

## URBANIZATION AND URBAN PUBLIC POLICY IN BAKU

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## Urban Planning in Baku: Who is Involved and How It Works

By Farid Guliyev, Baku

### Abstract

This article examines the urban governance system of Baku City with a focus on recent urban reconstruction projects. First, I outline the mechanism of oil surplus recycling that underlies Baku's recent construction boom. Second, I explore the regulatory regime and the roles of different government agencies engaged in "implementation games". City politics has thus turned into an arena for the neopatrimonial scramble for public resources. Baku's urban policy decisions reflect the confluence of interests of bureaucratic patronage networks and oligarchic-business groups. What is good (profitable) policy for these rent-seeking groups can harm social welfare, the quality of undersupplied social services (such as education and health care), and other public goods needed by ordinary residents, fueling the growing tendency toward urban segregation by class and income.

### Urban Redevelopment: A Two-Level Game

Baku's recent urban redevelopment is an outcome of the interaction of actors and interests operating at two levels: planning and implementation. First, there is the political leadership level, where elites are pursuing the strategy of "diversification light" by prioritizing the types of projects that will not threaten the political status quo in the future. In practical terms, this means that economic diversification should meet two criteria: a) maximize the economic payoffs, and b) avoid political costs (i.e., do not "rock the boat"). The petroleum-based rentier state model of the 2004–2014 period secured the elite's hold on power, but it may no longer be viable. Resource dependence and associated vulnerabilities, certain structural shifts in global energy markets, and the Caspian region's loss of "geopolitical significance" for the West, especially the U.S., all call for measures to promote growth in the non-oil sector. Diversifying into real estate and tourism, a strategy that seems to be favored by Azerbaijan, meets both criteria: if implemented prudently, this strategy has the potential to spur non-oil growth; it does not require major technical know-how (which is in short supply locally); and the tourism, services and "entertainment" sectors do not threaten—but rather serve—the position and wealth of the vested interests.

Urban projects fit these calculations rather well. In view of the elite's interests, the prioritization of urban redevelopment is articulated in the government's policy meta-frame, which is a series of strategic roadmaps, long-term plans and a new city master plan (currently under review) in which urban beautification is expected to transform Baku into a megacity and a regional transportation and logistics hub along a new Silk Road, indeed "the hub of hubs".<sup>1</sup> This vision is based on two assump-

tions. Azerbaijani policymakers and planners believe that Baku has the business-friendly regulatory environment and all the necessary ingredients to jumpstart its non-oil sectors, and if Dubai "did it", Baku can do it too. This would justify large public investments in hardware infrastructure (roads, ports, railways and buildings). A second assumption is that foreign capital follows a city's grandiosity; in other words, once a city builds high-rise buildings, sports arenas, shopping malls and convention centers, foreign businesses will be willing to invest money, and tourists will flock in. Skeptics question these assumptions as being unrealistic and costly.

At another level, there is policy implementation. As in other post-Soviet countries, where political power is maintained through the exchange of material resources for personal loyalty within and among patron-client networks, publicly funded projects feed into the rivalry among multiple patronage groups inside and outside the state bureaucracy. In the case of construction planning in Azerbaijan, licenses and permits are administered by as many as six different government agencies. Each government agency is legally entitled to approve or reject a license; this is a formal right that gives government office-holders public jurisdiction that they can use to dole out informal benefits, if they want to. In other words, holding public office provides officials with access to spoils and unofficial perks. Subsequently, even though the elite's plans might be arguably seen as benign, implementation of this vision in practice at the bureaucratic level acquires a logic of neopatrimonial scramble for a share of the lucrative oil pie, with consequences that hurt ordinary residents. There is an opportunity cost to heavy investments in large urban infrastructure projects. The money invested in bricks and concrete blocks could have been invested in improving the provision of services, such as better schools and hospitals. Another downside has been a series of massive evictions of less well-to-do households from centrally located habitats and their

1 "Baku Will Become a Dubai-like Hub in Eurasia", *Euractiv*, November 10, 2016, <<https://www.euractiv.com/section/azerbaijan/interview/ziyadov-baku-will-become-a-dubai-like-hub-in-eurasia/>>

relocation to the city's outskirts.<sup>2</sup> This exacerbated the already widening levels of social inequality and segregation in urban Baku, where wealthier residents have come to benefit from the city's amenities and services, replacing a more egalitarian Soviet-era urban structure.

### Why a Construction Boom?

The construction sector is a good outlet for reinvesting oil surplus revenue. Keeping money in cash or in bank accounts is unreasonable. Over time, assets may lose their initial value due to inflation or changes in the exchange rate. At other times, assets may be consumed too fast, providing no profit in return. In extreme cases, assets may be lost to competitors or simply expropriated. In countries with weak property rights, re-investing or recycling the oil surplus for profit (El Gamal and Jaffe 2008) seems more reasonable than consuming, saving or expatriating to Swiss bank accounts. A group of savvy new oligarchs allied with powerful bureaucratic interests formed a strong coalition to advocate investment in construction, or the so-called "secondary circuit of the built environment" (Buckley and Hanieh 2014). These construction plans matched the discourse of the top leadership of the oil-boom era, i.e., diversifying the economy with little political cost. Agriculture and manufacturing-oriented economic diversification (like that pursued by Malaysia or Singapore) seems like a structural impossibility in Azerbaijan due to the weakness of domestic commercial elites (and their dependence on government procurement and subsidies), the country's landlocked geographical position, "bad neighborhood," and high barriers of entry to international markets for late-late developing countries. Moreover, Malaysia-like diversification has high political costs, as it might turn the incumbent elites into political losers and empower would-be beneficiaries who might turn their economic wealth into the source of independent political power. Considering these constraints and the large fortunes to be made in the construction sector, the oil boom incentivized the new class of oligarchs to invest the surplus in infrastructure and marketing campaigns in the quest to secure non-oil revenues, jobs, prestige and government legitimacy. After all, skyscrapers were first built in New York, and they represent the symbols of modernity just like the Mercedes and SUV cars that filled the streets of an aspiring new mega-city.

### Urban Planning

Azerbaijan's urban reconstruction over the past decade represents a series of decisions and deals intended

to rebrand the city's image, akin to what Peter Eisinger described as "the politics of bread and circuses." Reconstruction has emphasized entertainment projects such as shopping malls, convention centers, sports arenas, Formula One circuits, and aggressive marketing efforts to advertise the country's new image and to win bids to host important music events (Eurovision) and sporting competitions such as the European Olympic Games (see Appendix). By focusing on the tourism and hospitality sectors, planners expect that these investments will generate jobs and profits. While it is early to evaluate the profitability of these projects in Azerbaijan, there is plenty of evidence with which to question the economic rationality of such spending decisions. Although highly profitable to developers, private investors and construction companies, such entertainment investments often fail to generate expected returns or positive spillovers (e.g., jobs or taxes) that benefit the public interest. Thus, while the investors reap the benefits, the welfare of ordinary citizens might suffer. Public resources that were spent on over-blown infrastructure projects could have been invested in improving local public services such as health care, schooling, vocational training programs and assistance for disadvantaged groups. Moreover, construction projects in Baku placed enormous strain on local residents. Green parks were destroyed, and trees were chopped down to make way for new high-rise buildings, causing an increase in the level of air pollution. Urban public space shrank and has been commercialized. Construction works, noise from vehicles, traffic problems, and limited parking lots have all added to the limited absorptive capacity of the city to accommodate the needs of rural-urban (internal) migrants, the inflow of foreign tourists and the ambitious policies of urban policymakers.

