. However, in the last 8 – 9 months no one here has built or repaired a house. People have become so poor that they don’t have money for that.” Male household head, Goygol, informal housing

“My husband worked as a driver in a private company, but the financial situation at the company worsened and they started to pay salaries with delay. My husband had to leave the company and find a new job, but now his salary is much less than what he was paid at the previous job.” Wife of household head, Baku, Collective Center

Case study of livelihood challenges over the twelve months prior to the research:

These two young men were children when their family had to leave their home in Gubadly rayon in 1993. Prior to coming to Baku, they lived in Imishly rayon in a tent camp, then in Sumgayit in a collective center. Currently they live in a collective centre in Baku. They are unskilled laborers in construction. Their parents conduct small trade at the local market. All family members receive a government allowance. When assessing their life the brothers said that they lived better a year ago, “Prices have increased, it has become difficult to meet our needs. Small trade used to be profitable but now it almost doesn’t provide an income.”

Their day labor earning has decreased also, “Construction works have diminished. I was called for work more frequently last year. Now it has got worse. Sometimes I have to wait for weeks. And when there is some work, it is paid less than it was earlier. If you are not well connected it is almost impossible.” Baku, collective center.

IDP reported increased economic hardship due to a rise in the prices of goods between April 2009 and April 2010. In many ways, this finding is puzzling as it is so clearly at odds with the CPI measures, which reduced considerably in 2009. Yet IDPs gave precise details in their description of price rises. They noted most clearly the rise in the price of food but also in the costs of medicines and medical services, clothes and, less prominently, transportation. With respect to food price increases, IDPs particularly mentioned the rising price of flour, rice, meat and fruit. The discrepancy between this qualitative finding and the CPI measures may be due to the memories and impact of price rises in previous years. The shock of an erosion of real income pre-2009 may linger for IDPs and mask their perception and experience of more recent lower prices. Alternatively, it may be possible that the CPI does not capture the consumption basket of IDPs. What is clear is that price increases seem to have been felt mostly by IDPs living in the new settlements and other

rural locations rather than by those in cities and towns. It is possible that the costs associated with moving these goods to more distant rural areas were driving the increase in retail prices.

Consistent with the contraction of industry, construction and service sectors (evidenced in slower growth rates in these sectors in 2009), more than half of the IDP sample stated that they had experienced negative changes related to employment between April 2009 and April 2010, most frequently increased difficulties in finding and securing work and losing existing jobs. Just less than a quarter of respondents had lost formal and informal work placements. IDPs working in the private, rather than the public, sector experience such difficulties overwhelmingly. Other impacts IDPs felt were a freeze on salaries and/or reduction in earnings, reduced hours of work in casual day labor, less stability in their employment and the need to change their work more frequently, and salary arrears. Where

IDPs were still able to find work in the informal sector, they mentioned that there were increasing instances of employers abusing the informal contracts, increasing the scope of work, paying less than agreed or not paying at all even after the work was completed. All these impacts were particularly felt in the construction industry, which many IDP young men in Baku relied upon as a source of income.

A third of the sample of IDPs mentioned that one of the negative changes they had witnessed in the twelve months prior to the research was the freezing of pension and subsidies and the increased delays in payments. Indeed, IDPs noticed a general squeeze on the benefits they received with the introduction of a cap on utility subsidies and the ending of food distribution programs, all of which made them extremely fretful and concerned about possible future reduction of support. Although they did not directly attribute these changes to the economic crisis, they identified these trends as part of the pattern of things becoming more difficult in the last twelve months.

Consequences of constrained livelihood strategies

IDPs related that the consequences of these changes in their livelihood options were increased pressure on household budgets and reduced consumption. The impacts of the economic crisis are reflected in strained social relations, worsening emotional stress, increased marginalization and more limited marriage prospects for young people.

Families affected by the increase of prices and the decrease of work earnings faced a contraction in their household budgets. They experienced a greater discrepancy between income and expenditure, putting additional strain on coping strategies such as debt management, or cut their expenditure and consumption. IDPs stated most commonly that they had turned to buying food of a lower quality, and only really bought food items, cutting back on the amount of clothes they bought, reducing recourse to medical services and increasing their levels of indebtedness. Of all of IPD residential categories, IDPs living with their relatives appear to be those who feel these impacts most keenly and frequently, per-

Box 6.4: Case study of the consequences of increased livelihood constraints

The younger child suffers from epilepsy. “We want to apply for disability pension for our child, but we don’t know how to do that. They want money...If we had good knowledge about our rights, we probably could solve this matter. But we know nothing about that.”

