

# The Poor and Unemployed in Azerbaijan

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Previously, in the first part of this study, we attempted to introduce a general description of the mechanisms of implementation of social policies in Azerbaijan. There we discussed the amount of the benefits or allowances received by socially vulnerable groups and the current situation in this field in general; we also touched upon a recently much-debated issue, child benefits. As we demonstrated, by October 1, 2021, in Azerbaijan, merely 8 percent of children were supported through government payment, and the amount of money that those children received was 69 manats per capita. In short, 92 percent of children in the country were deprived of any direct assistance given by the social protection system. On the other hand, we noted that according to the report by the International Labour Organization (ILO) 16,9% of children in the country are protected by the social protection system. The main reason for this difference is other social protection systems arranged to protect people in other socially vulnerable categories.

Among different socially vulnerable groups, the poor and the unemployed are particularly important. Both of them are related to each other and the government speaks very highly of its achievements in both areas. Is the reality consistent with the information provided by the government? In Azerbaijan, the main apparatus to fight against poverty is targeted state social assistance. There are several other social protection mechanisms which are related to households. That is why we will return to this subject when discussing the social policies applied to other social categories. Therefore, this second part of the study is devoted to those groups. However, in this section, we will concentrate on describing major challenges and policies followed in the area of poverty and

unemployment.

## Poverty

In 2004 in Azerbaijan, a decree was issued on *The Ratification of the European Social Charter*. Besides various obligations before countries, the first part of this charter also states basic rights and principles.[\[1\]](#) One of these rights states that everyone has the right to protection from poverty and social isolation. In line with the charter, Azerbaijan has begun to execute different measures to fight against poverty since the early 2000s, and still continues its efforts in this direction. Even in the document *Azerbaijan – 2030: National Priorities for Socio-Economic Development* one of the targets for building a dynamic, inclusive, and social-justice-based society is to build a “high and fair system of social security and an inclusive society.” To achieve this objective, the state proposes “to reduce poverty to a minimum level and to reduce low-level unemployment, as well as to expand the scope of targeted payments to meet the needs of low-income demographics, creates additional opportunities for citizens’ social protection.”[\[2\]](#) In other words, the Azerbaijani government is planning to reduce poverty to a minimum level before 2030. However, the government has continually highlighted the alleviation of poverty among its achievements for some time. In fact, at the beginning of the above ratification says that the poverty level has already been significantly reduced. What is the real situation? And what social policy is the government pursuing?

To determine and calculate the poverty rate, the authorities passed the law *Minimum Consumption Budget* in 1992. According to that law, “the limit of poverty is determined by the value of the minimum consumption budget.”[\[3\]](#) However, this law was not sufficient to identify real circumstances, even at that time. The amount of the minimum consumption budget in the country was higher than that of the average monthly wage.[\[4\]](#) This meant, as a matter of fact, that a large part of the

