

PROBLEM OF WOMEN'S ECONOMIC ACTIVITY IN OIL-RICH COUNTRIES AND WAYS OF SOLUTION: AZERBAIJAN MODEL

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SUMMARY

Empirical studies have confirmed that high incomes in resource-rich countries affect gender balance in labor markets. This policy paper explores the negative impacts on women's labor as a result of high oil revenues in Azerbaijan and examines state policy principles to reduce their amplitude.

Researches show that Azerbaijan does not have a specific women's labor policy against the backdrop of high oil and gas revenues. This, in turn, leaves the country defenseless in the face of structural changes caused by high oil revenues – decline in the real sector of the economy, e.g. agriculture, processing industry, etc. The problem is more acute in the regions where migration of men and fertility are high. Considering the fact that the problem is rooted in high oil revenues, there is a great need for a state policy to cover both the non-oil sector and women's labor. The proposed three policy principles are expected to guide the chain of possible actions: 1) stimulating women's entrepreneurship; 2) steps to enhance women's labor; 3) new look on women's place in extractive and mining industry.

As a result of the research carried out in this policy paper, the proposed principles aim to reduce women's vulnerability to high oil revenues, ensure gender balance in the labor market and guide the state policy on women's labor. Also, these principles are compared to the characteristics of enterprises opened in 2018.

1. INTRODUCTION

The role of men and women in society is determined not only by historical, religious and national traditions, but also by economic and political processes taking place in the country and volatile daily realities. The role of women in Azerbaijan has been quite noticeable since ancient times. However, starting from the 1940s and 1990s, the resource-based structuring of the economy did not bypass women's labor and underlined the importance of a state policy in this direction.

The dominance of the oil and gas industry over the Azerbaijani economic cannot but affect both the structural transformation of the economy and labor market indicators. One of the inequalities high oil and gas revenues can generate in the country's economy is the gender imbalance of labor. The high oil and gas revenues, their governance and impact on economic structure can be analyzed using the theoretical framework of the Dutch disease. The said theoretical approach examines the labor

market directly and indirectly and attempts to study the consequences of a booming industrial sector.

Inequality in women's labor is manifested in several ways. It should also be noted that Azerbaijan has been lagging behind on gender indices in recent years. Although there are many reasons for the problem, the lack of a state policy on women's labor plays a major role in this. It is necessary to take into account that, according to the Dutch disease theory, revenue windfall to the country signals a decline in real sector of the economy, i.e. in agriculture, processing industry, etc. Under such circumstances, the scenario overlapping with economic theory is that the excessive supply of female labor in the market may cause an increase in women's unemployment.

There are only a few studies based on detailed and non-aggregated databases on the promotion of women's labor in the country. Although a number of decisions, actions and programs have been initiated by different levels of the government in the years of independence, they have mostly covered issues of gender policy or human resource reforms.

Taking into consideration the mentioned problems and trends, survey questions reviewed by this policy paper can be grouped as follows:

1. *How do Azerbaijan's high oil and gas revenues affect women's activity on the labor market?*
2. *What should be the guiding policy principles for government institutions to reduce women's unemployment growth since 2008?*

The statistical indicators of local and international organizations are analyzed in this paper. The statistical summary of the large surveys conducted in the past 15 years has been interpreted and an explanation provided of why the state should have a women's labor policy in parallel to the overall gender policy. In addition, in order to enhance women's role in the national economy, the characteristics of the enterprises opened in 2018 are compared to the proposed policy principles.

This policy paper consists of four key parts. In Part 1, "**Problem statement**", the dynamics of women's labor is assessed in the context of oil and gas revenues, sectoral disproportions, educational and national-cultural realities. Part 2, "**Policy Principles**", describes policy principles to enhance the role and place of women's labor. The next section called "**Evaluation of current situation**" provides an assessment of the enterprises opened in recent years from the standpoint of women's labor. The last part, "**Conclusions and Recommendations**", reviews findings and provides recommendations for individuals and institutions preparing state policies.

2. PROBLEM STATEMENT

According to statistical data for the first six months of 2018, the total population of the Republic of Azerbaijan is 9,898,000 people, of which men account for 49.9 percent and women for 50.1 percent. The average urban population in the last 23 years has been 4,130,000 and rural population 4,556,000 people. The average

annual growth rate of the urban and rural population as compared to the previous year is 0.02 percent for the urban population and -0.02 percent for the rural population respectively. There has not been any significant change in the total fertility ratio in the last 23 years – it 2.1. The expected life expectancy at birth as of 2017 is 73 years for men and 77 for women. The mortality rate for the able-bodied population is 2.6. At first glance, there are no specific natural and non-economic trends that can lead to gender inequality in the labor market of Azerbaijan. However, the relative deindustrialization ushered by the oil and gas revenue windfall in 2007 has not bypassed gender distribution on the labor market

In terms of total labor reserves in Azerbaijan, a growth of 17 percent was registered in 2004-2009 and 32.5 percent in 2010-2016¹. The number of economically active women in Azerbaijan has been rising since 1999 at an average annual growth rate of 3 percent. Then, this rate dropped to 2.8 percent in 2008. From then until 2017, the number of economically active women increased by 3.5 percent in the total number of economically active population to reach 2,464,800 people. The share of women in the number of employed population has not changed significantly over the past 17 years and modal value is 47.6 percent (SSCRA)².