### Implementation Game

Although planning may be sound, projects may fall prey to bureaucratic politics during implementation, a phenomenon referred to as the "implementation game" (Bardach 1977). For example, public managers may exaggerate the financial costs of a project or divert resources. In a similar vein, construction projects may be diverted to benefit the construction firms connected to bureaucratic groups. Procurement decisions and funds may be tilted to favor the business interests of these groups.

Considering artificially inflated real estate prices, the profit margin (the difference between cost and revenue) is large. Real estate is thus immensely profitable. Another "political" advantage of the construction sector is that compared to more technology-intensive manufacturing, construction, as a services-based sector, is more labor intensive. Given Azerbaijan's dearth of technology

2 Amanda Erickson, "Middle-Class Families Face Evictions in Azerbaijan", *New York Times*, August 10, 2011, <<http://www.nytimes.com/2011/08/11/world/asia/11baku.html>>

and shortage of non-oil jobs, an emphasis on construction has the additional advantage of providing jobs for abandoned rural areas, where most (largely low-skilled) males leave their families in search of jobs in Russia or in the greater Baku area, where they typically work as construction workers, taxi drivers, small shopkeepers, bazaar salesmen, or traders. According to official statistics, the construction sector employed 89,200 workers in 2016 (a decline from the highest number of 101,100 in 2013),<sup>3</sup> but this figure is most likely an underestimation, as it excludes a large fraction of workers without official contracts. More realistically, this number may be twice as high given the large percentage of unofficial employment. This contributes to the expansion of the shadow economy, as most employees in the informal sector lack employment contracts to avoid paying taxes. Inadvertently, urbanization leads to the informalization of market-based interactions and the expansion of the “shadow economy”.

Most construction projects in Baku were built by local private companies, and some were financed through government contracts, i.e., they were publicly funded. In fact, one of the challenges the government is currently facing with the decline in oil revenue is a poor record of attracting foreign investors to finance large urban reconstruction projects (Valiyev 2016). This serves the interests of large, politically connected business groups and developers. Real estate developers are typically large, well-established companies that obtain most of the government procurement contracts but also develop their own projects.

Other stakeholders are government agencies granting permissions and licenses for construction, which in Baku’s case includes six state bodies. Urban governance in Baku is excessively centralized. The mayor of Baku (the head of the city’s executive authority) is not an elected office, the only non-elected mayor among Council of Europe member states. Heads of Baku City’s rayon executive authority are also appointed by the president. Interestingly, each rayon’s executive head reports directly to the head of state and has responsibilities independent of the mayor of Baku City. This structure promotes top-down decision-making, stifling broader public participation in urban governance.

The process of obtaining licenses and permits for construction projects involves a multitude of different state agencies and is lengthy and complicated (UNECE 2010, World Bank 2016). According to the World Bank’s Dealing with Construction Permits index, which measures

“the procedures, time and cost to build a warehouse”, it takes 18 procedures and 203 days to build a warehouse in Azerbaijan (for comparison, in Georgia, the same process requires only 7 procedures, which can be completed in 48 days) (see Table 1 and Figure 1 on p. 6). Azerbaijan ranks near the bottom of the list (161 out of the 186 countries), on par with countries such as Equatorial Guinea, Bolivia and Chad. As seen in Figure 2 on p. 7, dealing with construction permits in Azerbaijan is a heavily bureaucratized process involving six different state agencies, and the official costs are high, at a total of AZN 271,906 for the entire procedure (World Bank 2016).

### Urban Renewal: Residential and Entertainment

First, there is the construction of high-rise residential buildings. These projects are driven by the interests of large business groups (often with a “krysha” by a certain senior official), but some are based on government procurement contracts (*dövlət sifarişi əsasında reallaşan tikinti layihələri*). In the Azerbaijani neopatrimonial state administration, government procurement decisions often favor oligarchic interests.

For example, in 2016, the president ordered the cabinet to speed up the socio-economic development of several rayons of Baku City, stipulating the demolition of 1,094 residential buildings and the relocation of more than 49,000 people to new multi-story complexes with better living conditions. Following the relevant order of the Cabinet of Ministers, 33 construction companies applied for reconstruction contracts for the old buildings in the city’s Narimanov area; 25 of these projects were approved and 12 of them have begun demolition and construction works.<sup>4</sup>

Second, there are publicly funded “entertainment amenities”. These are slated to raise the public image of the city and generate returns through the inflow of tourists and the hosting of sporting events. The new master plan prepared by the State Committee for Urban Planning and Architecture, called the Greater Baku Regional Development Plan, is currently under consideration and aims to tackle the expected urban sprawl in Baku, with estimated population growth from the current 2.6 million to a projected 3.8 million by 2030.<sup>5</sup> If the plan is implemented, the government is expected to expand

3 Azerbaijan State Statistical Committee, Construction Sector, <<https://www.stat.gov.az/source/construction/>> [file name: 040en.xls]

4 “Bakıda xaos tikinti dövrü başa çatdı” [The chaotic construction era in Baku is over], Azerbaijan [official newspaper], June 30, 2017, <<http://www.azerbaijan-news.az/index.php?mod=3&id=125101>>

5 State Committee on Urban Planning and Architecture, “Greater Baku Regional Development Plan”, <[http://www.economicforum.ge/img/original/2016/11/10/Greater\\_baku\\_regional\\_development\\_plan.pdf](http://www.economicforum.ge/img/original/2016/11/10/Greater_baku_regional_development_plan.pdf)>

construction in the area that would unite Baku Proper with Sumgait City and the adjacent town of Khirdalan (town). It is estimated that AZN 140 billion of investment will be needed to realize this plan through 2030. As similar projects in the past were built from the public purse, costing billions of dollars, time will tell whether the government can succeed in mobilizing foreign capital for investment.

One could argue that there is some evidence to support the government's aggressive city branding and advertising campaign, as it helps to bring in foreign tourists. For example, in the first eight months of 2017, more than 2 million (mostly low-budget) foreign tourists visited Azerbaijan, spending a total of AZN 1.3 bln (\$767,000). Additionally, this boosts the labor market by providing jobs for thousands of people.<sup>6</sup> The share of tourism as percent of GDP grew from 3.6 percent in 2013 to 4.2 percent in 2016.<sup>7</sup> However, it remains to be seen whether the earnings from tourism are of a magnitude that would justify further public investment in "entertainment amenities".