“We can’t buy medicines for our sick child. We bought 20 injections for 12 manats before, now we can buy only 10 for the same money. We can’t provide good nutrition for our children. We used to receive foodstuffs as humanitarian aid, but it was stopped, and our well-being became worse.”

They turned to Heydar Aliyev’s Foundation for the help and wrote a letter to the First Lady Mehriban Aliyeva. “They helped us. We received free medicines for our child two times over the last 8 months.”

The husband says that there are fewer opportunities to earn money now. “Last year I worked more than I do now. I used to earn 10 manats for certain work, now I am paid only 4 manats for the same work. Sometimes I am not even paid for the work I do.” His wife says “We have so many debts because the greater part of money is spent on the medicines and doctors for our child. We try to repay debts little by little when we receive monthly government subsidies, but it is very difficult.” Semi structured interview, Barda, living with relatives

Box 6.5: IDPs views on the social impacts of economic constraint

“These financial problems cause so many conflicts in families. Imagine, a man, head of his family, leaves home in the morning and his wife is waiting for him hoping that he will come back with some money or food to cook. And when he comes back with his hands empty, she starts reproaching him and there comes conflict.” Male household head

“I used to communicate with local people before. I had a number of friends and acquaintances. Now, I don’t meet with them much. I can’t buy new clothes and I don’t have the money to go out with them.” Older woman, Barda Rayon, living with relatives

“My relations with relatives have weakened because I no longer go to their wedding or funeral ceremonies. I just don’t have the extra money for that.” Wife of household head, Barda Rayon, living with relatives

“I have not visited my close relatives for a long time. If I go there, I would have to buy something, some sweets or candles. But I can’t afford even these small expenses.” Wife of household head, Tartar town, collective center

haps because the poverty rates among this group are generally higher and they are therefore particularly vulnerable and sensitive to a constricted household budget. Across the various locations where IDPs live, IDPs in rural locations are those who most uniformly report household level impacts that are severe enough to require a change in consumption patterns. By contrast, IDPs in Baku appeared to experience these impacts on consumption the least, perhaps showing the resilience of economic opportunities and coping mechanisms in the capital.

IDPs related how strain in their household budgets translated into the deterioration of social relationships, within the immediate family and beyond, and of their emotional and psychologi-

cal well-being. Within the family, IDPs stated that economic constraints caused increased arguments, conflicts and tensions. Beyond the family, the inability to afford the customary gift given by friends and relatives at births, weddings and funerals and therefore the inability to attend such important life-cycle events and ceremonies was of particular concern. Given that IDPs relied so often on social connections, either for work opportunities or for borrowing via small-scale debts and loans, this constraint on relationships and weakening of social capital will render those affected even more vulnerable and will weaken their coping strategies based on social connection. Indeed, IDPs noted that some shop sellers were no longer so willing to let people buy goods on credit and trust as they had been in the past.

Box 6.6: IDP relate the emotional strain of reduced economic circumstances

“Increased hardship makes us feel depressed and irritated. If I lived better and had money, I would love my country more, would be friendlier with friends and more kind and sweet with my family members. But I have to think about where to get money and daily bread for my family. This is not a situation where you can think about the improvement of family relationships and being loving.” Young man, Barda, living with relatives

“How can a woman, a mother feel if she can’t buy what her child wants. I could afford to buy fruits and nutritious things for my children before. Now I can’t even take my child with me when I go to the market or shop because if my kid asks me for something I won’t be able to buy it.” Woman, household head, Barda town, collective center

In addition many IDP reported an increase in psychosocial issues over the twelve months prior to the research, just under half of the sample reporting increased depression and the majority an increase in hopelessness. The only IDP groups who appeared to be somewhat shielded from these emotional lows were those in the new settlements, where about half of the sample reported increased hopefulness over the past year, probably related to improved living conditions.

Overall, respondents in the qualitative work outlined a series of related effects where increased hardship over the previous twelve months had led to constrained household economies, to increased stress and tension and resulted in exaggerated humiliation. This humiliation is felt both because their pride is affected but also because these conditions make them more open to the taunts and prejudices of other, non-IDPs about their shabby appearance and living conditions.

