



The Quest for Political Reform in Azerbaijan: What Role for the Transatlantic Community?

Anar Valiyev

Abstract

As Azerbaijan celebrates its 20th anniversary of independence, democratic development remains a key challenge facing the country. Despite the fact that Azerbaijan successfully coped with immediate problems such as poverty reduction and economic and political stability, the need to reform the public administration and decentralize governance has become particularly urgent. The main problems, however, remain the same: low public trust in institutions, the absence of a democratic political culture and the lack of bridging social capital. In this regard, the assistance of the Transatlantic Community is necessary. The European Union and the United States should pursue a developmental approach to democracy promotion in Azerbaijan, which has higher chances to succeed than a more explicitly political approach, considering the weak institutional capacity in the country.

Keywords: *Azerbaijan / Democracy / Public opinion / Social capital / Public administration / Local self-government / Civil society / European Union / United States Agency for International Development (USAID)*

The Quest for Political Reform in Azerbaijan: What Role for the Transatlantic Community?

by Anar Valiyev*

Introduction

Political reform and institution-building have been on the Azerbaijani agenda since independence. Much has been done, particularly with respect to establishing a functioning market economy, a healthy financial and banking system as well as ensuring high and sustained levels of GDP growth. These steps forward in the economic realm have allowed the Azerbaijani government to decrease poverty levels fivefold; implement privatization as well as ensure social stability, all being key conditions for successful political change. Beyond the market, however, the need to tackle directly political reform has become increasingly apparent. This article focuses on the obstacles to political change in Azerbaijan, highlighting the deficit of trust the public feels with respect to public institutions, with the notable exception of the presidency, and the ensuing problems this creates in the establishment of effective local government and civil society institutions. In light of this it addresses how the transatlantic community could assist Azerbaijan in building more credible and therefore trusted institutions, as a necessary precursor and precondition for political reform in the country.

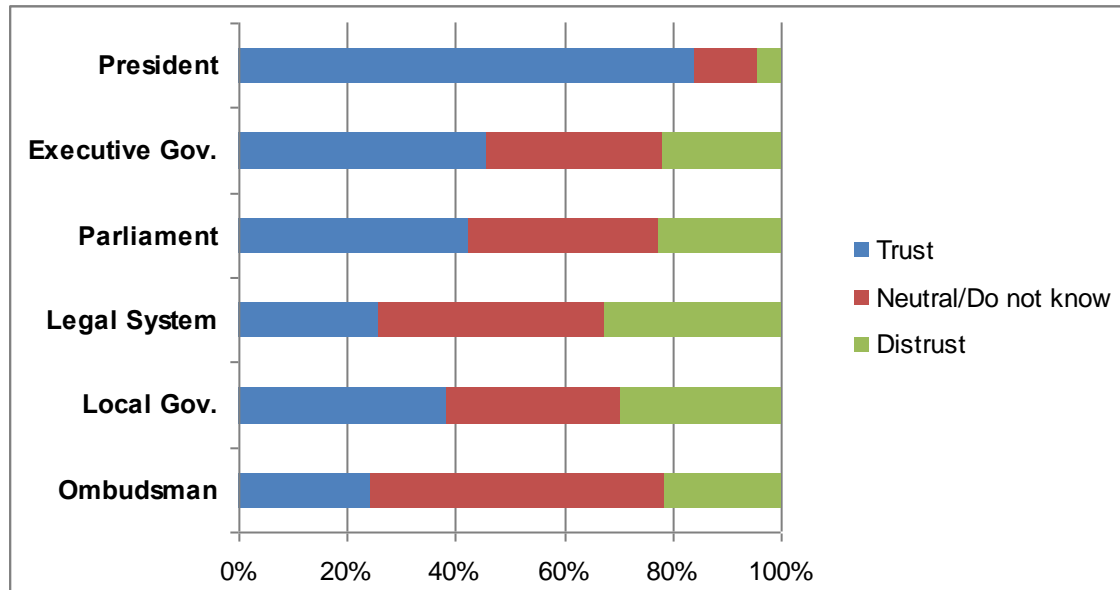
1. Low trust in government institutions

Popular trust in public institutions is notoriously low in transition countries, reducing the legitimacy and increasing the costs of public policies. In Azerbaijan, as reported by the Caucasus Research Resource Center in 2011,¹ whereas trust in the presidency is extremely high, that in other public institutions lags way behind.