### Conclusion: Social Consequences of Chaotic Construction

Over the past decade, Baku has undergone a series of significant transformations, resulting in chaotic construction. Urban reconstruction has reduced the area of public space and has often gone against the basic rules of urban planning. Soviet-era buildings are suffering from neglect and lack of maintenance, while newer ones are built in close proximity, and construction projects adjacent to each other lack parking lots or playgrounds for children. As a result, the city center is becoming packed with high-rise buildings, offices and shopping malls. The city is overcrowded, with the typical problems of a budding megacity. Traffic, noise and air pollution are familiar problems. During the high rain season, rainfall floods the streets, turning the city into a virtual lake as the city's sewer pipes operate beyond their capacity and the city planners have delayed the construction

of a drainage system for decades. Car drivers park on sidewalks, impeding the movement of pedestrians in the downtown areas.

Another social aspect of Baku's urban transformation is the increasing spatial segregation of the city, with wealthier people enjoying the comfort of private houses and driving expensive cars while the rest of Baku's residents reside in more distant rayons and have to commute on overcrowded metros or buses and marshrutkas. Some of the wealthier people live in completely isolated areas, such as the Baku City Villas compound, which is "isolated from the hustle and bustle of city life in the hectic metropolis". Another spatial dimension is that better-quality schools, as well as private schools that charge high tuition fees (in the range of AZN 15,000/ USD 5,900 – 20,000 / USD 11,800), are traditionally concentrated in central areas, which puts them beyond the reach of ordinary families both geographically and financially.

The fact that ordinary citizens and disadvantaged groups have virtually no say in urban policymaking, partly due to the weakness (or near absence) of grassroots civic initiatives (Sayfutdinova 2010; also see Nazaket Azimli's article in this issue), handicaps the adoption of good and responsive policies. Urban redevelopment is thus captured by developers and construction firms. Locals are often evicted from their homes, sometimes violently, and without proper financial compensation. As local residents have no power to resist, entire neighborhoods are being destroyed and uniform, sterile-looking ahistorical residential skyscrapers and offices are replacing traditional communities, undermining the cultural specificity and the "southern city" look of downtown streets. This type of change also produces the income-based reorganization of city dwellings as poorer households, unable to buy expensive property in their own neighborhoods, move outside the city. High concentrations of less well-off and poorly educated residents in the city's outskirt areas might eventually raise the levels of crime and street gang violence in urban suburbs.

#### About the Author

Farid Guliyev is an independent researcher specializing in natural resource management, comparative institutions, and public policy analysis with a focus on the politics and political economy of Central Asia and South Caucasus.

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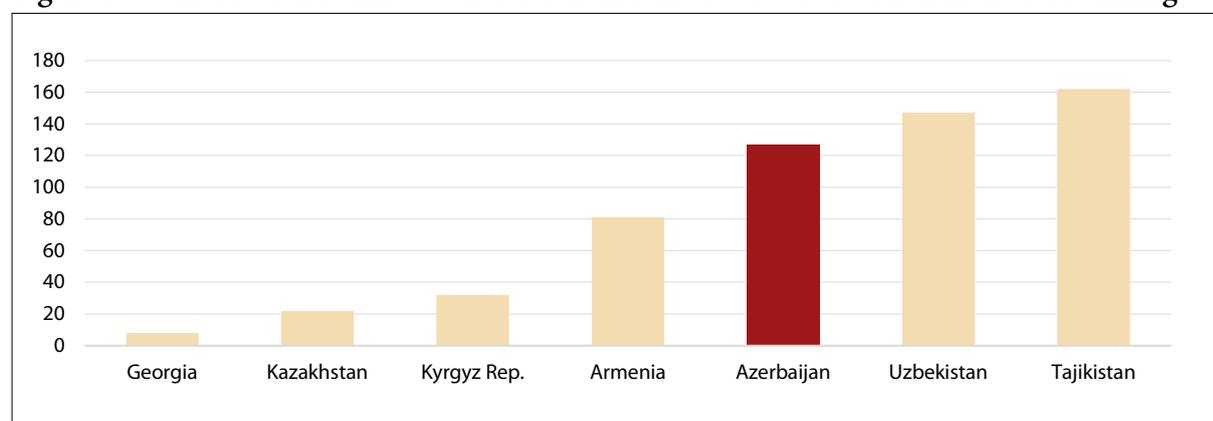
**Table 1: Construction Permits: Central Asia and the Caucasus**

Economy	Dealing with Construction Permits rank	Procedures (number)	Time (days)	Cost (% of warehouse value)
Georgia	8	7	48	0.2
Kazakhstan	22	19	123	1.7
Kyrgyz Rep.	32	11	142	1.8
Armenia	81	18	84	0.9
Azerbaijan	127	18	203	4.5
Uzbekistan	147	23	176	3.8
Tajikistan	162	27	242	2.1

Source: World Bank, <<http://www.doingbusiness.org/data/exploretopics/dealing-with-construction-permits>>