The 2018 Doing Business analysis for Azerbaijan indicates that there is no gender discrimination by employers during recruitment (Doing Business, 2018), but this does not apply to all sectors of the economy. Although Article 125 of the Labor Code prohibits gender discrimination during recruitment, women are mainly employed in sectors suitable for women's temperament (education, health, social services, etc.). Changes in women's labor ushered by years of high oil and gas revenues can transform it into a potential public policy target.

Women's balanced and flexible participation in the labor market can contribute not only to the domestic policy of state agencies and institutions, but also to the positive image of the state in the international arena. In particular, the third objective of the United Nations Millennium Development Goals calls for the "promotion of gender equality and empowering women". To be more precise, paragraph 3.5 says that "women living poverty are exposed to significant discrimination on the labor market and in their wages, as well as in private and public decision-making." There has been a certain decline in gender indicators in the past three years. According to the United Nations Development Program's gender development index, Azerbaijan ranked 78th among 188 countries in 2015. This indicator in other CIS member-states such as Russia, Kazakhstan and Ukraine is 49, 56 and 84 respectively. It should be noted that Azerbaijan was in 78th place in 2014 and in 76th in 2013. According to the gender equality index, Azerbaijan ranked 78th in 2013, 76th in 2014 and 78th in 2015. The certain setbacks in the gender-related index suggest that the country needs to re-examine its gender policies after the revenue windfall, should not simply draft human resources policies and legal procedures but should also adopt specific and tangible policy measures in line with the changing economic structure.

2.1. Historical evolution of the problem

¹ In relation to the first three years of the 2000s

² State Statistical Committee of the Republic of Azerbaijan

Back in the early 20th century, the sharp increase in oil revenues manifested itself not only in the economy but also in public and cultural life. For example, oil tycoon Zeynalabdin Tagiyev opened first schools for girls in 1901 and supported girls studying abroad. The Azerbaijan Democratic Republic provided women with equal rights with men. This signaled the start of a transition from an era of religious and national values dominated by strict patriarchal laws and mainly agricultural direction of development to a period in which women's positions in society grew stronger. This process was continued after the establishment of the USSR.

In the conditions of a planned economy existing in the USSR, the "Plan on engaging women's labor" was adopted and women working in enterprises were categorized as highly specialized, specialized, half-specialized and non-specialized (Women's labor in industry, 1931). As a result, women's role in the economy increase five times between 1929 and 1933 to reach 37 percent. Later, however, women's family roles and responsibilities urged them to reduce their involvement in enterprises and institutions (Gender behaviors in Azerbaijan: trends and challenges, 2007).

During the early years of independence, women's labor was faced with difficulties in finding a place in the economy. These included strong competition from men's labor and the fact that women were locked out of privatization and entrepreneurship processes. Other activities related to gender equality and women's participation in public and economic life in the post-independence period include accession to the United Nations "Convention on Women's Political Rights", the establishment of the State Committee for Women's and Children's Issues, the adoption of the law on gender equality, etc. (other steps and their chronological sequence are shown in Table 1 below).

No national plan or state policy has been adopted since 2005 to increase women's labor and protect women from the adverse effects of high oil revenues. The main reason for this is the fact that relevant government agencies and institutions are not fully aware of the existence of such a problem (high oil revenues and their impact on women's labor). This policy paper aims to provide a justification for the solution of the problem and mitigate it using potential impact mechanisms.

2.2. Theoretical and methodological foundations of the problem

The argument that the economic structure in oil-rich countries could be harmful to women's labor was first put forward by Michael Ross, a professor at the University of California. Michael Ross links his argument to the Dutch disease theory. One of the hypotheses of his research is that *a rise in the value of oil production reduces women's share in labor resources*. This claim challenges the long-established view that "development has a positive impact on gender inequality". In particular, many development institutions, including the World Bank, have been promoting this idea. Ross, however, says that depending on the type of development, results may be different. If economic development is achieved on the basis of oil or mineral production, this discourages women from joining official labor resources and ultimately leads to inequality. Other studies supporting or criticizing Michael Ross's claim have also been carried out, and this expanded the scale of this approach.

If we examine the experience of other countries in terms of the impact of the revenue windfall on the labor market structure and women's labor, we can see in the example of Indonesia that while rural population dropped by only 4 percent in the period

called the first oil shock (1970-80), the country's economically active population decreased from 66 to 55 percent. Between 1972 and 1982, the share of agriculture in the GDP dropped from 48 to 30 percent. Under such circumstances, there are signs of a negative impact on the employment of the rural population which does not experience a significant increase.