Paper prepared for the Istituto Affari Internazionali (IAI), April 2012. Revised version of a paper presented at the seminar on "Democratic Institutions and Human Rights in Azerbaijan: what role for the Transatlantic Community?", Rome, 14 February 2012.

* Anar Valiyev is the Dean of School of International Affairs at Azerbaijan Diplomatic Academy.

¹ The data is taken from the 2010 *Caucasus Barometer* (CB), a nationwide survey that is annually conducted in Armenia, Azerbaijan and Georgia by the Caucasus Research Resource Centers (CRRC). The CB uses multistage cluster sampling with preliminary stratification on nine geographically defined units in each country: capital, urban-Northeast, urban-Northwest, urban-Southeast, urban-Southwest, rural-Northeast, rural-Northwest, rural-Southeast and rural-Southwest. The sampling frame in 2010 was the census in Azerbaijan and Georgia and electricity records in Armenia. The number of primary sampling units (PSUs) in each stratum was proportional to the population of each stratum. Fifty households on average were randomly sampled in each PSU for an interview. The rough number of individual interviews per country was 2,001 in Azerbaijan, 2,089 in Georgia and 1,922 in Armenia. The average expected margin of error varies between settlement types [capital, urban non-capital, and rural], but none are greater than 5%. Caucasus Research Resource Centers, *Caucasus Barometer 2010*, retrieved through Online Data Analysis (ODA), <http://www.crrc.ge/oda>.

Figure 1. Trust in government institutions

Source: Caucasus Research Resource Centers, *Caucasus Barometer 2010*

Around 84.1% of the surveyed people expressed their trust in President Aliyev, while only around 4.6% distrusted him. Such high levels of trust in the president are due to the fact that people tend to associate all positive developments in the country with the leader and view the president as the ultimate guarantor against the injustices committed by other state organs. By contrast, trust in the executive government, viewed as strictly separate from the presidency, is significantly lower, with around 45% of respondents trusting the government while the rest either distrusting or being neutral towards it. The judiciary is also distrusted, with only 26% of surveyed people trusting courts while 32.6% and 41.4% either distrust or are neutral towards the legal system. Likewise, as mere 24.2% trust the ombudsman office, while a significant majority either distrusts or simply has no idea about the existence and work of this institution. This can be partly explained by the fact that none of the executive powers are accountable to popular vote.

However, trust in the elected parliament is also very low, with only 42% of surveyed people trusting parliament, while 22.6% and 35% respectively either distrusting or being neutral towards the legislative branch. These low levels of trust hinder democratic participation, with voter turnout in parliamentary elections usually hovering around 45%-60% according to official estimates. The reason for such low trust and voter turnout is the public's disbelief that parliament can serve the people's needs. Trust is also low in the elected local government, with only 38% of the surveyed people trusting municipalities. Here too low levels of trust translate into low voter turnout, with turnout at the 2009 municipal elections being 31.8% (in previous national elections this figure was around 45%). Again the reason for low trust and voter turnout can be explained by the fact that these local institutions do not wield effective power and cannot therefore respond to public needs. In other words, a vicious circle is at play whereby low trust, low voter turnout and low belief in the effectiveness of institutions interlock, mutually reinforcing one another. These low levels of trust and voter turnout

also generates political apathy and hinders the establishment of a vibrant political and civil society, with low membership levels of political parties, associations and other civil society organizations. The absence of trust hinders the consolidation of liberal democracy in the country and the evolution of a truly civil society.

Underpinning these figures is the political culture in Azerbaijan, whereby most of the population has paternalistic view of politics. For example, in the same survey, when asked about the role of the government, 67.4% of surveyed people agreed that the government should act like a parent towards its population while only 21% agreed that the government should serve as an employer. Such an attitude towards politics is detrimental to the development of democratic institutions since it precludes criticism of the government (given that in Azerbaijani culture it is inappropriate to criticize one's parents).