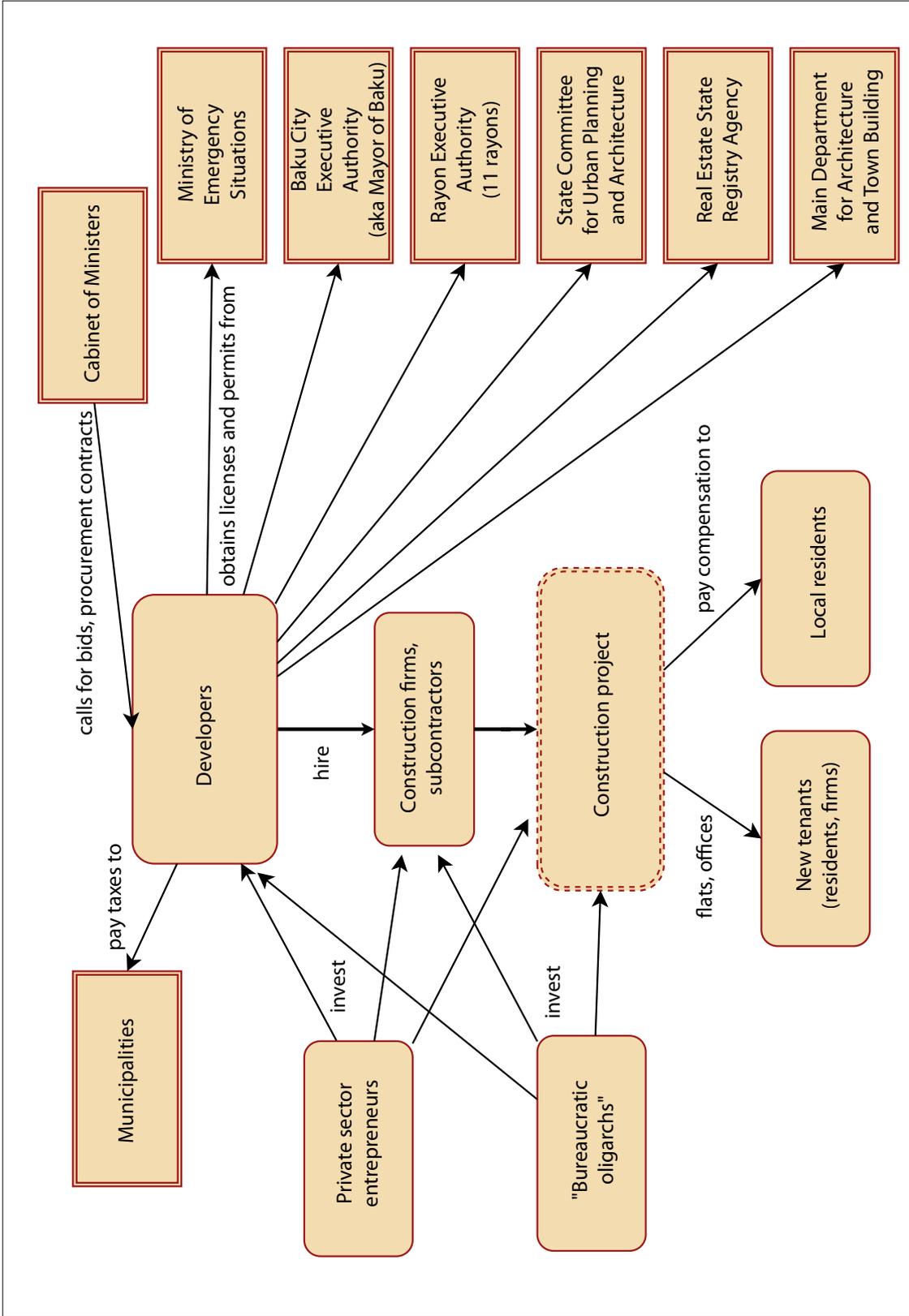
Note: numbers in the first column indicate a country's position in the global ranking

**Figure 1: Construction Permits: Central Asia and the Caucasus: Position in Global Ranking**



Source: World Bank, <<http://www.doingbusiness.org/data/exploretopics/dealing-with-construction-permits>>

Figure 2: Construction Sector Stakeholders in Baku City



Source: diagram created by Farid Guliyev based on World Bank 2016, UNECE 2010

**Appendix: Major New Construction in Baku City and Absheron, 2011–2016**

Year inaugurated	Object
2016	Two new stations (“Avtovagzal”, “Ajami-2”) of Baku Metro
2015	Olympic Stadium Aquatic Palace Shooting Center Bike parking European Games Park Baku Congress Center “Dalga Beach-Aqua Park” family recreation center Culture Center Golf club “Gafgaz Baku Sport Hotel” Inn Complex “Bulvar Hotel” Inn complex Athletes and Media Villages New building of Court Complex Information Technologies and Data Management Center of the State Committee on Property Issues
2014	Trade Mall “Port Baku Mall” New Airways Terminal Complex of H. Aliyev International Airport New Terminal of new Baku International Sea Trade Port New Administrative-Educational Complex of National Conservatory Building of the Republic Institute of Sport, Medicine, Diagnostics and Rehabilitation Baku Health Center Azerbaijan Carpet museum New building of the Scientific Center of the National Encyclopedia of Azerbaijan New building of the Central Library of the NAS of Azerbaijan National Gymnastics Complex Chess School Music school
2013	Parking shelter complex in international airport named after H. Aliyev and International Logistic Center “Fairmont Baku” hotel in “Flame towers” Surgical clinic of Azerbaijan Medical University
2012	Trade Mall “28 May” Construction of 3 <sup>rd</sup> crossroad in H. Aliyev and Z. Bunyadov avenue “JW Marriott Absheron” Hotel Qafqaz Baku City Hotel and Residences “Four Seasons” Hotel New Training Complex [Campus] of Azerbaijan Diplomatic Academy New Training Complex [Campus] of Baku Branch of Moscow State University named after M. V. Lomonosov “Khazri” Recreation and Health Center Military Hospital “Baku Crystal Hall” Sport-Concert Complex H. Aliyev Center “Bakcell Arena” stadium Stadium in Bina settlement Stadium in Bayil settlement Sport Complex in Zira settlement
2011	New station (“Dərnəgül”) of Baku Metro “Kempinski Badamdar” Hotel “Hilton Baku” Hotel Jumeirah Bilgah Beach Hotel Treatment-Diagnostic Center

Note: excludes industry-related constructions

Source: Azerbaijan State Statistical Committee, <<http://www.stat.gov.az/source/construction/?lang=en>> (File name: 001en.xls)

## Baku's Quest to Become a Major City: Did the Dubai Model Work?

By Anar Valiyev, Baku

### Abstract

Baku's post-Soviet development has been marked by massive deindustrialization, gentrification of the city core, and commercialization of the downtown area. The oil boom brought not only relative economic prosperity but also a new vision of urban development. In their quest to make Baku the leading city in the region, urban administrators have chosen Dubai as a model of development. A decade of emulating Dubai's success has shown that despite the fact that Baku employed the right strategies, many factors prevented Azerbaijan's capital to reach the same level of development as Dubai.

### Introduction

Since the beginning of the second oil boom in the mid-2000s, Baku's authorities have taken a specific approach to the development of the city. Abundant oil money, favorable political and economic conditions, as well as the population's acceptance of rapid development defined the course of action. Although never acknowledged by Baku's administration, the example of Dubai attracted the attention of decision-makers, and they attempted to follow that city's path. Why did Dubai become the implicit model for Baku? The city on the shore of the Persian Gulf had some similarities with Baku and is considered a success story. First, the success of Dubai may be explained by governmental/state intervention that played a crucial role in the city's development. Baku's development mostly depends on massive governmental investments and governmental actions. Second, the similarities between the cities' systems of governance and developmental approaches are another compelling point of comparison. Finally, Baku's favorable geographical location increased its chances of becoming the "Dubai of the Caspian". In the following article, we will examine the strategies employed by Baku to become a major city and analyze whether these actions brought Baku closer to its desired model.

