



## **Decent work measurement: The case of Azerbaijan**

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### **Abstract**

The ILO framework on the measurement of decent work covers ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda. The decent work is viewed as one of the primary goals of national economic and social policies in Azerbaijan. The Azerbaijan government has performed reforms ensuring the employment and social protection of the population and adopted different state programs to develop all fields of the economy, reduce poverty and unemployment etc. and managed to create a suitable socio-economic environment for decent work. The decent work for all has increasingly been made a key objective for the Azerbaijan Government's efforts to achieve the Sustainable Development Goals (SDGs). Recognizing the importance of decent work in achieving sustainable development and implementing SDGs at the national level, the ILO tripartite constituents in Azerbaijan have identified priorities for the Decent Work Country Programme for 2016-2020. The programme mainly reflects the key outputs and indicators to measure performance and assess progress towards decent work. The decent work for Azerbaijan looks at progress and challenges across ten thematic areas ranging from employment opportunities to combining work and family life and social dialogue.

**Keywords:** employment, rights at work, social protection, social dialogue.

### **1. Introduction**

Decent work is viewed as one of the primary goals of national economic and social policies in the Republic of Azerbaijan. The International Labour Organisation (ILO) concept of decent work means promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.

Since its independence in 1991 the Republic of Azerbaijan has created a labor legislation system pursuant to the principles of market economy, performed reforms ensuring the

employment and social protection of the population and involved social partners in the trilateral solution of socio-economic problems in the country. The government has adopted different state programs to develop all fields of the economy, improve economic welfare of the population, to develop regions, reduce poverty and unemployment, improve health care and education system etc. and managed to create a suitable socio-economic environment for decent work.

Azerbaijan has made progress in a number of areas relating to the Decent Work Agenda, which combines employment promotion, rights at work, social protection and social dialogue over the past decade. The decent work for Azerbaijan looks at progress and challenges across ten thematic areas ranging from employment opportunities to combining work and family life and social dialogue.

## **2. Decent work measurement in Azerbaijan**

Azerbaijan has made progress in increasing employment during the period 2003-2015, with almost 1,5 million new jobs created, over half of which are permanent (“Employment opportunities”). The majority of newly created jobs, 76 per cent were in the regions and 88 per cent were in the non-state sectors of economy. Over the last 5 years the proportion of labour force increased by 6,2 per cent and reached 4915,3 thousand people in 2015. New jobs creation influenced the employment growth and the employment rate was 62,1 per cent, the men’s employment is slightly higher than women’s. Unemployment rate among women is 5,9 per cent (4,1 per cent among men) in 2015. However, as with many other Eastern European and CIS countries engaged in a transition from state controlled economies, economic growth has been marked by low employment content. In Azerbaijan, GDP growth is attributable to employment growth, the rest resulting from productivity gains. This has a particularly strong effect for young people as they transition from school to work. Informal employment continues to be a challenge, although a number of successful steps have been undertaken to tackle this issue (e.g., through the recent launching of an e-system to register labour contracts). The new e-system is intended to change the situation by monitoring employers’ activities more closely.

During this time have seen significant progress in terms of adequate earnings and productive work (“Adequate earnings and productive work”). The average monthly nominal wage of

workers has increased from 44,3 AZN (49,5 USD) in 2000 to 466,9 AZN (455,0 USD) in 2015. At the same time, the Government has increased the minimum wage, helping to lift many out of poverty. There are significant regional differences in wages, with earnings in Baku approximately double those in the rest of the country, as well as sectoral differences, with a group in mining and finance earning some two-three times the average monthly wage, while those in agriculture, fishing, health and social services earn less. The average wages of women are only 54 per cent of men's. This situation does not originate from unequal work, which is prohibited by law. The main reason for the observed differences is related to predominant occupation of women in sectors like health, education, social services where low level of wages is observed. Furthermore, the social partners are working towards further engagement in national wage setting. Despite the huge increase in minimum wage, it is still worth only a quarter of the monthly average and is well below the European Social Charter's stipulation that minimum wages should be worth at least 60 per cent of the monthly average.