2. Local self-government and absence of decentralization

Seventy years of Soviet administration in Azerbaijan led to the creation of a rigidly bureaucratic and inward-looking administrative apparatus, performing strictly controlled functions and having limited capacity for decision-making below the Party's Central Committee. The collapse of the Soviet Union and the re-establishment of the Azerbaijan Republic gave rise to new challenges. However, Azerbaijan's system of governance remained the same as it was during the Soviet Union, with no major reforms being implemented during the years of independence. Regional governance continued to be managed from the centre through appointed governors, who often do not even come from the region in question and lack all connections with the local constituency. In 2000, when Azerbaijan became a member of the Council of Europe, it was compelled to establish elected municipalities. As of today, 1,718 municipalities have been established employing 15,682 people. The introduction of this new tier of governance, however, was not matched by accompanying reforms in the allocation of competences, leading to a confused mosaic of often powerless governments taking often contradictory decisions. On average, there are approximately 34 municipalities for each 100,000 people in Azerbaijan, while in other developed and transitional countries this number varies from 3.4 municipalities in Bulgaria to 17.5 in Estonia.² It should be mentioned here that the word "tier" is used notionally because all the governments operate not through a clear vertical or horizontal hierarchy, but through complicated mechanisms of interlocking levels of administration. This complicated system of governance poses huge problems to the functioning of the public administration. First, duplication is commonplace, creating inefficiencies and excessive costs. Second, while the central government allocates large amounts of funds to the governors, it gives unofficial orders to municipalities on how to use state funds in a manner that often does not reflect the actual socioeconomic problems on the ground. These interventions adversely limit the opportunities for municipalities to freely dispose of the state budget allocations. The allocation of financial assistance is decided on the basis of unofficial instructions by local executive powers. Thus, the powers of the municipalities are

² Rovshan Agayev *et al.*, *Strengthening Municipalities in Azerbaijan*, paper prepared within the framework of Oxfam and ICCO co-funded project "The Role of Local Self-governments in Poverty Reduction in Azerbaijan", Baku, Economic Research Centre, March 2007, <http://pdc.ceu.hu/archive/00003357/>.

significantly limited and tied to the central and local executive government. Municipalities lack financial independence making them dependent on funds coming from the central state budget which is then distributed through central and local executive powers. Municipalities turn into obedient implementors of the government's policy. Third, municipalities lack the power to solve citizens' problems since only governors have the relevant tools and administrative resources.

After the collapse of communism, many countries in Central and Eastern Europe witnessed a fragmentation of their systems of governance, hindering an effective functioning of local government.³ In many respects the same can be said of Azerbaijan. However, Azerbaijan's inexperience with democracy and its low level of trust in institutions are such that the presence of multiple governments may represent the key to changing public attitudes towards public participation and accountability. In a society where horizontal cooperation between different levels of government is absent, polycentrism would allow people to participate in local politics, empowering them to make a difference. If each individual would feel that his or her vote counts at the local level, his/her trust in institutions is set to grow. What Azerbaijan needs today are public administration reforms. A first step would be to reform local executive powers (i.e., the governors) as a redundant tier of government and to transfer their power to the municipalities. The second step would be to decrease the number of municipalities so as to improve their efficiency. Overall there is a need to emphasize the role of the elected local government, as a counterbalance to the previously centralized public administration system. This would entail granting the local level greater leeway both in raising and in administering funds, allocating them to issues close to the needs of the local population such as the enhancement of the local economy, environmental issues and housing.

3. Low social capital and the weakness of civil society

Over the years, many studies have been made explaining the weakness of civil society through the concept of social capital. This concept became one of the most influential intellectual approaches in economics, politics, sociology and development studies. Discussed by Bourdieu, Coleman and Putnam,⁴ social capital is often seen as a panacea for all the ills of society. Social capital is understood as features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions. Looking at social capital through the lens of networking, social scientists distinguish two dimensions: bonding and bridging social capital. Bonding social capital is defined as connections or networking between people who share a common trait, such as members of the same family, clan or any kin-based organization. Bridging social capital is characterized by networking between people of various backgrounds, ethnicities or professions, but united by belonging to a common association, party, or organization where membership is open to almost everyone.

³ Pawel Swianiewicz, "Territorial Fragmentation as a Problem, Consolidation As a Solution?", in Pawel Swianiewicz (ed.), *Territorial Consolidation Reforms in Europe*, Budapest, Local Government and Public Service Reform Initiative-Open Society Institute, 2010, p. 1-23, http://lgi.osi.hu/publications/2010/412/Territorial_Consolidation_Reform_final_WEB.pdf.

⁴ Alejandro Portes, "Social Capital: Its Origins and Applications in Modern Sociology", in *Annual Review of Sociology*, Vol. 24 (1998), p. 1-24, <http://www.annualreviews.org/doi/pdf/10.1146/annurev.soc.24.1.1>.