Recurrent among the descriptions of the social and economic effects of a deepened economic vulnerability, is reference to the difficulties it poses for young people wanting to get married. Two factors are critical for young men who wish to start up a family: having the living space to be able to bring a bride into the household or the opportunity to secure their own independent accommodation, and having the necessary money for a wedding and start of married life. When living conditions are poor and income is tight, young men and women have to wait longer to get married and to work harder to acquire the resources to do so. This contributes to increased frustration among the young and jeopardizes the life cycle events that are so important in young people developing social capital of their own and so critical to providing joy and relief in the middle of their difficult lives.

It is witness to the precarious social and emotional situation of IDPs that, although relatively limited, such changes related to constrained economic circumstances have a deep impact on their already fragile psychosocial well-being and social marginalization. Given that IDPs set such

Box 6.7: IDP opinion on the impacts of poverty on the young

“Young people, girls and boys, suffer more from increased unemployment. When you are young, you want to work, to have nice clothes, to go out. Many young men cannot marry and start a family because they don’t have a job to keep their future family.” Young man, Evlakh, informal housing

store by the need to remain motivated and well connected in order to cope with their situation, these changes are detrimental to their overall coping ability.

Coping Mechanisms

In order to cope with increased deprivation, IDPs have attempted to cope through strategies such as borrowing additional amounts from friends or relative and seeking a new job. Nevertheless, overall a positive narrative of ‘coping’ is not one that IDPs find easy or convincing to embrace and IDPs have met negative changes in their livelihoods opportunities over the last twelve months largely with resignation and increased depression. Overwhelmingly IDP look to government to solve their problems for them although become frustrated with the quality of their encounters with local government officials.

When reflecting on how they had coped with recent increased vulnerability, just under half of the IDP respondents stated that in the previous twelve months they had borrowed additional amounts of money from relatives, friends and less commonly work colleagues, in order to improve their families’ well-being. This coping mechanism proved most successful for those with strong and cohesive social capital, where relatives and friends were well connected both within and outside the family and community group to sources of income and preferment. However, this did not work for all; many more IDPs had requested such assistance but without success, suggesting that there were limits to the financial provision that social networks were able to provide and the demands they could

Box 6.8: IDPs express their dependence on Government

“We need more support from the Government: We need housing and job to live adequately.” Wife of household head, Barda rayon, private houses, living with relatives

“Today the only way to improve our lives is to return to our native lands”. Old man, Saatly rayon, improvised housing

“If the Government is going to leave us to live here, let them provide us with new housing.” Young man, Goy-Gol rayon, informal housing

“We need to live, not just survive till we get back to our homes. It would be good if the Government built houses for us here, provide us with job, and increase pensions for old people.” Old man, Saatly rayon, improvised housing

absorb. Likewise, attempts to find new jobs – either to replace lost jobs or to supplement the household income through an additional source of earning – were not overwhelmingly successful. A third of the sample reported that someone in their household had attempted to find a new job in the previous twelve months but only half these had been successful. Finding a new job appeared to be slightly easier for those living in Baku but far more difficult for those living in other cities and for those living with their relatives.

In general, discussions with IDPs about coping mechanisms proved to be methodologically challenging. IDPs found it hard to conceive or grasp that there were decisions and resources, means of coping within their power that made them more able to withstand economic changes in the wider context. Many of such probes were met with blank looks, incomprehension and an inability to identify any steps taken to ameliorate their situation. There were two aspects to this perception among IDPs. The first was that their life is undoubtedly hard; many are making a living at the margins of poverty and when subjected to economic strain the cushioning and protective mechanisms they utilize to cope were put under additional pressure. Coping resources and strategies may no longer be able to support this additional demand. The second factor is one that is increasingly being identified as a ‘dependency’ syndrome among IDPs in Azerbaijan (UNHCR

2009); the expectation that the solution to their problems lies not within their own hands but in the overall political resolution of the cause for their forced displacement and, in the meantime, with the Government to support them until that time comes. A narrative of the importance of self-help, individual determination and enterprise is strikingly low among IDPs in Azerbaijan. After more than two decades of displacement and ‘living in limbo’ subsidized by the Government, as a population they have become orientated towards and expectant of policy as determining their overall survival and conditions, rather than what they might do for themselves.

Instead of identifying coping mechanisms, many IDPs spoke about an increase in their hopelessness and decrease in their confidence in things changing for the better. Many identified situations that they knew were detrimental – such as ill health and strained family relations – about which they had taken no action nor could see any likelihood of a positive resolution. While a few IDPs spoke of seeking additional emotional support from their friends and deepening their religious faith through these difficult times, in the main the respondents were firm in their belief that the only factors that would help them overcome their difficulties were a return to their homelands, an increased access to jobs with regular and stable salaries, and higher levels of government subsidies.