In terms of working hours, Azerbaijan has a strong legislative base to ensure health and safety and enable people to enjoy family and personal life ("Decent working time"). The standard working week is 8 hours a day with a two day weekend, and regulations are in place to protect shift workers and those in hazardous or particularly stressful industries. Paid annual leave is a standard 21 days, with extra days granted in a variety of cases, including for young people under the age of 18, mothers, people in hazardous work and depending on length of service. Rules on overtime are strict, permitting overtime in only a limited set of circumstances, and prohibiting any overtime for under 18 year olds and pregnant women or mothers of children under three.

A special attention is paid to strengthen social protection of employees, as well as of working women with family responsibilities ("Combining work, family and personal life"). For this purpose certain works are performed to develop the national legislation to meet the requirements of the Workers with Family Responsibilities Convention 156 of ILO ratified by the Republic of Azerbaijan in 2010.

Azerbaijan has ratified a number of international standards to promote equal opportunity and treatment in employment ("Equal opportunity and treatment in employment"). Legislation is also in place to protect the rights of migrant workers and disabled workers. Regular migrant

workers are granted broad based protection and there is a quota system in place to encourage employment of disabled people.

Regarding occupational safety and health, it is difficult to draw any conclusions on Azerbaijan's progress ("Safe work environment"). The State Labour Inspectorate Service collects data on occupational injuries, but is not notified of cases of occupational diseases. Difficult and dangerous working conditions are most prevalent in the industrial, construction and transport industries. Recognizing the importance of occupational safety and health for sustainable growth, the Government has increased investment in labour protection, including improving working conditions. Such expenditure increased by 2,1 times from 2010 to 2015 to reach 67,9 million AZN. In the area of social security, Azerbaijan has achieved major progress in expanding and deepening coverage ("Social security"). The social security system covers all nine branches identified in the Social Security (Minimum Standards) Convention, 1952 (No. 102). An extensive social insurance system is tied to employment history, while increasing investments in social assistance has ensured targeted support. The pension system has undergone significant reform, improving financial sustainability and access, as well as reducing scope for corruption, introducing an electronic records system and enabling Azerbaijan.

Social dialogue between governments, workers and employers can resolve important economic and social issues, encourage good governance, establish sound labour relations, boost economic and social progress ("Social dialogue, workers' and employers' representation"). Azerbaijan has a long history of social dialogue and collective bargaining, dating back to the beginning of the 20th century (note: The initial forms of social dialogue had been inspired by development of oil industry, with the first collective agreement signed between oil workers and employers in 1904). During the transition period, the Government made efforts to revitalize social dialogue and enshrine its importance in the law. Social dialogue, freedom of association and the right to organize are protected by law, and economic and social policies are defined in a General Collective Agreement drawn up by the tripartite partners.

### **3. Conclusions**

Decent work for all has increasingly been made a key objective for the Azerbaijan Government's efforts to achieve the Sustainable Development Goals (SDGs). Recognizing the

importance of decent work in achieving sustainable development and implementing SDGs at the national level, the ILO tripartite constituents in Azerbaijan have identified priorities for the Decent Work Country Programme (DWCP) for 2016-2020. The programme mainly reflects the key outputs and indicators to measure performance and assess progress towards decent work. Decent employment is viewed by the national constituents as a central goal of economic and social policies in Azerbaijan. Based on the national situation in the areas relevant to the ILO Mandate and the ILO comparative advantage, the following country priorities have been identified:

1. Promoting decent employment opportunities and quality jobs for inclusive growth
2. Improving social protection and working conditions
3. Strengthening Labour administration and social dialogue mechanisms.

Given their importance for the realization of the DWCP, the ILO international labour standards will provide cross-cutting guidance for the implementation of all three priorities.

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