In Azerbaijan, bonding social capital is quite prevalent⁵. Individuals usually find jobs, win promotions or gain access to resources through family networks. This system was already in place during the Soviet era in the 1960s and 1970s. It led to a situation in which certain positions in the Soviet administration were filled only by relatives of those who already worked in the system, preventing a regeneration of elites. To counter this trend, Heydar Aliyev, the first secretary of the Communist Party in the 1970s, issued instructions prohibiting the children of judges, prosecutors and lawyers from being admitted to law departments of local universities. For a short period of time, such prohibitions allowed individuals with working class backgrounds or from the periphery to obtain jobs in the higher echelons of power. But over time, the situation reverted back to the status quo ante.

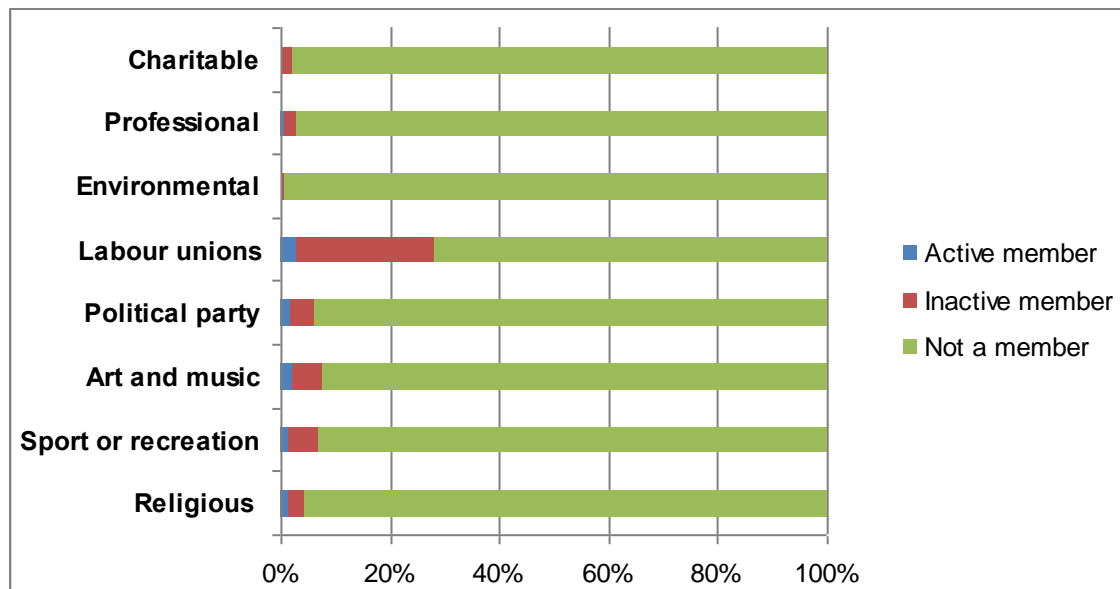
In independent Azerbaijan, the system changed slightly. The regeneration of elites is taking place at a faster pace and with the inclusion of people from different social strata. However, the system of patronage did not disappear, making bonding social capital still the most important resource for citizens. Connections through family networks allow insiders to acquire resources much more easily than outsiders. The presence and prevalence of bonding social capital in Azerbaijan is easily explained. In a system which craves stability, character traits such as loyalty are valued more than professionalism. Given existing realities in Azerbaijan (as well as in many North Caucasian republics), people tend to rely on relatives, members of their clan, or residents from the same village or region. Such a high level of bonding social capital in the country has positive and negative aspects. On the positive side, bonding social capital allows more people to gain access to the system or acquire resources. At the same time, due to rapid urbanization in the country, many people tend to migrate from regions to the capital where they settle close to their relatives or others from the same villages. Networks amongst these people allow newcomers to reduce transaction costs in terms of finding housing and jobs or solving immediate practical problems. Thanks to bonding social capital, the phenomenon of homelessness, typical of big cities, is almost unknown in Azerbaijan. On the negative side, however, bonding social capital prevents people who are not members of the family or group to gain access to jobs or financial resources. Meanwhile, membership cannot be obtained unless you are born or marry into the right family (that is why marriage is a very important tool for social and economic advancement in Azerbaijan). The closed nature of this system could lead to dissatisfaction and even social protest.