In line with their expectation for the Government to solve their problems for them, IDPs constantly sought help from local government officials on a range of issues, from asking for improvements in housing conditions to the search for a job. IDPs know these government personnel well and consider them as some of the most significant people who can potentially make a difference in their lives, suggesting a high level of respect for the authority and potential influence of government services. However, IDPs contacted during the research suggested there could be some improvement in the quality of their interactions with local government officials, stating that they would appreciate more information on

which local official might be able to solve an issue and easier access to people in authority.

The fact that, during local elections, IDPs vote for candidates standing for their villages of origin rather than for candidates in their places of residence could be the cause of interface difficulties between government representatives and IDPs at the local level. Allowing IDPs voting rights in their places of residence could improve the accountability of local officials to IDP issues.⁴⁵

45 Brookings Institute, 2004.

PART 7: Conclusions and Recommendations

The main themes to emerge from the research are presented below along with recommendations for how they may be addressed.

Twenty years after their displacement, IDPs still remain vulnerable on a number of measures.

Two decades after their forced displacement, IDPs' economic and social development still lags behind the rest of the non-displaced population. IDPs are worse off than the non-displaced in a number of areas: they are more at risk of poverty, have lower employment levels, greater rates of employment inactivity, they have worse housing and living conditions and face a greater disruption due to ill health. In addition, IDPs feel socially excluded and have particular psychosocial vulnerabilities. Any changes in their economic situation (as evidenced by their responses to the economic contraction during the twelve months prior to the research) have a deep impact on their levels of worry and sense of dependency. Despite the considerable investments made to support IDPs, challenges remain in ensuring that they overcome the disadvantage of their displacement. Therefore, targeted investments by the GoA to support IDP are justified.

The IDP population has low levels of economic self-reliance; there is great need to assist IDPs in pursuing their own economic initiative.

Employment rates are low and inactivity rates are high among IDPs. Just over seventy percent of the IDP population still relies upon government support as their main source of income. It

can therefore be concluded that GoA transfers to IDPs play a critical and important role in protecting IDPs from deprivation and vulnerability. Poverty rates among IDPs would likely be greater without these subsidies and removal could cause widespread economic hardship. Nevertheless, there is room for change and for shifting the pattern of income gain among IDPs towards increased self-reliance. Increasing employment rates among IDPs would also decrease their poverty.

IDPs contacted for the research expressed the desire for a reliable and regular income of a more lucrative nature and many aspired to paid formal employment. However, such opportunities were hard to come by either due to the lack of available jobs in their local areas or to their lack of social connections to secure appointments. To spread income risks IDPs sought to diversify livelihood strategies for their household but alternative sources of income, such as small scale agricultural production and sale, day-labor and petty trade, hold a number of difficulties and IDPs often felt that the small margins of profit involved do not justify the effort required to pursue them. Therefore, they continued to base their household economies on inputs that were not self generated, weakening their own economic resilience and their adaption to their current settings. This 'dependency' syndrome and the corrosion of their strategies for self-reliance and sustainable livelihood options need to be overcome else they might also cause difficulties in the future and eventually undermine the ability of IDPs to re-build their lives on return to their homelands.

Improving the quality of their living conditions has a significant impact on the ability of IDPs to achieve overall well-being.

The importance of living conditions to the livelihood chances of IDPs is illustrated by the level of appreciation expressed by those IDPs who have relocated to a new settlement, who enjoy an improved quality of housing, access to services and especially the provision of land for agricultural purposes. There is a palpable sense of relief among this group at having been re-settled, and being able to start over again. From the point of view of IDPs, the considerable amounts of government funding to support the development of the new settlements is strongly appreciated.

There is however an increasingly stark contrast between IDPs in new settlements and the rest of the population when it comes to housing and living conditions. It is particularly noticeable that IDPs living in collective centers often express extreme dissatisfaction with their situation, a dissatisfaction that linked to the relative lack of investment in improving this accommodation over the past two decades. The challenge of addressing the living conditions and all IDP housing needs is therefore apparent.

IDPs contacted for the research felt disadvantaged by having weaker social capital and connections to people in position of influence. This both stems from and contributes to their marginalization within the overall society.