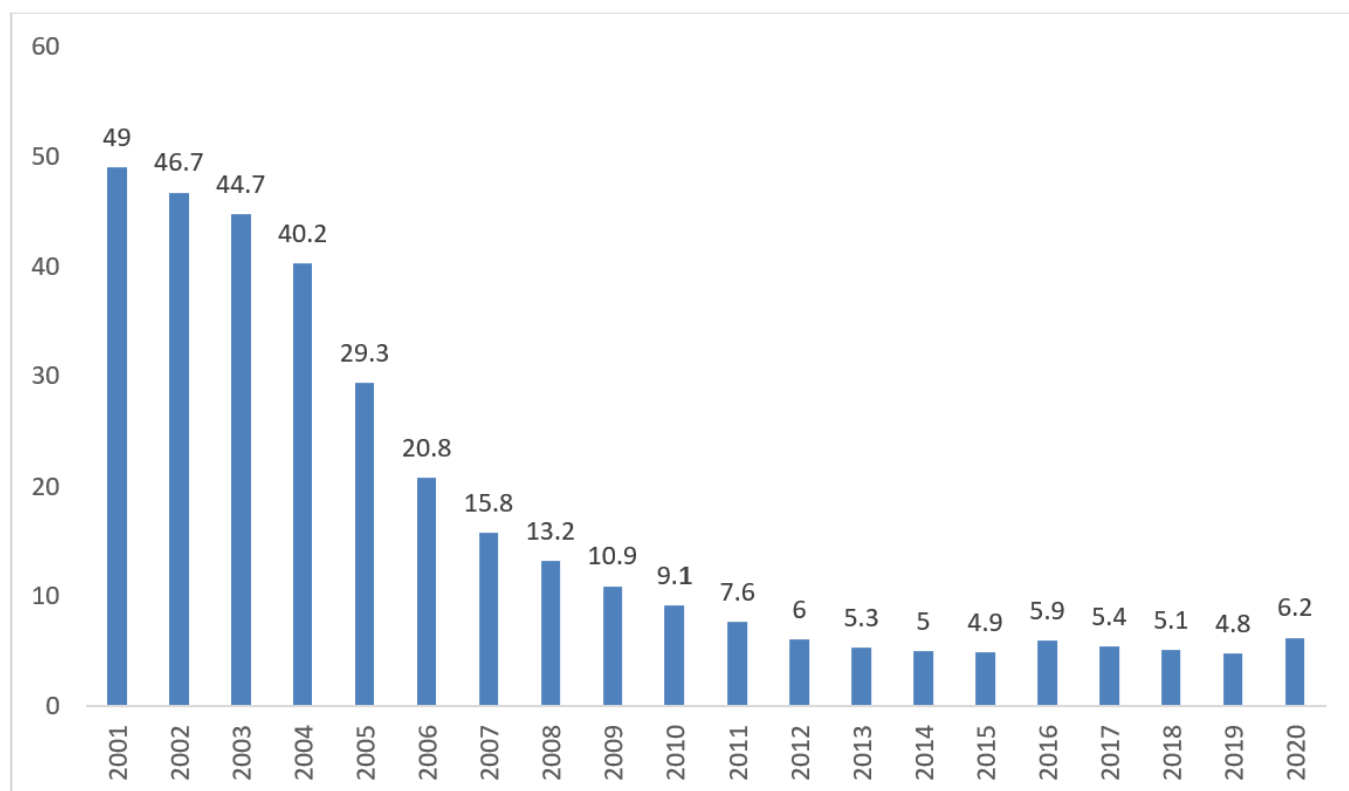
population was not well off, which, in effect, necessitated the implementation of an additional social package. The overall situation in the country was not hopeful. According to the survey conducted by the World Bank, in 1995, to examine Azerbaijani households, poverty rate was 61,5%, and the share of the poorest population was about one-third of that (20,5%).

In the early 2000s, the attitude toward poverty completely changed. First, a state program for poverty reduction and economic development was designed on February 20<sup>th</sup>, 2003.[\[5\]](#) The program cited the Household Survey (HS) document prepared by the State Statistical Committee. There, the poverty level calculation procedure differed. The HS took the amount of consumption expenditure per capita as a welfare indicator and used two types of poverty thresholds. The first one, being an absolute poverty limit, was 24AZN (25,8 US dollars) per month. It was measured based on the value of the minimum food consumption basket which provided for a daily intake of 2200 kilocalories. The share of food in the minimum consumer basket accounted for 70 percent of the minimum consumption expenditure per capita. This share corresponds to the current share of food in the structure of household consumption expenditures. Based on this poverty threshold, in 2001 the poverty rate for the country was estimated at 49 percent. The second threshold of poverty (level of the poorest class) was equal to 60 percent of the average consumption expenditure, which was 14,4AZN (15,5 USD) in 2001. So, based on this second threshold, the poverty threshold was measured at 17 percent.

Considering the mentioned issues, the law regarding minimum consumption budget was abolished and replaced by another law on *Subsistence Minimum* in 2004.[\[6\]](#) The new law no longer included any notion such as a poverty threshold, and further, it did not speak of any relationship between consumption basket and poverty limit.

**Figure 1. Poverty Rate in Azerbaijan According to the State Statistical Committee**

(As a percentage of the total population)



Both the State Statistical Committee (SSC) and the government use 2001 as their basis year in their reports because the above figures were first calculated in that year. While the figure for 2001 was 49%, the minimal percentage (4,8%) was recorded in 2019 (Figure 1). The first state program dedicated to fighting poverty was adopted in 2003, and the latest one ended in 2015.[\[7\]](#) Since then, there has been no such plan put forward by the officials.