### Build It and They Will Come

In order to make Baku a major city and to attract foreign tourists and capital, the city employed several strategies. One of the most visible strategies, which could be dubbed "*build it and they will come*," envisioned the construction of various facilities including hotels, airports, a seaport and shopping malls. This supply-driven strategy worked perfectly in Dubai's case, and the growing economy of Azerbaijan was believed to be conducive to implementing Dubai's model, with the expectation that it would bring good results in Baku as well. As in Dubai, within a very short period of time, brand new hotels such as the *Marriot*, *Hilton*, *Jumeyrah*, *Kempinsky* and *Four Seasons* sprang up in Baku. Another example of a grand project of the post-Soviet period is

the construction of the Baku Flame Towers, which are gradually becoming a new symbol of the city (for example, they appear frequently on postcards bought by visitors). The towers symbolize the long history of the fire worshippers who considered Azerbaijan to be the birthplace of the prophet Zoroaster. The Baku Flame Towers include a residential tower that can accommodate 130 residential apartments over 33 floors; a hotel tower that consists of 250 rooms and 61 serviced apartments; and an office tower that provides a net 33,114 square meters of office space. Finally, as in Dubai, Baku is attempting to become a transportation hub by constructing a new modern port 60 km south of Baku. Like Port Rashid and Jebel Ali in Dubai, the port would serve to facilitate the transport of goods and passengers from Central Asia to Europe and back. As in Jebel Ali, the government has plans to establish a free trade zone near the port, spurring a trade turnover.

### City of Entertainments

Like many cities of the world, including Dubai, Baku has allocated enormous public resources to the construction of large entertainment projects, including stadiums, convention centers and malls. In an attempt to establish Baku as a booming center or a new tourist mecca, the government is trying to market the city for various international events and sports competitions. Holding the Eurovision music contest in 2012 was one of the first events that put Baku in the spotlight. Baku invested hundreds of millions of dollars in the event, most of which went to infrastructure projects. During the short period of 9 months, the government built and launched the Crystal Hall, a new convention hall for holding the music contest. Moreover, the government spent up to \$600 million on additional projects associated with beautification and city re-development, while direct costs for organizing the event totaled only \$34.3 million. Eurovision was the first success that allowed Baku to portray itself as a major city. Thus, according to an independent NGO, the Internet Forum of Azerbaijan, searches for Azerbaijan in Google increased eight-

fold during the month following the 2011 music competition victory, while searches for Baku as a destination doubled. Meanwhile, interest in Azerbaijan grew by over 40 times on TripAdvisor. Finally, Baku's hosting of the Eurovision contest in May of 2012 put queries for Azerbaijan in the group of the ten most popular searches in the month of May.

Baku's appetite for international events grew significantly following the success of Eurovision. Over the next five years, Baku successfully and unsuccessfully bid for many international events and was able to host its first European Olympic Games, Pan-Islamic Games, Formula 1 race, and several international soccer events. Over \$1 billion were spent on these events, including the construction of a \$720 million Olympic Stadium, which was inaugurated in June 2011 by Azerbaijan's President Aliyev together with the president of FIFA, Sepp Blatter, and the president of UEFA, Michel Platini. The construction was finished by May of 2015, with a seating capacity of 65,000 viewers. Meanwhile, numerous other facilities were constructed to host this event, including 13 newly constructed, luxurious buildings for 5000 athletes (BEGOC 2015).

### Higher, Bigger and Taller

Beyond the above-mentioned projects, Baku, like Dubai and many other cities, has strived to build several landmarks that will attract the attention of outsiders. The pearl of these efforts is the Heydar Aliyev Center. Occupying 57,519 square meters, the Center, which hosts a conference hall, a library, and a museum, was opened in May of 2012. Designed by the famous architect Zaha Hadid, the center is one of the many buildings constructed in Baku over the last ten years that represents a move away from the Soviet-dominated past and toward a new national identity. The center is part of a larger redevelopment area and is expected to be the hub of the city's intellectual and cultural life.

Beyond that, within a ten-year period, the city was able to implement several landmark projects, including the renovation and beautification of Baku's seaside promenade; the construction of Flag Square, which claims the title of the tallest flag in the world; and the renovation and building of several magnificent new cultural facilities such as the Mugham Center, Carpets Museum and many others.

Last but not least of the endeavors on this list is the Khazar Islands project. Although state officials were not involved in this project, it is worth mentioning as a private enterprise that resembles the experience of Dubai. The project, spearheaded by the local company Avesta, covers an area of 3000 ha. It was supposed to consist of 41 different-sized islands and 19 districts in the Caspian

Sea. The archipelago covers an area of 24 sq/km, 8 km in length and 3 km in width. The total length of the boulevard islands was supposed to be 50 km (Ahmadov 2012). The project was launched in 2012, and the construction of 6–7 residential buildings began. It was expected that, in general, by the time the project is completed in 2022–2023, the city will host 1 million residents. Overall, it was expected that construction of these artificial islands will cost \$100 billion, of which \$30 billion will come from foreign investors and another \$30 billion from apartment sales. According to the project, the price of completely renovated apartments will be approximately \$4000–\$5000 per square meter.

### Did it Work?

It is difficult to answer the question of whether the strategy chosen by Baku's city planners has been successful, as it is too early to judge. However, we can look at some shortages and problems facing the city today. One of the biggest problems today is the lack of financial resources. While Dubai had access to enormous private investments coming from the Gulf countries (Pacione 2005), Baku has mostly relied on its own government's resources. With the decline in oil prices, combined with currency devaluation and the increase in its expenses, Baku will find it extremely difficult to invest funds in the city's expansion and extensive development. Meanwhile, the city cannot attract investments from the outside (beyond the oil sector) due to the low-attractiveness of its non-oil sector.

The second problem with these massive construction projects is low return on investments. The logic of the city was "supply goods or service and let it generate its own demand" (Hvidt 2009). Unlike in Dubai, this strategy did not work in Baku. Fewer numbers of foreign investors, low interest in real estate from outside buyers, and the absence of a critical number of tourists have all significantly affected the profitability of local businesses. Thus, the occupancy rate of local hotels has remained low, and the real estate market has been limited to local buyers. Such problems and miscalculations have already led to the collapse of many projects including Khazar Islands, which incurred high debts and losses. Last, the cost of maintaining the sports facilities has placed an additional burden on the public budget.

However, there are some success stories that give hope that the strategy may eventually work. For a few years, Baku actively began attracting tourists, which increased the occupancy rates of the hotels and revived some local businesses. For the last two years, the government of Azerbaijan has eased the visa regime for tourists from the Gulf countries. Thanks to these efforts, the number of tourists has tripled, and Baku has become a major destination for Arab tourists.

## Conclusion

For Baku it will be very difficult to maintain the same pace of investments as before. Without private funds, Baku will not be able to become a major city like its model, Dubai. Moreover, a possible population growth in Baku and housing problems accompanying urbanization (which are absent in Dubai's case) will prevent Baku from completing massive reconstruction and rede-

velopment. Therefore, this is a critical time for Baku to attempt to emulate other models of the city. Eastern and Central European cities, with their similar development paths, could be a better model for Baku. Baku's years of development have shown the city and its administration that the Dubai model is unique and cannot be replicated elsewhere without taking into consideration local peculiarities, history and geographical constraints.

### About the Author

Dr. Anar Valiyev is an independent scholar based in Baku.