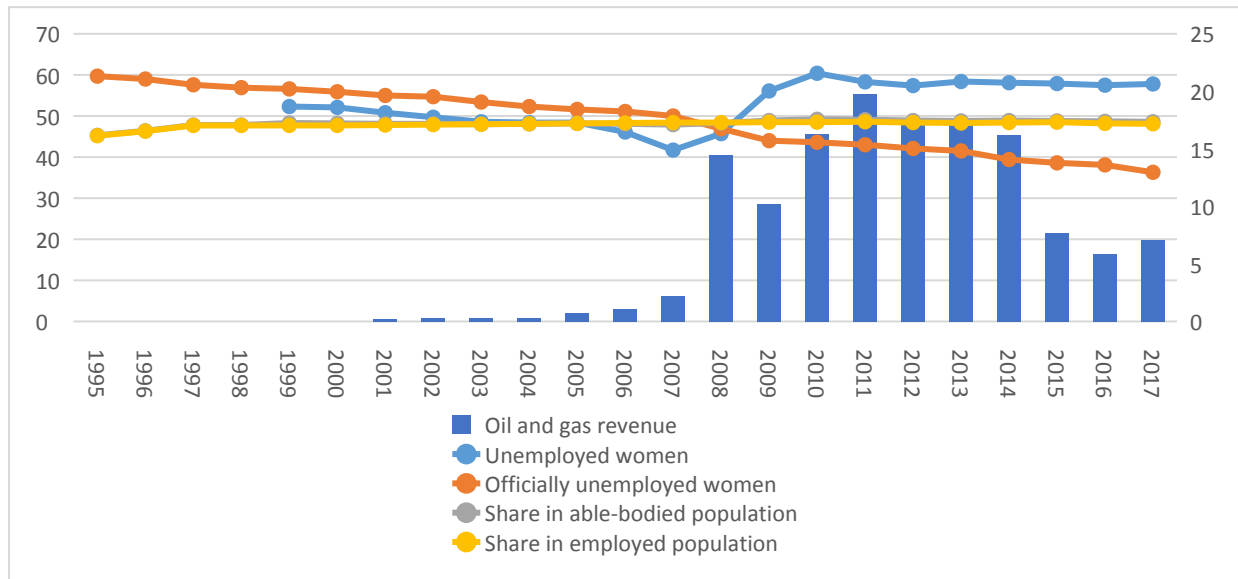
Another similar example is associated with Norway, one of the world's most developed countries. Starting from 1975, oil revenues turned Norway into one of the world's biggest oil exporters. Against the backdrop of a high share of oil in the country's exports and income sources, it accounted for less than 1 percent in overall employment. Accordingly, a process of de-industrialization began and the industry's added value in 2006 dropped from 25 percent in 1950 to 9 percent. The Norwegian government provided subsidies to the real sector with the aim of eliminating the negative trends in international competition. There was an excessive supply of women's labor. The country's industry could have faced serious dangers if it had not considered the structure of its economy and labor market.

Work associated with women's labor in Azerbaijan should cover not only legal and institutional aspects (the macro scale), but also regional division of labor, industry structure and specialization (micro level), so that the country's oil revenue cannot have a negative impact on women's labor. When extractive industry accounts for a large share in the exports of resource-rich countries, steps are taken to channel the foreign currency into the real sector of the economy through state spending. Such costs are mainly incurred on infrastructure. Under such circumstances, the labor market experiences the need for male labor, while areas where women's labor can be used are left out. As a result, there is an excessive supply of women's labor in the market. Infrastructure and construction sectors provide a short-term and little additional income or added value. This, in turn, has a negative impact on the gender balance in the labor market. For a number of reasons, a state policy should be implemented to ensure and maintain this balance.

2.3. Statistical description of the problem

Let's have a look at the dynamics of unemployed women in the overall unemployed population panorama. Thus, the unemployment rate among women dropped from 52.3 to 41.7 percent in the years following 1999 but started rising dramatically in 2008. Thus, in 2009 the indicator increased to 56.1 and in 2010 to 60.4 percent. The median value of women's unemployment rate over the next six years was 52.3 percent. Considering the fact that the country's oil and gas revenues reached their first peak in 2008, it is possible to see a cause-and-effect relation in labor mobility among different industrial sectors (Figure 1). Interestingly, the unemployment rate among women in a two-year period (2007-2009) showed an increase of 18.7 percent.

Figure 1. Share of unemployed women in the economy, %, and Oil and gas revenue, million USD, right axis.