Initially, during the first years of programs dedicated to fighting poverty, the Azerbaijani government heavily relied on support from international financial institutions (the Asian Development Bank,[\[8\]](#) the International Development Agency,[\[9\]](#) etc.) Subsequently, the activities of this program were financed from the state budget alone (however, there were some joint projects that continued: for example, a joint IDP project with the World Bank).[\[10\]](#) Within the framework of this program, first, the law on the *Targeted State Social Assistance* was passed at the end of 2005,[\[11\]](#) then in 2006 the

Cabinet of Ministers adopted the terms of application, entitlement, provision, and refusal for provision of targeted state social assistance.[\[12\]](#) Then based on these rules the government began to grant TSSA.

According to the SSC, a peak in the number of people receiving this payment was recorded in 2008.[\[13\]](#) Nevertheless, it should be pointed out that not all poor people (or those who considered themselves poor) had access to this assistance. Over time there have been some changes in the rules to receive targeted state social assistance, and the last regulations were made in 2016. Here in this article, we are going to discuss the first item of those rulings which is problematic in our opinion.[\[14\]](#) Clauses 3.7.2 and 3.7.6 of the Law state that “when the average monthly family income for the 12 (twelve) consecutive months before the TSSA application is equal to or greater than the criterion of need for each family member” and “when the average monthly amount of per capita communal and communication costs of the family are equal to or exceed 15 (fifteen) percent of the country’s approved minimum subsistence limit” the application for social assistance is rejected.

Because of these rules, not the minimum subsistence limit but the criterion of need or “need criterion,” created by the above law, determines whether a family’s application for TSSA is accepted or rejected. The criterion of need, however, is the amount approved each year together with the state budget for the purpose of determining targeted state social assistance; it depends on the subsistence minimum for the main socio-demographic groups of the population.[\[15\]](#) In other words, though the need criterion is dependent on the minimum subsistence limit, the former is not equal to the latter, and is, in fact, lower than its value. Therefore, in Azerbaijan, those whose per household member income is under the minimum subsistence level are considered impoverished, and their share of the population is used as a poverty indicator.[\[16\]](#) But this does not represent what the need criterion means as used in

social policies. (Table 1).

**Table 1. Comparison of Some Poverty Related Figures**

*(all figures in AZN)*

Year	Income Below Minimum Subsistence Level	Poverty threshold by SSC measurements	The poorest; those with incomes below 60% of minimum subsistence level	Need criterion	Per capita income in households (HS)	Per capita income at the lowest decile
2007	64,0	64,0	38,4	40,0	88,1	m/y
2008	70,0	78,6	42,0	55,0	108,9	m/y
2009	84,0	89,5	50,4	60,0	125,0	m/y
2010	87,0	98,7	52,2	65,0	144,2	m/y
2011	95,0	107,2	57,0	75,0	166,0	109,2
2012	108,0	119,3	64,8	84,0	190,9	127,4
2013	116,0	125,2	69,6	93,0	214,7	141,5
2014	125,0	129,6	75,0	100,0	230,0	157,3
2015	131,0	135,6	78,6	105,0	240,5	156,5
2016	136,0	148,5	81,6	105,0	257,8	158,0
2017	155,0	165,7	93,0	116,0	268,4	160,4
2018	173,0	175,2	103,8	130,0	276,0	153,6
2019	180,0	185,5	108,0	143,0	292,6	160,4
2020	190,0	194,9	114,0	160,0	291,4	158,7

In fact, it was in 2022 that the figures for the minimum subsistence level and that of the need criterion were relatively close (210 and 200 manats, respectively).[\[17\]](#) Previous to this year, at times the difference was 43 manats or around 25-30 percent, and all attempts to equalize these two figures have failed. Even according to Sahil Babayev, the Minister of Labor and Social Protection of Population, at the present time such an increase of 10 manats represents an “aggressive increase,”[\[18\]](#) and in his view, these two figures

will gradually equalize.[\[19\]](#) Currently, the criterion of need somewhat exceeds the needs of the poorest population.