By contrast, Azerbaijan has very little bridging social capital. There are several reasons for that, including cultural and political variables. Soviet rule created scepticism among Azerbaijani people towards all types of organizations. With unpleasant memories of party gatherings, May 1st demonstrations, trade union meetings and all other features of the Soviet bridging social capital, Azerbaijanis lost interest in joining all types of voluntary associations. In addition, citizens see little reason to join these organizations since they do not offer additional benefits. Furthermore, political life is highly restricted in the country. During the first decade of independence, political parties and political

⁵ See also Anar Valiyev, "Social Capital in Azerbaijan: Does It Help to Build Democracy?", in *Caucasus Analytical Digest*, No. 31 (21 November 2011), p. 11-13, <http://www.css.ethz.ch/publications/pdfs/CAD-31-11-13.pdf>.

associations were the major elements of bridging social capital. For the last decade, however, political life - and party politics in particular - has been pushed off the daily agenda. Party membership shrank and the parties themselves stopped playing a role in public life. It is not surprising that when asked whether citizens are allowed to form or join political parties without any restrictions, approximately 37% of respondents could not answer the question, while 17% said no. The data suggests that people are often unaware of the opportunities to participate in these organizations because of the low level of interest in them. The 2008 *World Values Survey* (WVS) supported the claim that Azerbaijan has a very low level of social capital as measured by active membership in various organizations.⁶ For example only 2.8% of surveyed people claimed active membership in trade unions. Meanwhile, only 0.8% of people actively participate in the activities of professional organizations while only 1.8% actively engages in party politics. At the same time, despite being famous for support for charity and philanthropy, only 0.2% of those surveyed actively participate in the activities of charity organizations.

Figure 2. Membership in organizations, 2008



Source: World Values Survey Association, *World Values Survey 1981-2008*

The absence of bridging social capital thus explains the weakness of civil society in Azerbaijan, which in turn leads to public apathy and low levels of participation in public life, hindering the prospects for democracy.

4. Lessons for the Transatlantic Community: What Could be Done?

After the demise of the communist system, two distinct approaches to democracy promotion in the former Soviet Union, and Azerbaijan in particular, competed with one

⁶ World Values Survey Association, *World Values Survey 1981-2008 Official Aggregate v.20090901*, 2009, http://www.worldvaluessurvey.org/index_surveys.

other. The first approach, which dominated during the first two decades of independence, adopted a relatively narrow conception of democracy, and focused, above all, on elections and political freedoms. It directed aid at core political processes and institutions - especially elections, political parties and politically-oriented civil society groups. The second approach favored instead the pursuit of incremental, long-term change in a wide range of political and socioeconomic sectors, emphasizing good governance and the building of a well-functioning state. The history of democratic development in Azerbaijan showed that the first explicitly political approach that was championed by the US and the EU, failed, not only in Azerbaijan, but also in many other countries. By focusing exclusively on free and fair elections, the proponents of the first approach overlooked key problems of public administration and institution-building. Over the last couple of years, however, the transatlantic community started appreciating the value of a more developmental approach to democracy, paying specific attention to public administration reform, increasing the expertise of civil servants and emphasizing good governance. The European Union and the United States need to understand the specific character of Azerbaijan and assist the country in coping with its actual internal problems. With the influx of oil money, Azerbaijan does not need financial resources, but it does need expertise and technical assistance in developing governmental institutions, both at the central public administration level, which is still occupied by the Soviet nomenclature with an inbuilt resistance to reform, as well in municipalities, parliament or the ombudsman office. The Western community could also help Azerbaijanis by educating both government and opposition officials to engage in constructive dialogue. Finally, the West could increase its assistance to NGOs and public civil organizations, with the focused objective of raising the public appeal, impact and membership basis of these organizations. The key to success in public administration reform is education. In Azerbaijan today, the education and retraining of both current public administrators and future civil servants is the top priority. Therefore, it is necessary that the education system adequately respond to the challenges of democratic transition. The challenges regard both university teaching programmes and public administration training institutes and schools. The EU and the United States could allocate resources and help Azerbaijan re-train its public servants and foster the new generation of civil servants.