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## A Clash of Cultures: How Rural Out-Migrants Adapt to Urban Life in Baku

By Turkhan Sadigov, Baku

### Abstract

As in other developing countries, rural-urban migration in Azerbaijan has led to over-crowding of the metropolitan Baku area, affecting the livelihood of a considerable number of communities and residents. This article provides an overview of socio-economic repercussions of rural migration to Baku. More specifically, it focuses on the adaptation of rural mechanisms (such as social networks of mutual assistance, community solidarity, and operation of social safety nets) among rural migrants after they have resettled to the new urban space. While Baku's closed nepotistic economy of favors forces rural migrants to rely on their bonding social capital (immediate kin, relatives, neighbors), the meeting of city and village in Azerbaijan brings out the worst of the two worlds.

### Introduction

Right before our eyes, traditional structures, holding villages together, crumble. Global developments wipe out villages throughout the world. From the mid-20<sup>th</sup> century, rising access to medical services and improving levels of hygiene led to an unprecedented population growth in developing world countries. This in turn

created massive demographic pressure on villages and subsequent rural migration to cities. Simultaneously, an unprecedented rise of communications, transportation, and media made the production of Western commercialized agriculture accessible anywhere in the remote corners of the globe. Due to accelerating trade and the WTO regulations, markets infiltrated every

country, and with them, third world peasants are being ruined. The demise of agriculture in the countries in the periphery of the world economy does not automatically lead to the emergence of specific niches in the world market for these third world countries. Failed states, as well as failed generations of billions of people, create low wage labor bases for capitalist growth. Desolated global villages reappear as global slums / favelas, stretching from suburban São Paulo, Kinshasa, and Cairo, to Dushanbe, Tashkent, and Tehran.

As in other developing countries, rural–urban migration<sup>1</sup> in Azerbaijan has led to over-crowding of metropolitan Baku and its suburban areas (villages and towns in Absheron in close proximity to the capital). Over-crowding affects the livelihood of a considerable number of communities and residents. It is impossible to even roughly estimate (let alone exactly pinpoint) the approximate number of rural-provincial migrants and their share in Baku's overall population today. The reason for this is that the Azerbaijani registration system is administered according to the formal principle of the place of origin, but not by the actual place of residence (Allahveranov et al 2012).

This article provides an overview of socio-economic repercussions of rural migration to Baku. The massive inflow of peasants to cities creates new generations with new social backgrounds of proletarianization<sup>2</sup> away from village communities (Yalçın-Heckmann 2010). How are these rural mechanisms re-interpreted among rural out-migrants to Baku, if at all? What are the coping mechanisms of vulnerable groups left behind in villages as a result of a bread-winner migration to the city? What is Baku's potential to socialize and co-opt rural migrants? The article looks at the adaptation of patriarchy and broader rural mechanisms (such as social networks of mutual assistance, community solidarity, and the operation of social safety nets) among Azerbaijani rural migrants after they migrated to Baku. I argue that community solidarity and mutual self-help based on ascriptive<sup>3</sup> qualities dominate the experience of rural migrants to Baku. In this context, the introduction and enforcement of standardized rules, norms of urban socialization (like traffic rules, queue norms, and pedes-

trian regulations) in Baku are either unlikely or are destined to fail.

### Migration: Rural Solidarity Beyond Villages

Mechanisms of rural socialization are closely tied to and regulate economic relations in Azerbaijani villages. Azerbaijani agriculture today is not fully commercialized and is dominated by economically ineffective subsistence production (Allahveranov et al 2012, Sadigov 2018). As a result, the rural areas have a higher level of poverty than the urban areas. While average monthly per capita income in rural areas in 2016 equaled AZN 245.5 (SSCAR 2017), average salaries in Baku are 3 to 5 times higher than this figure. More than half of the poor people in Azerbaijan now live in villages (World Bank 2010, 14). Lower levels of welfare and the inability to earn enough to live in the villages make rural people more dependent on remittances. Calculations show that 60% of remittances in Azerbaijan are sent to rural recipients (ADB 2008).

Lower standards of living lead to rural out-migration to urban centers. According to a recent UNFPA report, “since 1990 the rural population of Azerbaijan has increased by 1.06 million, (32%) and the urban population by 1.04 million (27%)” (Avdeev 2015, 36). Migration flows are mainly directed from villages to cities. In recent years, only Baku and Absheron experienced positive net migration, while other (primarily rural) regions have a negative migration track record (Allahveranov et al. 2012, 19–21). The highest migration outflow is registered in Lankaran and Aran, where the share of rural residents is 75% and 60%, respectively. These two regions also have higher birth rates compared to the national average (Allahveranov et al. 2012, 19), which creates additional surplus in the workforce. A depressed economy and lower standards of living force villagers to Baku (the center of the oil industry) or Absheron (with a comparatively lower cost of living, but geographic proximity to Baku).

Once settled in Baku, rural migrants face a highly competitive labor market, in which they do not have much to offer (due to their poor education and the lack of skills). Since Baku attracts villagers from the entire country, the city is increasingly overcrowded. With growing competition for lower skilled jobs in the capital's labor market, rural migrants usually get part-time, seasonal, short-term jobs in low-skill occupations, such as retail sellers, loaders, taxi drivers, waiters, and dishwashers.

The situation is exacerbated by the domination of nepotism in Azerbaijan's and, specifically, Baku's economy itself (Guliyev 2015, Sadigov 2017), which further diminishes employment prospects for outsider entrants. An extremely fragmented, patrimonial, and rent-seek-

1 In this article, the category of ‘rural migrants’ includes internally displaced persons (IDPs) and refugees from Karabakh only if they have initially settled in the provinces of Azerbaijan and migrated to Baku long after the Karabakh conflict. Those IDPs and refugees who migrated to Baku fleeing violence from the start of the conflict and settled in Baku are not considered ‘rural migrants’ in this text.

2 Proletarianization is defined here as the reduction to a status or level of lower income laborers.

3 Ascriptive is defined here as a quality (of a person, or organizational principle) derived from birth such as membership in a specific family or clan; belonging to a specific race, religion, place of origin, etc.

ing economy breeds alienation instead of integration. Overall, this highly fragmented social landscape does not bode well for the enforcement of standardized urban norms of behavior and socialization. Rules and laws are broken (be it pedestrians' following of streetlights, or norms of driving (Sadigov 2016)) by nepotistic localized interests in every 'corner' of the city.

Since the socialization mechanisms of urban centers are virtually non-existent, and since cities do not have vast employment opportunities (especially in industries that provide certain training and socialization), low-skilled labor from villages is usually forced to rely on its own informal nepotistic circles to find jobs and procure services. Easily disposable, low-skill labor is more vulnerable to market shifts and employer discretion. Thus, to find a stable job, low skill labor needs to use connections more actively. Rural migrants turn for assistance to their immediate kin, relatives, or former rural neighbors living in cities. As a result, these villagers become affirmed in their belief of the positive role of nepotistic bonding (rather than bridging) social capital. In the final count, the meeting of city and village in Azerbaijan brings to life the worst of these two worlds—nepotism, corruption, trespassing standards and norms of communal life.