**Table 2. Targeted State Social Assistance (TSSA) Recipients' Number and Share of Population**

Year	Total TSSA Recipients	Social assistance recipients' share of population	Poverty level by SSC measurements	Social assistance recipients' share of those at or below poverty level
2006	218673	2,52%	20,8	12,13%
2007	364059	4,15%	15,8	26,24%
2008	749965	8,41%	13,2	63,68%
2009	657317	7,31%	10,9	67,02%
2010	552514	6,06%	9,1	66,64%
2011	541989	5,87%	7,6	77,22%
2012	589922	6,30%	6,0	105,08%
2013	625808	6,60%	5,3	124,59%
2014	415198	4,33%	5,0	86,56%
2015	451538	4,65%	4,9	94,95%
2016	558133	5,69%	5,9	96,43%
2017	326631	3,30%	5,4	61,11%
2018	174659	1,75%	5,1	34,31%
2019	298881	2,97%	4,8	61,85%
2020	323996	3,20%	6,2	51,64%

In this case, the situation becomes more interesting, indeed. To be specific, with regard to the results of a household survey conducted by the SSC in 2001, the share of the poor was 49%, while that of the poorest stood at 20,5%. As a matter of fact, the need criterion adopted during this period covered only the latter group. It seems then that the government was fighting poverty but only extreme poverty. In fact, the TSSA apparatus did not play any significant role in alleviating

poverty as such, only extreme poverty. On the one hand, the number of the TSSA recipients, between 2012 and 2013, was greater than the poverty share presented by the SSC (Table 2), so, during this two-year period, the number of the poorest people was more than that of the poor. On the other hand, as mentioned earlier, the State Statistical Committee every year publishes a document called Household Survey (*in cited source it is referred to as Household Research*). Covering all economic regions of the country the survey was conducted in randomly sampled households. Every quarter, approximately 17000 people from 4250 households participate in the survey.[\[20\]](#) In the framework of the survey, they also analyze these households' income and categorize them by income level. Table 1 illustrates the distribution according to deciles. Data regarding decile (10%) groups are also sorted and divided into 10 equal parts, and then households are classified.[\[21\]](#) As is shown in Table 1, in 2020 per capita income of households included in the lowest income group was 158,7AZN. The same year the criterion of need accounted for 160AZN. HS figures are usually extrapolated to the entire population. It means that, although 10 percent of the population earned under 160 manats per month, the share of the TSSA recipients was only 3,2% (Table 2). To receive TSSA, as already mentioned, the income of each person in the family must be under 160AZN.

According to the data revealed by the SSC, towards the end of 2020, only 32 percent of the population, those categorized as the lowest income group, was qualified to receive social assistance. At the same time, we should mention that, as claimed by SSC, the poverty threshold for 2020 stood at 194,9AZN. Again, by going back to the household survey, we will see that the amount of average per capita income in the second decile is 193,8 manats. It means that 20 percent of the population is poor or close to the poverty line, which almost matches up with the figures issued by the ILO (about 22-23%).

It seems the social protection mechanism which was designed to provide assistance to low-income demographics does not meet



their needs. Even in the lowest income group only one third of its representative received this communal allowance. Its main reason is the applied need criteria. In other words, the need criterion is not consistent with the minimum subsistence level. The minimum subsistence level is the consumption basket that covers only the most basic needs of a human being. To put it another way, in order to receive TSSA the family's income should not be enough to meet even the minimum human needs. Therefore, to be a TSSA recipient does not mean that you are provided with a minimum consumer basket. It means that neither the need criterion nor the adopted social policy is appropriate to the real situation.

## **Unemployment**

One of the main reasons for poverty is unemployment. Officially reported unemployment and poverty rates in Azerbaijan between 2012 and 2013 were practically the same. Azerbaijan has had a state benefit apparatus for unemployment for sometime, and people registered in the State Employment Service under the Ministry of Labour and Social Protection of the Republic of Azerbaijan had the right to receive unemployment benefits until 2018. However, not all unemployed people benefitted from this social security. For example, until 2010, the number of unemployment benefit beneficiaries per year was around 2 to 3 thousand.[\[22\]](#) During subsequent years the rules became relatively stricter resulting in a sharp decrease in the number of beneficiaries of this allowance. However, because of some developments, such as a decrease in oil prices and the devaluation social benefits, rule changes to unemployment eligibility were added to the agenda again. Unexpectedly, in 2017 the number of people who received state benefits was 6974, which was the highest mark since 1991. Considering the situation, in 2018 the unemployment benefit system was entirely changed. The Unemployment Insurance Fund (UIF) was established and the benefit was renamed Unemployment Insurance Payment.[\[23\]](#)