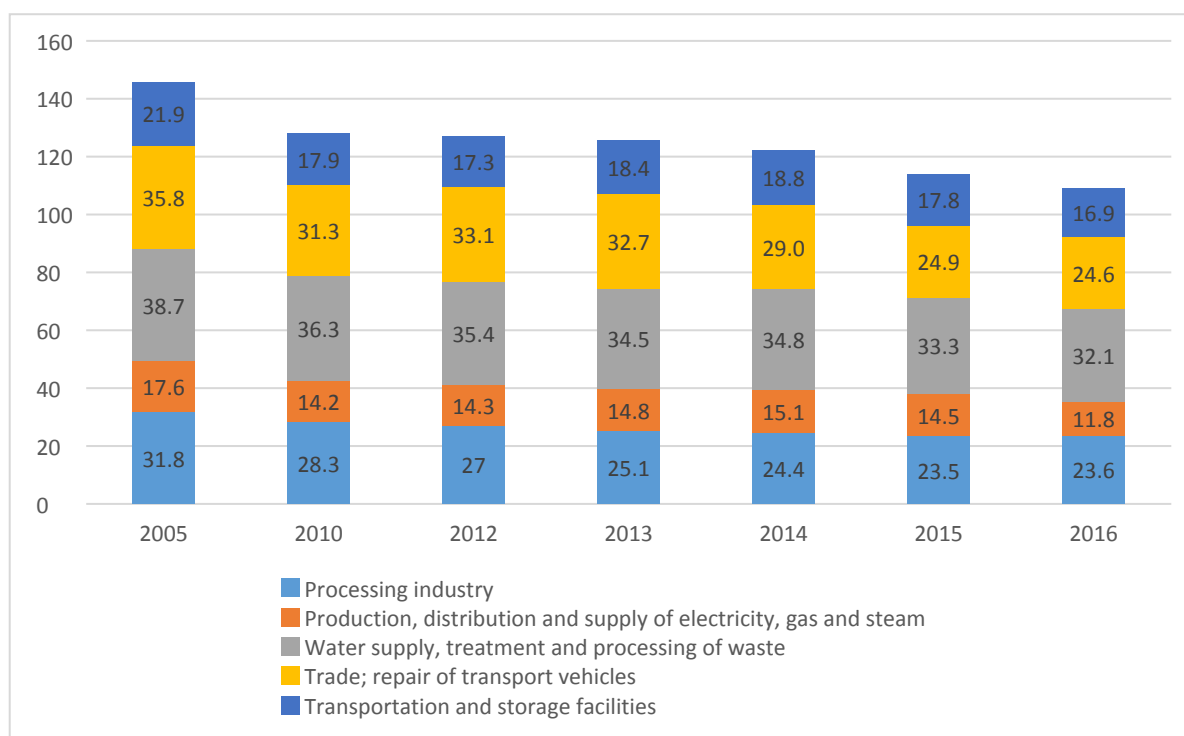


Source: The Republic of Azerbaijan State Statistical Committee, State Oil Fund of the Republic of Azerbaijan.

Another interesting point is associated with men and women receiving the status of unemployed. There is a huge gap between officially unemployed men and women. In the 1990s, the number of officially unemployed men was 11,411 and women 16,903, or about 20 percent more. In 2007, the figures were practically equal (50 percent men and 50 percent women). In 2007, women accounted for only 36.3 percent of the officially unemployed group. However, the overall unemployment trend among women started showing an increase in 2007 and rose to 57-58 percent compared to 2011. The number of officially unemployed men is 20 percent less.

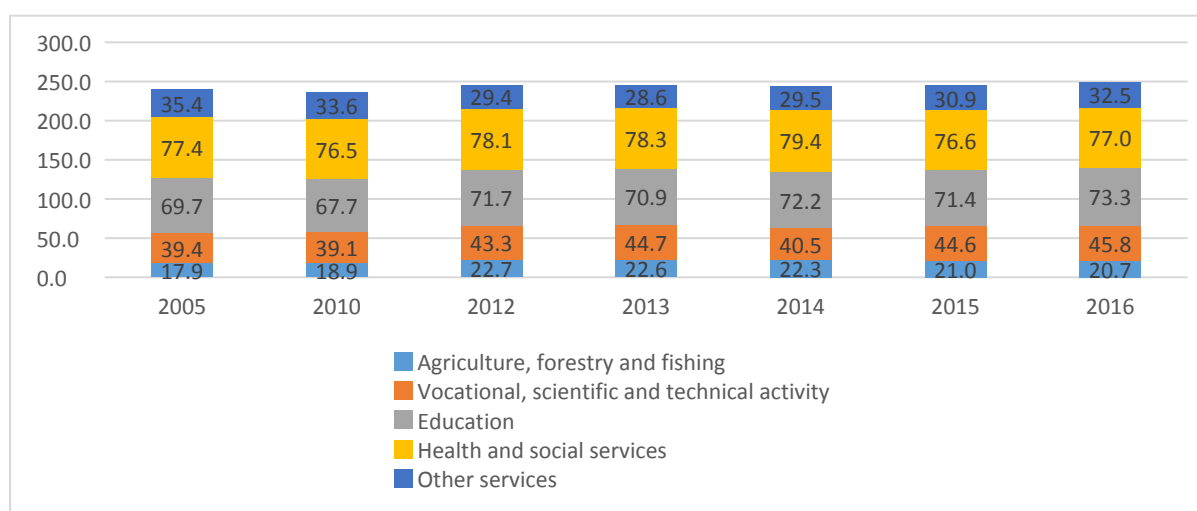
Looking at the share of women in the total number of hired workers in recent years, we can observe that it has declined in many areas of activity (Figure 2). Thus, a sharp decrease is observed in the processing industry, trade, repair of vehicles, transport and storage facilities, etc. Meanwhile, in extractive industry, public administration and defense, social security, real estate transactions, etc., the decrease was more moderate. Figure 3 shows areas in which women's share has registered an increase. These include agriculture, forestry, fishing, vocational, scientific and technical activities, and education.

Figure 2. Areas of economic activity registering a decrease in women's labor, %.



Source: The Republic of Azerbaijan State Statistical Committee

Figure 3. Areas of economic activity registering an increase in women's labor, %.



Source: The Republic of Azerbaijan State Statistical Committee

According to the International Labor Organization's forecasts and assessments, the overall volume of employment in Azerbaijan has been decreasing for the past four years. There is, however, no sharp decline in the share of women in employment. In 2018, the rate among men is expected to increase by 0.5 percent compared to 2015. According to the ILO assessment, the share of male and female labor in total

employment does not differ from one another and is at around 32-33 percent. Those outside the able-bodied population account for 34 percent (Table 1).

Table 1. Forecasts and assessments of the International Labor Organization for Azerbaijan

Indicator	2015	2016	2017	2018
Employed population – ILO assessment, %.	65.5	66.2	66.1	65.9
Employment among women – ILO assessment, %.	62.5	62.9	62.9	62.7
Employment among men – ILO assessment, %.	68.6	69.7	69.4	69.1
Women’s employment among able-bodied population – ILO assessment, %.	--	--	--	32
Men’s employment among able-bodied population – ILO assessment, %.	--	--	--	33
Persons outside able-bodied population – ILO assessment, %.	--	--	33	34

Source: International Labor Organization (ILO)

If we look at the statistics of those who received the unemployed status in 2016, we can see in the classification of the level of unemployment among women that those possessing vocational and secondary education exceed the same categories among men two times. This, in turn, can be attributed to the increase in the number of women receiving higher education and the decline in agriculture, light industry and food industry, which are a part of the non-oil sector.