### Vulnerable Groups: Rural Solidarity within Villages

Another major issue resulting from the difference between rural and urban life standards in Azerbaijan is care for socially vulnerable groups. Villagers in Azerbaijan have limited access to public services, from stable access to electricity, water and other amenities, to basic education and medical assistance. Therefore, vulnerable population groups “have to rely on... relatives or on their neighbors in case they need support and care” (Allahveranov et al. 2012, 26). The elderly, widows, orphans, and son/daughters who are left behind by migrant parents have to rely on community networks of mutual assistance.

There are two types of informal mutual assistance mechanisms—ad hoc and periodic. Ad hoc mechanisms are event or needs-based; neighbors and relatives pool together their assets, money, and physical labor to help each other for funerals, weddings, celebrations, and festivities. Close neighbors and relatives assist vulnerable elderly people or families without male heads in a household with provision of services (such as repairing the house and fence, hoeing plots, finding jobs, taking vulnerable people to hospitals, etc.). Therefore, Azerbaijan is no different from other countries of the region in having such forms of community solidarity as “monetary and labor exchanges, rotating savings and credit initiatives,

mutual assistance and non-compensated labor, housing construction and contributions to charity” (Urinboev 2017).

CRRC Caucasus Barometer 2013 survey data for Azerbaijan shows that rural residents more than residents of Baku count on close people for house/apartment construction. The respondents were asked to respond to the following *survey question*: “Please tell me, how likely or how unlikely is it for you to receive some help from your close relatives, friends, and neighbors in the following matters: Repair[ing] your house / apartment.” They had to choose an answer between 1 (denoting the least likelihood of support from their community and kin) and 10 (the greatest likelihood of support), or a number in between—the higher is the number, the higher a respondent's expectation of support. The survey results show that the greatest share of rural respondents expect either reserved (18% of rural respondents) or complete (17% of rural respondents) readiness from close relatives, friends, and neighbors to help (Figure 1 on p. 15). In contrast, the majority (23%) of the Baku-based respondents do not expect any support from the close circle, while those who count on the complete support of their immediate social network account for only 2% of the capital city respondents. These data testify to a relatively higher level of community solidarity among rural residents compared to informal mutual assistance among Baku residents.

Although the Azerbaijani government invests in rural infrastructure and welfare through the AzRIP program,<sup>4</sup> bypassing the state to access required services in these cases is often born out of a necessity. For instance, the state is either unwilling to solve a high unemployment problem in rural areas (Sadigov 2018) or unable to provide required social services (drainage and irrigation works, asphaltting small roads and alleys, arranging transportation for kids who travel to another village for school). As a result, community solidarity has a positive contribution to safety nets for the disadvantaged people. However, there are also negative aspects of community assistance. Often destitute relatives rely heavily on more competitive and well-off villagers for help. This in turn often breeds parasitism and the lack of incentives to step out of one's comfort zone among households with lower welfare.

In some places, local people with influence or in positions of power (community elders, the municipality heads, wealthy heads of patrimonial families) hold informal periodic meetings. During these meetings, they discuss large-

<sup>4</sup> AzRIP works with local communities by “contribut[ing] up to 90% of the funds for projects. Communities must contribute at least 10%. At least 2% of this must be in cash. The remaining 8% can be in their own labor or materials” <<http://www.azrip.org/content.php?page=main>>.

scale community needs, and seek out business and personal opportunities. These meetings are also ways to address long-standing problems, such as building mosques, asphaltting certain bigger roads, procuring licenses, or solving disputes.

Thus, while ad hoc small-scale community solidarity is a mechanism of survival, periodic meetings are vehicles of amassing surplus wealth and influence. However, since both mechanisms are based on bonding social capital (where in-group belonging hinges on ascriptive qualities, such as kinship and place of origin), they are likely to contribute further to the closed nature of Azerbaijani society, its ad hoc localistic orientation (Sadigov 2017), and the rejection of standardization of rules and norms. This situation echoes developments in other (primarily Central Asian) post-Soviet states, where the ineffectiveness of public social safety nets leads ordinary people to embrace corruption.

## Conclusion

Socio-economic transformations of Azerbaijani village resemble similar processes in many other regions of the developing world. Thousands of rural dwellers migrate to Baku and its suburbs for employment and better public services. However, new rural migrants with low skills who lack education and training find few opportunities

in the overcrowded city dominated by closed nepotistic networks of the patrimonial petro-economy.

New rural migrants are forced to turn to part-time, seasonal, and short-term jobs in low-skill occupations. However, in many cases, procuring even these basic jobs requires connections. Therefore, rural migrants to Baku have to rely increasingly on their own bonding networks of kin and neighbors for secure and stable opportunities. Vulnerable rural groups left behind are also taken care of by close relatives and neighbors. Villagers rely on ad hoc and periodic meetings to address important socio-economic problems.

All this raises the importance of associational solidarity based on ascriptive qualities. Society gets increasingly fragmented into narrow networks, closed and semi-closed isolated exclusivist circles of in-group belonging, with contradistinction between favored members of the group and the outsiders. All this makes the standardized laws, norms, and rules unappealing to rural migrants; the reality is that these norms interfere with, rather than assist in, securing jobs and public services. As a result, in this social context, both urbanites and rural migrants are unlikely to embrace formal standards, rules, and norms of urban socialization in Baku. Socio-economic structure of society favors informality over formal standardization.