It is clear from the research that IDPs perceived that access to desirable livelihood opportunities is largely determined by the strength of social networks, and they felt they were more likely to obtain jobs, income and assets through a broad and wide web of relationships than through formal processes. It is here that the lack of social connection of IDPs is a distinct disadvantage, weakening their inter-group connections and the social capital that may facilitate their ability to access employment. This marginalization of IDPs may be linked to the fact that many IDP settlements remain disconnected or even isolat-

ed from neighboring communities. This marginalization may be instilled at an early age by the existence of the parallel school system for IDP children. It may also be reinforced by the stigmatization that IDPs say that they face.

IDP youth face a particular set of challenges, particularly in accessing the necessary housing and resources to marry.

A distinct characteristic of the protracted forced displacement in Azerbaijan is that a whole new generation of children and young people have been born and grown up as displaced people, despite never having seen the lands from which their parents were displaced and to which they have affiliation. While not fully elaborated in the research, it is likely that the dynamics of displacement for the second generation of IDPs in Azerbaijan are complex. On the one hand, youth may be more able than their parents to adapt socially and economically to their places of residence; on the other hand, young people inherit the legacy of their parents of being bound to another place that defines their current life as only temporary and possibly subject to disruption and dislocation in future. Globally, the evidence is that if young people's own integration and development is overly constrained by the ideals of their parents (ideals based more on the past than the present) this can result in frustration and inter-generational conflict. Such frustrations may become increasingly apparent if young peoples' present circumstances thwart their own life development and aspirations. In this regard, the frequent references in the research to the difficulties for IDP young people to marry due to accommodation and financial constraints are cause for concern, with potential for conflict and tension among this second generation.

The psychosocial outlook of IDPs is a major constraint on their ability to achieve social and economic success.

IDPs in Azerbaijan are characterized by a distinctly pessimistic psychosocial outlook, which may well be related to the strikingly high reports

of ill health among the IDP population. There are two particularly important aspects of the psychosocial profile of the IDP. The first is the strong commitment to the notion that returning to their lands of origin is the solution to their current problems. The desire to return has a very nostalgic trait to it, with IDPs imagining a return to a now eulogized past, to a way things used to be, even to the Soviet style of collective farms they used to be involved in. The profound ideological, emotional and psychological commitment to the need to return has a number of consequences. It means that mentally IDPs still 'live in limbo' between their present displacement and the possibility of return. It is likely that remaining psychologically 'living in limbo' affects IDPs' social, investment and employment choices, making them less likely to develop long-term asset management strategies or to make more ambitious educational or livelihood decisions.⁴⁶ In addition, in defining forced displacement as the ultimate root of all their problems, IDPs are less likely to be critical of or proactive towards overcoming other factors such as service delivery, unemployment and regional under-development that may also contribute to their vulnerability.

The second aspect of IDPs' mental and emotional outlook is their sense of dependency on others to make decisions for them and to determine their overall well-being, rather than acknowledging their own resources and competencies in determining their quality of life and progress.

Overall, a discursive change is required that would position IDPs not as 'passive victims' but as resilient ones, people who have undoubtedly suffered and lost much but who are nevertheless able to make an active contribution to their own lives, to their communities and to their country in the present and will do so again once they return. IDPs can be encouraged to build realistic notions of return to their homelands, to envisage

a return where they will not find everything restored to how it used to be in the past but instead a return that will necessitate the slow rebuilding of communities and regions along modern day lines. IDPs can be encouraged to be ready and equipped for that reconstruction process through retaining and gaining the necessary skills in the present that will facilitate that return and rebuilding.

Recommendations

The challenges for IDPs identified in the report can be addressed through the following concrete actions, which are focused on building their assets and supporting their improved self-reliance and resilience:

Building Human Assets

- IDPs need to be better equipped to be competitive in the marketplace through acquiring professional skills that will increase their likelihood of securing more stable and lucrative employment. Vocational skills training to increase trade professionalism can be delivered for IDPs active in occupations where this is appropriate. However, in the longer term the goal should be to eliminate any skills gaps between IDPs and non-IDPs.
- Many IDPs interviewed for the research were engaged in the informal labor market to supplement their incomes, particularly marketing and trading. Therefore, policies that are favorable to the informal sector are likely to benefit IDPs. IDPs would gain from affordable and accessible locations for trading activities. Urban development should take into account the location of IDP activities and the potential losses entailed by land acquisition for development and construction.
- There is need for further analysis of the particular health and psychological needs of IDPs, and the adequacy and re-

⁴⁶ Holtzman & Tezam, 2004, *Living in Limbo: Conflict Induced Displacement in Europe and Central Asia*. The World Bank.

sponsiveness of health care provision for this sector of the society.