Table 2. Breakdown of those who received unemployed status in 2016

Education level	Women	Men	Gender	
			Women	Men
Those with higher education	48.1	63.3	31.8	68.2
Those with vocational education	40.0	26.8	47.8	52.2
Those with primary vocational education	7.8	7.8	38.1	61.9
Those with senior secondary education	4.0	1.9	56.5	43.5
Those with secondary education (including those without education and with primary education)	0.1	0.2	38.0	62.0
Total, %	100.0	100.0	38.1	61.9

People	12554	20418	x	x
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Source: The Republic of Azerbaijan State Statistical Committee

2.4. Survey evaluation

First and foremost, when developing a new policy on women's labor, the state should engage in awareness-raising and advocacy work both within the society and in public institutions (gender mainstreaming), thus stimulating women's active participation in the labor market. Otherwise, government agencies and institutions will be faced with major difficulties in assessing the real situation in relation to women's labor supply. The following table, based on the results of the World Values Survey, draws interesting conclusions in the relevant context. 70 percent of surveyed women believe that men are more empowered to work than women. A total of 38 percent felt that women's independence means having a job and 35.3 percent could not make up their mind. These findings indicate that there are certain problems in the integration of women into the labor market and that these problems are largely due to long-term domination of men's labor within national cultural values.

Table 3. Approach to women's labor

Questions / Answers (%)	Agree	Yes and no	Disagree
When there are limited jobs, men should have more right to work than women	70.7	15.6	13.8
If a wife earns more than her husband, this may lead to a problem	29.5	32.9	37.5
Working is the best way for a woman to be independent	38.3	35.3	26.3

Source: World Values Survey, Azerbaijan, 2010-2012.

Understanding other aspects of women's labor, such as their maternity status and role in politics and business management, is also helpful. Thus, 45 percent of women do not see a negative impact of work on children. 44.7 percent agree that this may have negative effects. It is also important for female political leaders to be heavily involved in public life. Although there are certain guidelines at the highest levels of government in this regard (for example, in the Presidential Administration: the head of each district executive authority should have a female deputy, etc.), the majority of respondents – 23.6 percent fully satisfied and 37.7 percent agree – believe that men are better political leaders, which also shows that a great deal still needs to be done in the area of enlightenment. If we want to maximize the use of women's labor, it is necessary to reduce the extreme importance of the housewife's concept in society. It should be noted that 69.6 percent of women consider being a housewife as important as a paid job.

Table 4. Assessment of women's social roles

Questions / Answers (%)	Fully agree	Agree	Disagree	Strongly disagree
If the mother works, children suffer	16	28.7	45.7	9.2
Men are generally better political leaders than women	23.6	37.7	28.9	9.2
It is more important for boys to receive university education than for girls	11.0	11.0	51.3	26.7
Men are generally more capable of leading a business than women	25.1	40.9	25.0	8.8
Being a housewife is as important as having a paid job	29.9	39.7	23.8	6.4

Source: World Values Survey, Azerbaijan, 2010-2012.

A Human Development Report called "Gender Behaviors in Azerbaijan: Trends and Challenges", prepared in 2007 and covering the regions of Azerbaijan, contains the following interesting nuances:³

- The sugar processing plant opened in 2005 mainly employs men;
- Preference is given to female labor in broiler and poultry farms;
- The vast majority of female respondents noted the role of the state in the issue of women's employment;
- There are few areas where women can work;
- Unemployment among urban and rural women aged between 41 and 57 is low. This can be explained by the fact that women of this age group are generally free from childcare.

In addition, according to a 2012-2013 survey involving 390 companies operating in Azerbaijan's non-agricultural sector, the ratio of Azerbaijani women's involvement in property ownership and enterprise management is the lowest in the region (5 percent of women are owners of companies and 3 percent work in senior managerial roles).

3. POLICY PRINCIPLES

In order to secure a gender balance in the labor market and achieve a full range of gender-related objectives, there is a great need for a state policy on women's labor that would take into consideration the country's realities and national economic

³ It should be remembered that trends associated with women's labor do not undergo serious change every year. This is why it is possible to review earlier experience too.

history. The large-scale and multifaceted nature of the problem makes it difficult to formulate solutions through one or more policy proposals. Therefore, the following principles may serve as a guide for the preparation of a state policy.

3.1. Promoting women’s entrepreneurship

Promoting women’s entrepreneurship has a positive impact on the recovery of gender balance in the labor market. For this purpose, the reduction of difficulties faced by women entrepreneurship and development of specific business models to attract women to the labor market seem inevitable. The available of a state gender policy and the engagement of relevant institutions can produce a good result in the short-term.

According to a survey involving female entrepreneurs⁴, the problems faced by women interested in starting a business and those already running one can be divided in macro, micro and individual levels (Table 5).