According to the current regulation, an insurance payment depending on insurance experience, that is, the time spent working a job covered by the unemployment insurance fund, is calculated by paying the following proportions of lost average monthly wages to a recently unemployed. [\[24\]](#)

3 to 5-year of insurance experience – 50 percent;

5 to 10-year of insurance experience – 55 percent;

Over 10 years of insurance experience – 60 percent;

The insurance payment for the first time is delivered depending on the duration of the unemployment period and relative to another multiplier for lost wages; whereas, it should not be more than the average monthly salary and less than the amount of the minimum insurance payment determined by the SSC for the previous year:

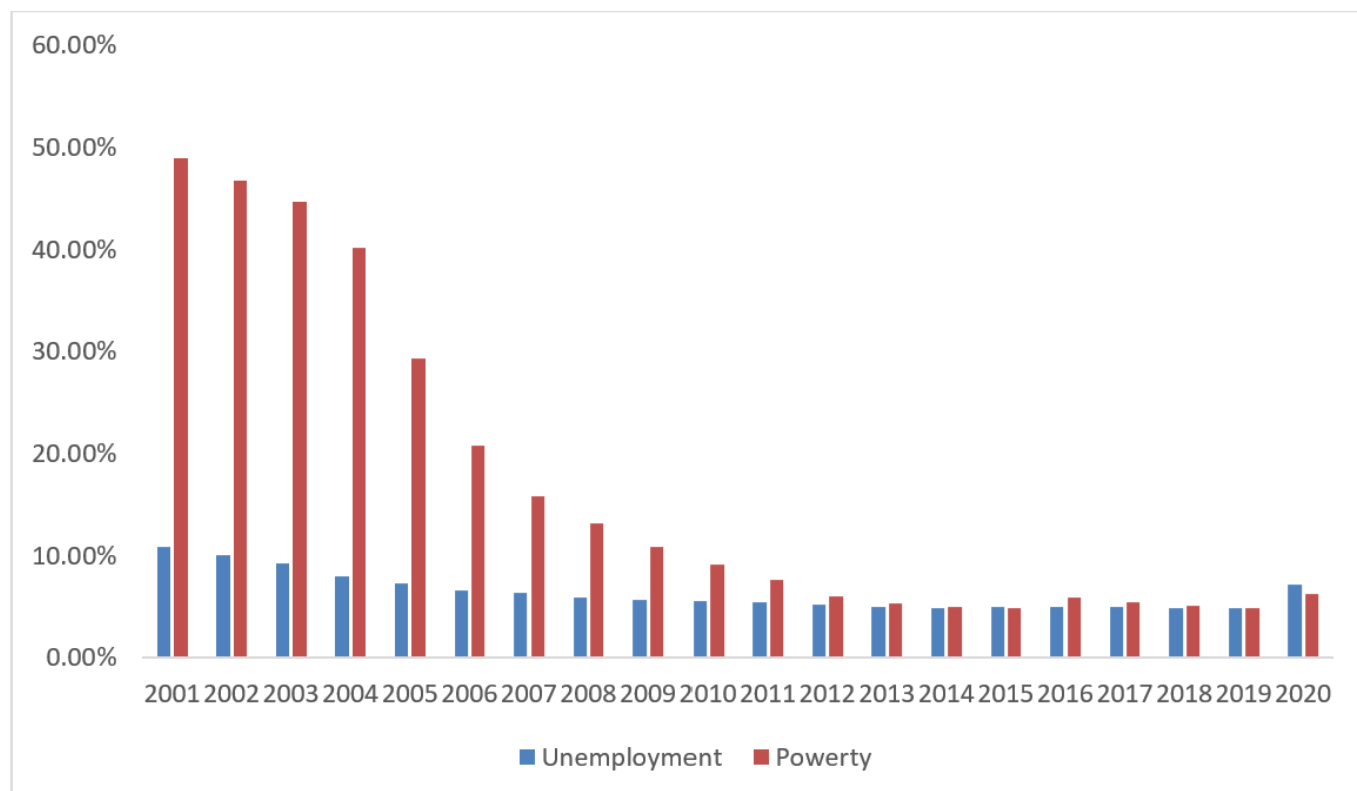
1<sup>st</sup> and 2<sup>nd</sup> months – 100 percent;