The EU already engages considerably in these governance related activities. In July 2010, it launched negotiations over a new association agreement with Azerbaijan. The indicative amount allocated to Azerbaijan under the 2011-13 National Indicative Programme is €122.5 million, of which €19 million are earmarked for the Comprehensive Institution-Building Programme (CIB).⁷ The CIB engages in capacity building in the Azerbaijani Civil Service Commission, which is responsible for hiring civil servants, enhancing the Commission's work on building professional expertise of civil servants particularly on EU affairs. For this purpose, the EU is also planning to establish a training centre: the Civil Service Commission, which would deliver regular training on capacity building as well as strengthening foreign language proficiency for Azerbaijani civil servants. In addition, within the framework of the CIB, a full-fledged European Studies programme will be established to enhance the overall knowledge of the EU in Azerbaijan as well as to create a centre of excellence on EU affairs. Beyond

⁷ European Commission, *Azerbaijan National Indicative Programme 2011-2013*, March 2010, http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_azerbaijan_en.pdf.

the CIB, other governance projects have been financed under the Twinning, TAIEX and SIGMA programmes. Around €7.5 million have been spent on Twinning and SIGMA projects over the last 4 years.⁸ The implemented projects were mostly directed to helping Azerbaijan conduct legal and structural reforms, supporting anti-corruption efforts, and enhancing the effectiveness of ministries through seminars and skill-building activities. The main recipients of this assistance were the Ministry of Industry and Energy; the social protection statistics committee; the ombudsman office and the civil service committee.

Turning to the United States, the United States Agency for International Development (USAID) has focused its work on strengthening the effectiveness of parliament, increasing transparency and building an impartial legal system. Among its ongoing projects we can cite work focused on strengthening political and civic participation by developing civic leadership skills and enhancing institutional transparency and credibility; anti-corruption advocacy and the establishment of legal advice centres; and improving the status of women in Azerbaijan by raising public awareness of issues that affect women.

Most of the above cited programmes conducted by EU and US actors are targeted and effective. However, the scale of these programmes is rather limited, reducing the macro impact of these projects, particularly when faced with old nomenclatures resisting change and reform. At the same time, neither Azerbaijan nor transatlantic community want to go for deepening of reforms and go for fundamental change in governance. Craving stability over sustainability in the short run proved to be right strategy. Nevertheless, today's reality dictate the country to began fundamental reforms and the continued assistance of transatlantic community would be more than important for Azerbaijan.

Updated: 3 April 2012

⁸ Azerbaijan Ministry of Economic Development, *Twinning, TAIEX and SIGMA Operations in Azerbaijan*, <http://www.twinning.az>.



Latest IAI Working Papers

- 12 | 11 C. Merlini, The World We Live In. Megatrends in Global Security, Economy and Governance
- 12 | 10 R. Alcaro, Avoiding the Unnecessary War. Myths and Reality of the West-Iran Nuclear Standoff
- 12 | 09 S. Colombo, The GCC Countries and the Arab Spring. Between Outreach, Patronage and Repression
- 12 | 08 N. Tocci, A Trilateral EU-US-Turkey Strategy for the Neighbourhood: The Urgency of Now
- 12 | 07 V. Boas, Energy and Human Rights: Two Irreconcilable Foreign Policy Goals? The Case of the Trans-Caspian Pipeline in EU-Turkmen Relations
- 12 | 06 Andrew Byrne, Building the Transatlantic Area of Freedom, Security and Justice. The Case of the Passenger Name Record Agreements
- 12 | 05 N. Van Raemdonck, Vested Interest or Moral Indecisiveness? Explaining the EU's Silence on the US Targeted Killing Policy in Pakistan
- 12 | 04 E. Oğurlu, Rising Tensions in the Eastern Mediterranean: Implications for Turkish Foreign Policy
- 12 | 03 F. Zwagemakers, The EU's Conditionality Policy: A New Strategy to Achieve Compliance
- 12 | 02 E. Soltanov, The South East Europe Pipeline: Greater Benefit for a Greater Number of Actors
- 12 | 01 N. Sartori, The European Commission's Policy Towards the Southern Gas Corridor: Between National Interests and Economic Fundamentals
- 11 | 30 D. Sammut, After Kazan, a Defining Moment for the OSCE Minsk Process

The Institute

The Istituto Affari Internazionali (IAI), founded by Altiero Spinelli in 1965, does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffariInternazionali), two series of research papers (IAI Quaderni and IAI Research Papers) and an Italian foreign policy yearbook (La politica estera dell'Italia).

Istituto Affari Internazionali
Via Angelo Brunetti, 9 00186 Roma
Tel.: +39/06/3224360 Fax: + 39/06/3224363
E-mail: iai@iai.it - website: <http://www.iai.it>
Send orders to: iai_library@iai.it