Table 5. Problems faced by female entrepreneurs

Problems faced by female entrepreneurs		
<u>Macro environment</u>	<u>Micro environment</u>	<u>Individual level</u>
Access to markets	Family support / no restrictions	Lack of knowledge, skills, experience
Access to financial resources	Limited mobility	Lack of confidence
Access to information	Lack of role models	Lack of networking
Unofficial experience	Unpaid work	
Infrastructure		
Taxes and social benefits		

Source: Y. Aliyeva and B. Zeynalova (2016). Assessment of the policy on women’s entrepreneurship and survey of those interested in women’s entrepreneurship

Solution of the three problem categories shown above can boost female entrepreneurship and increase the number of women involved in the country's economy. The following can be viewed as a possible action plan:

⁴ Survey on evaluation of women’s entrepreneurship policy, 2016.

- To increase the mobility of women in the macro environment, their mobility should increase and access to markets should be facilitated. Also, gender discrimination should not be allowed in banks, non-bank institutions and funding organizations. Support for female entrepreneurs should be increased in order to reduce cases of their abuse stemming from a lack of awareness. Relevant infrastructure and tax breaks should be developed specifically for women.
- In order to overcome the barriers encountered in micro-environment, it is necessary to organize large-scale awareness campaigns. Once this happens, issues such as traditional professions for women and shared family responsibilities for the family can be resolved.
- The individual level mainly envisages women's knowledge and skills, as well as their relationship with the outside world. Experience shows that becoming a business person does not immediately lead to success. Education and training are very important to acquire the necessary knowledge and skills. This can also provide networking for women.

3.2. Implementation of projects to enhance women's labor

Taking into account the mainly unskilled nature of women's labor and the existing economic opportunities, the following trends can be examined in order to achieve a significant increase of women's share in overall employment in the future:

1. Increase of social-oriented projects - The "ABAD" public entity was created under the auspices of the State Agency for Public Services and Social Innovations under the President of the Republic of Azerbaijan by a decree of the President of the Republic of Azerbaijan dated 23 September 2016. The main goal of "ABAD" is to develop small and medium-sized entrepreneurship, support family farms in producing competitive goods and implement many other social projects.

Such projects are very successful in providing families with the necessary marketing and branding brands to create their own brands. This provides important incentive for women to achieve self-sufficiency and earn a place in the country's economy.

2. Consideration of similar practices - Some oil-rich countries have taken measures to reduce the problem of women's labor integration into the country's economy. Studying this experience and applying the most successful examples can be one of the key points in future policy documents on women's labor. In Saudi Arabia, for example, the decline in the oil price accelerated female employment and investment in human capital. Women's share in employment rose to 21 percent after the oil price fell to \$42 per barrel in 2016. Only 10 years ago this figure was at 16 percent. After the oil price plummeted, the government began to attach importance to the integration of women into society and treated as a diversification tool (Bekdas).

Another example is the United Arab Emirates (UAE). In particular, the UAE government established the Arzanah division at the National Oil Institute in Abu Dhabi in 2006. This strategic decision aims to increase career opportunities for women in oil-related fields. In 2007, the Society of Petroleum Engineers created a talent council to provide the necessary opportunities for women in the oil and gas

industry, which is dominated by male labor. The goal of the Council is to find and hire women with engineering talents, and identify problems related to women's labor through surveys. These decisions are evidence of the negative impacts on women in oil-rich countries (Scott and others, 2013).

An analysis of women's labor issues from Africa's resource-rich countries, mainly extractive industry-based economies, can provide significant contribution to the development of legislative and regulatory mechanisms. In South Africa, the government introduced legal regulations for extractive industry companies to increase the share of women's labor. As is the case with Azerbaijan, mineral resources account for 90 percent of exports in Sierra Leone. Women's labor has a very small share in the extractive industry – 5-10 percent, and is mainly concentrated in the informal sector of the economy. While Malawi is not an oil-rich country, the government and UN organizations have conducted diagnostics and assessments to increase the role of women's labor.

The UN Industrial Development Organization (UNIDO) implemented a project called "Preparation of Women for Non-Traditional Sectors" in 2011-2015 in order to increase the share of women in employment in Iraq, a country dependent on crude oil exports. The main goal was to establish the "Operations and Industry Services" training academy in Erbil, ensure gender equality and support women. The key result was the reduction of local discrimination to facilitate socio-cultural transformation of women in the long-term future. There were also positive effects on local value chains and economic development. Graduates of the training program found work and gained experience (United Nations Industrial Development Organization, 2013).

As the oil industry developed in Baku and its suburbs, the staffing needs were met by local residents because there was no qualified industry personnel in the countryside and distance played a major role in pre-job arrangements (vocational training, etc.). This inevitably left the workforce in the regions, especially women, out of the training process. Accordingly, revitalization of women's labor through educational institutions in the past decade can be viewed as a crucial step in bridging these gaps.

3.3. New look on women's place in extractive and mining industry

Due to certain natural tendencies, the number of women employed in the extractive industry is very small. Men are predominant in terms of demand for jobs in the industry and the need for industry-specific education. However, leading companies in many countries around the world are committed to promoting corporate culture, developing community-based relationships and local economies and achieving gender diversity at work by promoting women's involvement in the development and implementation of innovations. If we look at the share of women in the total number of hired workers in Azerbaijan, this figure was 17.5 percent in 2005, five years later it dropped to 12.4 percent and slightly increased to 13.3 percent in 2016. This points to the need for state support in the use of women's labor in the extractive industry.

Given the dominant role of the oil and gas sector in economic development, it is important to explore the prospects it can offer to women. Although this sector is also fraught with certain risks and challenges for women's labor, legal and institutional arrangements to ensure short-term accomplishment of country objectives are crucial. A report released by the Public Association for the Protection of Oil Workers' Rights

suggests that the occasional negative events occurring in oil and gas sector companies do not create favorable conditions for women to be represented in senior managerial roles. A summary of the report is shown in Table 6.