Strengthening Physical Assets

- The living conditions and accommodation of IDPs can have an important link to their sense of well-being, hopefulness, and desire and ability to be self-reliant. Continued investment is required to upgrade IDP housing and services. In particular, investments are required to improve physical conditions in the IDP collective centers.
- An integrated approach to IDP housing that considers the relationship between accommodation location and livelihood options is necessary. Every effort should be made to accommodate IDPs in areas where they are connected to markets, employment opportunities and viable livelihood opportunities, including possible access to land. In future, new settlements could be located with this in mind and renovation of existing accommodation (e.g. the collective centers) should be considered only in locations where IDPs are economically and socially connected, otherwise alternative residential options should be sought.
- Improving levels of IDP ownership of property would likely instill a greater sense of responsibility for their living conditions, an overall sense of self-reliance and would grant IDPs improved ability to use their physical assets as collateral.

Strengthening Natural Assets

- Many IDPs in rural areas would benefit from improved access to and formal ownership of irrigated, fertile agricultural land to be able to pursue agricultural livelihoods. This may encourage them to invest in productivity-increasing technologies, with the reassurance

that they would be able to reap the benefits of those investments. Land would also serve as collateral and allow IDPs to access formal financial services. Increasing opportunities for land renting and access to communal land can be considered. IDP incomes from agricultural activities could also be intensified through investments in quality inputs, knowledge and skills, and through enhanced access to markets.

Strengthening Financial Assets

- IDPs contacted in the research experienced constraints in accessing credit to invest in income-generating activities and to smooth their consumption needs. As discussed, IDPs' access to credit is constrained by their lack of property assets that can serve as collateral. IDPs would benefit from loans for income-generating activities with less stringent collateral conditions for borrowing.
- However, enabling more IDPs to start micro-enterprises will not only require improved access to financial capital but also provision of the skills and support required for micro-enterprise development.
- Even with improved assets, access to credit, and marketable skills, IDPs may still be loath to start up their own micro-enterprises or seek more lucrative income options because of their aversion to risk, which is partly driven by insecurity of their situation. One model that has worked well in other settings to stimulate economic activity for vulnerable and risk averse persons is that of community groups who jointly contribute joint into a common fund. Such groups can develop collective saving practices and models of small-scale economic cooperation.

Strengthening Social Capital

- While there are strong and resilient social bonds among IDPs, these do not often translate into social institutions or collective action. Very few IDPs feel empowered. Community mobilization approaches, where groups of IDPs collectively identify their development priorities and are supported to take responsibility for actions to address those problems, will enhance the effectiveness of social capital among IDPs and build their sense of empowerment.
- The interface between IDPs and local government can be more responsive, with the introduction of more systematic ways for IDPs to contact and call upon local government officials. Allowing IDPs to vote in their places of residence could improve accountability of local authorities to IDP concerns.
- All IDP investment should encourage cross community contact and collaboration between IDP and non-IDP communities, building social “bridges” between IDPs and the rest of the society, to facilitate the necessary social capital for IDPs to improve access to livelihood opportunities. This approach could include a review of the parallel school system for IDP children to assess how far it supports the social connection between IDP and non-IDP young people and whether it should be reformed. This approach could include an IDP housing policy that promotes cohesion and accommodates IDPs so that they are socially connected to non-displaced populations. A socially responsive housing policy would also take into account the needs of young people for separate accommodation in order to marry.

- The GoA can play a significant role in tackling the demoralized and entrenched psychosocial profile of IDP and their ‘dependency syndrome’ by encouraging IDPs to see themselves as resilient people rather than passive victims, whose active economic participation and self-reliance in the present can better equipping them for return in the future.
- Like all members of the society, IDPs would benefit from government action to ensure that all recruitment practices are meritocratic and free from the informal influence of social connections in awarding job opportunities.

Access to Markets

- Since some IDPs have limited access to markets and market information, they are vulnerable to exploitation by intermediaries. There is potential in exploring development approaches that can bring markets closer to IDPs, including through improved virtual communication and information.

Recognizing Variation

- Different sectors of the IDP population face different challenges: there are high levels of economic inactivity among women; young people have inherited a legacy of displacement but are keen to adapt to their current places of living; IDPs living in small towns are particularly poor; those living in collective centers feel particularly depressed by their living conditions. Targeted investments and activities are required for the different needs of these different sectors of the overall IDP cohort.

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