3<sup>rd</sup> and 4<sup>th</sup> months – 80 percent;

5<sup>th</sup> and 6<sup>th</sup> months – 70 percent;

At the same time, every employer and employee has to transfer part of their salary to the Unemployment Insurance Fund. According to the estimates of the fund, in 2022 both its revenues and spending will have accounted for 180,4 million manats, and only 4,7% of expenditures will be spent on unemployment insurance payments. The largest expenditures of the fund include the organization of self-employment activities (76,1 million or 42,2%) and maintenance costs (42,3 million or 24,7%) of certain state institutions (the State Employment Agency and its local bodies, “DOST” agency, National Observatory on Labour Market and Social Protection Affairs).

**Figure 2. Poverty and Unemployment Rates (by %)**



Nevertheless, even official reports state that the unemployment insurance system covers only a small portion of the unemployed. For example, results obtained in 2019 show that in that year 540 jobless people received the mentioned payment. Paradoxically, the number of officially unemployed people registered in unemployment agencies was 81.271 persons. In addition, according to the SSC, by the end of 2019 there were 251,6 thousand unemployed in the country. It turns out that merely 0,6% of registered and only 0,2% of total unemployed people received insurance payments.

When it comes to unemployment, the first issue to consider is to what extent the statistical figures reflect the reality. First, in Azerbaijan, households owning a share of agricultural land and family farm members are officially considered employed.[\[25\]](#) It means that in the eyes of the government many people living in the regions are employed, regardless of whether they make money off their land or not. Second, the share of wage workers in the total labor force is low. According to an official report, the number of economically active persons as of January 1st, 2022, accounted

for 5,304 million people.[\[26\]](#) The economically active population comprises all persons either employed or unemployed but looking for work. But economically inactive refers to persons aged 15 and over who are neither employed nor did they look for a job in a certain period of time, and nor are they ready to start to work. Of this number only 1,705 million persons i.e., approximately one-third of the economically active population were wage workers, in other words, receiving monthly wages. Some people were engaged in business activities (during the same period there were 1.168.921 entrepreneurs in the country).[\[27\]](#) Another fact to consider is that many people were registered as both entrepreneurs and employees. Altogether, if we assume that these two categories are different people, then we are left with 2,115 million people.

There is no data available regarding the activities of those two million people. Only some of them are farmers. In 2020, 477,1 thousand farmers registered in the Electronic Agricultural Information System (which is required to receive state subsidies and support registration) entered information into the system about their agricultural estate.[\[28\]](#) Again, we do not have any detailed information concerning the other 1,6 million.

The issue of uncertainty around unemployment numbers was particularly on the government's agenda in 2020 during the COVID-19 pandemic. While, officially, there were 255,1 thousand unemployed in Azerbaijan as of April 1, 2020, only a minority of them were registered (30 to 40 percent). One can assume that the rest of them were daily workers and for this reason did not have an official status. However, during the strict quarantine period, people of this group neither could work by day, nor could they find any temporary jobs. Taking this into consideration, on April 4<sup>th</sup>, the Cabinet of Ministers approved an Action Plan to support socially vulnerable demographics during quarantine.[\[29\]](#) The Action Plan also included a one-time payment in the amount of subsistence level

to those who registered as unemployed. Initially, they were planning to give this financial assistance only to 200 thousand people (based on the numbers of the SSC), but the government then tripled their number to 600 thousand.[\[30\]](#) Also according to the SSC, over a one-month period, the unemployment level increased from 255 thousand to 297,8 thousand people. However, the government's *lump sum payment to persons registered as unemployed* covered only 600 thousand people.