Table 6. Excerpts from reports of the Public Association for the Protection of Oil Workers' Rights

Year	Key notes
2017	The 2017 annual report of the Public Association for the Protection of Oil Workers' Rights states that the number of female workers in SOCAR in 2014-2016 reduced and an unpleasant situation involving jealousy was experienced in 2017. Only one woman holds a senior role in SOCAR and only two of 17 senior managers in BP are women.
2016	The report states that the number of both men and women working in the oil sector has reduced, the reduction for women is more significant. No exceptionally negative cases in relation to women's labor have been registered in the oil industry.
2015	The key aspect of the report is that the number of female workers in 2014 was 76.6 percent less than in 2011. In addition, there is a sharp decline in 2012 compared to the previous one. Whereas in 2011 the number of female workers was 17,190, in 2012 this figure dropped to 11,634. Interestingly, that period was a peak of oil revenues.
2010	The report highlights one negative case in relation to women's labor. A violation of Articles 16, 127, 240-246 of the Labor Code was registered by Kentz Caspian Limited - violation by employers of rights and guarantees provided to women by the Labor Code.

Source: Reports of the Public Association for the Protection of Oil Workers' Rights.

The policy or a set of policies designed to increase women's participation in the extractive industry can be developed in line with the following priorities:

- Communication and awareness campaigns related to the importance of gender balance should be implemented by relevant institutions;
- The government can introduce the minimum recruitment requirement for extractive industry companies. For example, if a company is small – 15 percent of the staff, if it is medium-sized – 25 percent, and if it is large – 40 percent;
- Considering women's social role in society (mother, housewife, etc.), internal companies safety policies should be adapted to women;

- Methodologies should be developed to evaluate the social impact for upper and lower limits of women's engagement in extractive and mining industries;
- Gender indicators and criteria should be added to monitoring and evaluation reports for extractive and mining industries.

In other words, high oil and gas revenues can be a major incentive for the use of women's labor in companies and businesses directly involved in extractive and mining industries. However, official statistics show the opposite. "A new look on women's place in extractive and mining industry" represents a fundamental approach to public policy on the protection of women's labor from direct negative impacts of high oil and gas revenues.

4. EVALUATION OF CURRENT SITUATION

To understand the extent to which companies opening in the country comply with state policies on women's labor, Table 7 provides a brief overview of the conditions created by companies opened in 2018.

Table 7. Companies opened in 2018 and their women's labor compliance performance

S/s	Date / Location	Key facts
1.	16.11.18 Sumgayit	Opening of a tobacco processing factory at the Chemical Industry park – 200 jobs were created in this project worth \$48 million.
2.	16.11.18 Sumgayit	Opening of a non-ferrous metals and ferrous alloys plant – 230 people to be provided with jobs at this \$51 million plant.
3.	16.11.18 Sumgayit	Opening of a construction chemistry plant – 60 people will be provided with jobs at this \$3.5 million plant.
4.	05.11.18 Agdam District	Opening of the Agdam branch of "AzerKhalcha" OJSC – 150 weavers and 14 administrative personnel are to be employed. 90 people have already been hired at the initial stage.
5.	28.10.18 Gakh District	Opening of the Gakh silkworm breeding station – 11 people are currently employed. After the station becomes fully operational, it will employ 59 people permanently and 159 on a seasonal basis.
6.	28.10.18 Gakh District	Opening of "Ulu Agro" LLC Gakh agricultural estate – 90 people are to be employed.
7.	28.10.18 Gakh District	Opening of "Yurd Hotel" of "Ulu Yurd" LLC - 15 people to be employed permanently.
8.	22.10.18	Opening of "ASAN Hayat" complex in Imishli – 184 employees

	Imishli District	and 45 volunteers are to work at the complex.
9.	15.10.18 Lankaran District	Opening of the Lankaran branch of “AzerKhalcha” OJSC - 150 weavers and 14 administrative personnel to be provided with jobs.
10.	15.10.18 Lankaran District	Lankaran Regional Trial Laboratory of the Food Safety Agency.
11.	11.10.18 Guba District	Opening of “ABAD Factory” production complex – Two 30-people “ABAD” families will work in shifts. Up to 30 people will be employed.
12.	11.10.18 Guba District	Opening of “Gubaekoagrar” LLC’s agricultural factory – 38 people will be provided with jobs.
13.	18.09.18 Masalli District	Opening of the Masalli Industrial Estate – 5 enterprises manufacturing furniture and furniture parts. Entrepreneurs have invested more than \$3.5 million in the enterprise. 142 jobs have been created.
14.	18.09.18 Masalli District	Opening of paddy processing enterprise of “Masalli-Nematlari” LLC – 15 people will be provided with permanent jobs. The enterprise is expected to double its capacity in future and increase its personnel to 40 people.
15.	25.08.18 Ismayilli District	Opening of “Shirvan sharablari” LLC’s grape-growing and wine-making complex.
16.	25.08.18 Ismayilli District	Opening of a modern livestock breeding complex for 1,000 head of cattle – 14 people will be employed. In the future, the figure will be increased to 70.
17.	25.08.18 Ismayilli District	Opening of the Ismayilli branch of “AzerKhalcha” LLC - 150 weavers and 12 administrative personnel will be provided with jobs.
18.	25.08.18 Ismayilli District	Opening of an agricultural estate of “Buta Group” LLC – 24 people have been provided with jobs.
19.	27.02.18 Mingachevir	Opening of "ASAN Hayat" complex – 154 people work for the complex.
20.	27.02.18 Mingachevir	Opening of two silk production enterprises of “Mingachevir Tekstil” LLC – The launch of the factories will create jobs for 700 people

Source: www.president.az

Among the enterprises launched in 2018, only agricultural, agrarian and service ones created good conditions for women. The vast majority of economically active women are mainly employed in low added value areas. This, in turn, results in their low presence in the economy and the non-oil sector. According to the estimates of a women's empowerment expert group of the Democracy Monitor Public Association for 2017, a total of 27 percent of the GDP is produced by the five sectors in which about 82 percent of women is concentrated. Men are mainly engaged in sectors with

higher added value, which sharply reduces the benefit of women's labor for the country's economy (Democracy Monitor PA, 2017).

Although half of the enterprises listed in Table 7 are suitable for expanding women's labor, women are expected to dominate only a few of them, in particular carpet weaving and textile enterprises. Other enterprises are either mostly suitable for men or the use of women's labor in them is very small. This requires the existence of a state policy on women's labor and organization of public awareness activities.

5. CONCLUSIONS AND RECOMMENDATIONS

In many oil-rich countries, it is possible to observe that women's labor has suffered from raw material exports. A similar process can be witnessed in our country as well. There are several limitations impeding the implementation of necessary policy measures to address the situation. For example, the evaluation of the labor market in terms of women's occupations and the development of institutional mechanisms to increase the application of women's labor force should be among priority steps for the government. At the same time, there are also multiple problems in gender statistics: women's employment in the regions and sectors, their professions and specialties are not shown in official statistics. In international practice this is called "disaggregated data" and is of great importance for the necessary economic analysis.

It should be the government's strategic objective to turn the 145,500 unemployed and 14,000 officially unemployed out of a total of 2.5 million economically active women into an important labor resource that can be used in the country's economy and the labor market. Given the fact that women's labor is adversely affected by oil and gas revenues and squeezed into a limited number of areas, we can see that the problem should be turned into a political matter too.

Promoting women's entrepreneurship and increasing its place in the non-oil sector should be one of the key policy steps in this direction. The implementation of socially-oriented projects and ensuring women's engagement in the extractive industry is another crucial policy principle. In addition, gender equality in the extractive industry proper and the involvement of women in public decision-making can be one of the most important steps in this direction.

The following institutional steps should be taken by different government agencies in order to protect women's labor in the conditions of a revenue windfall:

- **The State Statistical Committee of the Republic of Azerbaijan** should develop statistical and methodological approaches to studying the impact of oil and gas industry on women's labor. These approaches should be integrated with those of other relevant state agencies. The methodology to be developed is vital to properly diagnosing current and potential problems. The development of aggregate indicators, criteria and classifications and their standardization for all economic participants of the country will shape a single valuation framework for women's labor. This, in turn, will facilitate the work of researchers,

policy- and decision-makers dealing with gender equality, and lead to timely and prompt solution of problems. The capabilities of the newly created Statistical Information Service platform will also provide effective communication of these activities to the public.

- The state programs implemented by the **Ministry of Labor and Social Protection of the Population** may envisage "goodwill discrimination" in favor of female employees both in the private and public sectors. Depending on the areas in which they work in small, medium-sized and large enterprises, a "female working coefficient" may be calculated. Such a coefficient can play a major role in assessing integration of women's labor in the labor market. In addition, projects and action plans should be implemented to further promote women's role in the labor market through the future employment strategy or the State Program on Poverty Reduction and Sustainable Development.
- **The Ministry of Education of the Republic of Azerbaijan** can assess the knowledge, skills and inclinations of young girls in secondary schools within the framework of extracurricular education for future self-employment or entrepreneurial activity. Such training and education projects may eventually result in government support for entrepreneurial activities through social and economic programs. As noted in the current policy paper, there are numerous obstacles hampering female entrepreneurship. It is important for women to acquire real skills from an early age through awareness raising and training.
- **The Ministry of Economy of the Republic of Azerbaijan and the National Fund for Entrepreneurship Support** subordinated to it may contribute to the identification of new jobs for women. They can provide important assistance with business planning for different industrial estates and projects involving local and foreign investment to create favorable opportunities for the use of female labor. For example, a value chain of a product or commodity based on women's labor can be considered one such initiative.

Attachment

Table 1

Year	Steps taken
1992	Accession to the UN convention "On political rights of women"
1995	Accession to the UN convention "On elimination of all forms of discrimination against women"
1996	Protocol on the establishment of a group of cooperation among Eurasian women
199	"State Commission on Woman and Child Problems" established by a Decree of

8	the President of the Republic of Azerbaijan dated 14 January
2000	Accession to the additional protocol of the UN convention “On elimination of all forms of discrimination against women”
2000	Signing of a decree “On implementation of the state woman policy of the Republic of Azerbaijan”
2000	Adoption of the Cabinet of Ministers national action plan on women’s issues
2007	Submission of reports for the 2 nd and 3 rd period within the framework UN convention “On elimination of all forms of discrimination against women”
2008	International forum on “Women’s role in the expansion of inter-cultural dialog”
2010	Signing of a decree on accession to the International Labor Organization’s “Convention Concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities”

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