Another issue to consider is that previously Azerbaijani legislation did not include such a payment which required additional normative documents. On April 1st the Cabinet of Ministers approved the *terms and conditions of a lump sum payment to those registered as unemployed due to the applied special quarantine regime during the coronavirus (COVID-19) pandemic*.[\[31\]](#) As stated by the regulations only one family member was authorized to receive this payment. In fact, there is no such term in employment law (despite the terms of the COVID-19 special lump payment being determined based on that law). Additionally, it banned certain citizens from receiving benefits if they were recipients of other state benefits (pension, social allowance, the TSSA and etc.). In this way, if a single person in the family was receiving any monetary assistance from the state other members legally lost the chance to get this payment. The point of this regulation was to prevent a family from getting state assistance twice. In practice though, people may have been unable to meet their basic needs because of this practice. Moreover, the Cabinet of Ministers said nothing about the constitutional foundation of these prohibitions.

In another set of changes, they added additional conditions to the receipt of unemployment payments. According to the Sahil Babayev, 1,2 million people applied for the payment, and half of them were rejected. However, the reasons for the rejection given are not stated in the *Employment Law*. Those reasons included (1) Having an active employment contract notification

in the Employment contract notification subsystem; 2) having an active TIN; 3) spouse receiving a lump sum; 4) living abroad; 5) possessing two or more real estate properties; 6) possessing two or more cars).[\[32\]](#) But they were consistent with the law on *Targeted State Social Assistance*. Moreover, the minister stated that they have identified “600,000 low-income people.” It seems that government’s understanding of unemployment had changed to encompass both the low-income AND the unemployed. Consequently, in order to receive an unemployment payment during the quarantine regime the applicants should be suited to both criteria: they had to be both low-income before their unemployment and unemployed now. If a person was not of low income before the quarantine but was unemployed during this period he/she did not meet these criteria. The ministry mixed the two mechanisms to make unemployment insurance more difficult to access. In any case, as illustrated in the statistics presented by Babayev, at least 839 thousand people regard themselves as unemployed, and beyond that 320 thousand people with employment contracts complain of low income. But we know that the real unemployment level is much more than the figures shown in the statistics.

Thus, reality and state statistics differ again. After all, usually social policies are based on official statistics. However, there were some serious issues concerning the lump sum payment too. First of all, the lump-sum payment placed 190 manats as the minimum subsistence level in Azerbaijan in 2020 without regard to the calculations done by the SSC according to the law on minimum subsistence level. Thus, a mistake was made. Firstly, according to Azerbaijani employment law, an unemployed person is someone that is of working age and able-bodied. According to the law on the minimum subsistence level in the Republic of Azerbaijan for 2020, subsistence level for able-bodied people accounted for 201 manats.[\[33\]](#) In other words, the lump-sum payment was determined without regard to the law minimum subsistence level, thus arriving at 190 manats instead of the legally defined 201.

Secondly, in the Law on the Subsistence Minimum for 2020 in the Republic of Azerbaijan subsistence minimum refers to one person. The *Terms and Conditions of a Lump Sum Payment to those Registered as Unemployed Due to the Applied Special Quarantine Regime during the Coronavirus (COVID-19) Pandemic* says that only one member of the family can receive this payment. In other words, the family, regardless of its size, receives payment in the amount of one person's minimum subsistence level. In short, the applied social protection mechanism was insufficient to support even a single household. It must be considered that during the strict quarantine regime (repeated over the year) it was almost impossible to obtain any additional income source. In this case, households were forced to content themselves with 190 manats. In fact, over one and half month' period people were sliding into unemployment and poverty (By SSC measurements, the poverty threshold in the country was 196,7 manats, per capita).

To determine the number of unemployed people we can also refer to social benefits. As mentioned earlier in this study, the State Social Protection Fund (SSPF) or the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan provides a lump-sum payment for childbirth depending on the parents' employment. If at least one of the parents is working, the lump-sum newborn allowance is supplied by the SSPF, as an insurance claim. Otherwise, if neither of the parents are employed, the payment, based on the Law on Social Benefits, is provided through the labor and population's social protection agencies from the state budget. In 2020, 126.571 children were born in Azerbaijan. For 77.644 of them payment of the lump-sum allowance was made from the state budget. These children were from 75.996 families. It appears that in 76 thousand families both of the parents were unemployed. This means that during a year 60% of total families with newborn children did not have any official income. These people should be officially considered unemployed. Needless to say, we can assume that a large part

of the parents in these 76 thousand families are employed, however, off the record, but in this case, they are deprived of many rights and considered unemployed.

The Azerbaijani Chamber of Accounts claims that at the end of 2021, the body was planning to provide 13.509 people with unemployment insurance as well as support nearly 19 thousand people through different social projects.[\[34\]](#) Apparently, this figure accounted for merely 10,3% of the 314,5 thousand unemployed people reported in 2021. Again, according to the claim, that same year, apart from the abovementioned social projects, 25,2 thousand people were involved in paid public works.[\[35\]](#) However, some of these works were temporary and when the employees were laid off, they were not eligible for unemployment insurance under Labor Legislation. In fact, only one-fifth of the officially unemployed people were protected one way or another. If we consider the real unemployment figures, this proportion is probably much lower. For instance, we should take off the record employment under consideration. Unofficially people often engage in temporary jobs. According to State Agency Labour Relations Monitoring Center 13,4% of construction employees work unofficially.[\[36\]](#) And the estimated number of people working in the catering industry off the record accounts for 60 thousand people.[\[37\]](#)

## **Conclusion and Suggestions**

The main objective of this paper was to describe the government's social policy to deal with poverty and unemployment. Dealing with the social mechanisms adopted by the state we attempted to throw light on their controversial aspects.

In terms of poverty, at the end of 2020 poverty threshold stood at 194,9 manats, and only 32% of the poorest people were supported by social assistance. The household survey shows that the amount of average per household member income for the second decile accounted for 193,8 manats. One can conclude



from the figures that even according to the SSC numbers, 20% of the population is poor or close to the poverty threshold. It appears that the social protection apparatus originally arranged to help low-income demographics simply covered one-third of the impoverished population.

There have been critical developments in terms of unemployment as well. Thus, since 2018, the attitude to this issue has significantly changed in Azerbaijan. Since then the Azerbaijani government no longer views unemployment as a recurrent social problem but an insurance event. Employed people registering with the Unemployment Insurance Fund make monthly payments there. In case of dismissal, they receive insurance payments depending on their insurance experience. As a result, the number of unemployment assistance beneficiaries sharply decreased (from seven thousand to a few hundred).

Additionally, there is a discrepancy between published unemployment rate figures and the real unemployment rate. This became apparent when the country initially announced the strict quarantine regime in 2020. At that time, 839 thousand unemployed people applied for the 190-manat financial assistance lump-sum payment for unemployment events, and six hundred thousand people received this payment. Paradoxically, according to official statistics, there were only 300-370 thousand jobless. Again, on other occasions, they were claimed otherwise. In 2020, 60% of families with newborn babies did not have any official income. In fact, they should have been considered unemployed. Ultimately, only 20% of the 314,5 thousand unemployed (by the end of 2021) were supported by social protection systems.

What should be done? In our opinion, crucial steps must be taken in each area.

The need criterion must either be completely abolished or all other indicators must at least be equalized to the minimum subsistence level. To determine any given household's poverty

status, a minimum subsistence level should serve as the basis, since it is based on the value of the consumption basket which consists of basic human needs. In the current situation, introducing a lower criterion of need does not pave the way for effective and efficient social policies;

The consumption basket in Azerbaijan has not changed since 2014. This is despite the fact that the 2005 law governing its calculation necessitates its revision every three years.[\[38\]](#) But even in the past, it is difficult to say whether the basket met the requirements of the day (one hour of internet for a family per day, 12 square meters per head, 5 pairs of socks per year, etc.). In other words, first, the need criterion must be at least the same amount as the minimum subsistence level, and secondly, the minimum consumption basket which is based on the subsistence minimum must undergo revision;

Unemployment must be dealt with. One of the main causes of poverty is unemployment. Minimum wages are 3 hundred manats in Azerbaijan. To fight against poverty this component is also worthy of consideration. So, families with a monthly income under this level ought to be considered poor.

Since unemployment is often motivated by the economic structure, it has to be seen as a social problem, not as an insurance event. It is unlikely to be solved by means of an insurance system. According to official figures, only 10 percent of the unemployed persons received insurance benefits. And it is important to remember that the data regarding unemployment are not precise.

Employment law needs reform. People who own land but do not use it, who are not registered as farmers, and/or whose land does not yield enough to make ends meet and are otherwise factually unemployed ought to be considered unemployed officially. It will therefore enable the government to construct new unemployment policies and work based on real

statistics.

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