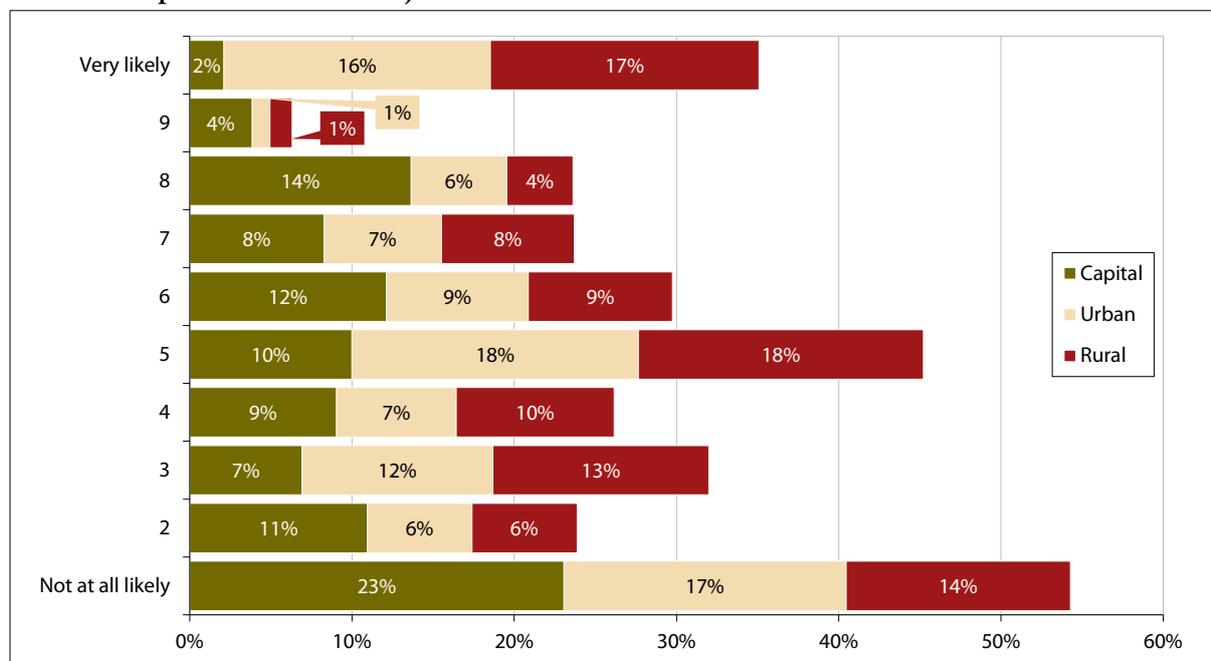
## About the Author

Turkhan Sadigov is a PhD in Political Science (SUNY 2016). He is interested in the impact of political culture, informality, and collectively shared ideas on citizen pro-activism and the development of political institutions in post-Soviet societies. He has published articles in journals such as the *Journal of Civil Society*, *East European Politics*, and *Problems of Post-Communism*.

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Figure 1: Expectation That Close Relatives, Friends, and Neighbors Will Help Repair a House/ Apartment in Azerbaijan



Source: CRRC Caucasus Barometer 2013

## Modernization of Baku's Transport System: Infrastructure Development Issues

By Fuad Jafarli, Baku

### Abstract

Recent changes in transportation planning and management in Azerbaijan in the context of an economic downturn indicate the need for sustainable urban transportation planning in Baku. This paper looks at existing situations in transportation planning and some of the policies implemented in recent years. It also analyzes transportation-related investments and transportation management as well as their implications for sustainable transportation planning in the future.

### Introduction

In the time before the Soviet collapse, Azerbaijan was ranked at the bottom of the republics of the former Soviet Union for car ownership. The USSR, which used to protect collective ownership principles, was reluctant to open a market mechanism for obtaining cars for individual use. Instead, the Soviet public transportation system was one of the best in the world. Since the Soviet

collapse, transportation planning and policies in Azerbaijan have changed considerably, as have the approach to transportation infrastructure improvement. In this article, I examine how the changes over the last few decades have affected transportation policies in Azerbaijan and how government investments have changed Azerbaijan from a nation of public transportation riders to one of car owners.

## Early History and How Oil Money Affected Infrastructure Development

In 2016, the government of Azerbaijan reported the total state investments allocated for transportation infrastructure development in the country from 2003 to 2016 (AzerNews 2016). Transportation improvement projects in Azerbaijan were estimated at US\$25 billion, which went to improving transportation facilities. The construction of modern highways, extension of the capacity of existing roads and development of new projects to accelerate transportation flow created new opportunities for drivers and the economy in general. Improved road infrastructure accelerated fast and convenient communication between the regions. In September 2017, the government was rewarded for such an accomplishment: Azerbaijan received 36<sup>th</sup> place for road quality in the world and overtook all post-Soviet countries in this infrastructure measurement index, according to the World Economic Forum. This high ranking was awarded largely due to upgrades in the urban transportation infrastructure of the Greater Baku region. Available data confirm this: as the country's main economic center, Baku is also the largest contributor to the national economy, where its share amounts to 96%. A rising population, migration and dramatic sprawling led to transportation infrastructure development as a solution to traffic problems.

Urban transportation challenges of the Great Baku region began in the early 2000s. Car ownership per 1000 people did not exceed 35 cars from 1970 through the 1990s. In the 1990s, political and economic changes in the post-Soviet area played a crucial role in changing the role of public services. Statistics show that car ownership increased three times in 2016 compared to 1991, and this number now equals 118 per 1000 residents (Azerbaijan State Statistical Committee 2017). This suggests that private car ownership in Azerbaijan is one of the lowest in the world. The numbers were slightly more equal during Soviet times. By 1998, the average ownership rate of cars in Azerbaijan was 32 cars per 1000 residents. Car ownership increased from 28 to 280 per 1000 residents within 25 years in Baku, which accounts for 70% of all vehicles in the country. Planning and the public investment system declined within a short period of time, paralyzing infrastructure development. The rising rate of car ownership and the collapse of the once well-established public transportation system made transportation issues one of the major challenges of urban development. Simplifying the procedure for obtaining car ownership, affordable prices and weak urban transportation increased transportation flow in the cities, especially in Baku. The cities of Azerbaijan are confronted with a similar dilemma along with other major cities in

every corner of the world: how to address large transportation flow and eliminate car ownership when public transportation efficiency is also low. A lack of public financing made some modes of public transportation such as trolleybuses and trams completely unprofitable in the early 2000s. The last tram made its commute in Baku in 2006; the last tram line was demolished and was transferred to car users. The city shifted to a new mode: a car-oriented urban space was gradually gaining popularity.

Large revenues from the exploration and exportation of crude oil opened new advantages for cars and a relaunch of the whole economy. Goods such as private houses and private cars, which were strictly constrained during the Soviet period, have become new family and personal tangible values in the post-Soviet era. Owning private cars not only brings some value but also affects the city environment. Rising car ownership triggered the “domino effect”—the absence of land use and planning regulation for construction and redevelopment and the decline of public transportation, and the weak interconnection into the sprawled areas only accelerated congestion on the roads of Baku. Rare construction in the central part of the city, especially for the mid-income residents, consequently created additional housing stock and increased car ownership. Sprawling and new settlements in Baku accelerated the use of private cars where public transportation accessibility was very low. A high concentration of businesses, education and social activities in the central area of Baku increased the daily inbound and outbound commute times from suburban areas. Poorly planned and projected transportation infrastructure construction projects were not able to improve transportation and land use problems.

## Challenges of Transportation/Land Use Planning

Urban transportation has never been a serious task for urban planners in Azerbaijan. The Soviet planning system implied an extension of built-up areas to the empty land, and consequently, transportation planning was not considered an essential element of planning. A glimpse into some urban planning technical documents from the 1980s shows that comprehensive transportation planning was not viewed as important for planners when public transportation enjoyed a dominant position. Even Baku's last development plan prepared in 1985 proposed extending tram, trolley and metro lines for two decades into the future (Baku City Master Plan 1986). The development projection in 1986 estimated a car ownership rate of 150 cars per 1000 people in Baku for the next 20 years. The capital city was considering plans to extend suburban centers by 2005. It is also important to

note that mono-center functions of the city were a subject of urban development. Among the goals set forth by Soviet planners were moving educational and social facilities to suburban areas. However, this plan did not work as well as previous plans, and the reason was not only the collapse of Communism but also the lack of political support from authorities. Even the public housing policy implemented in the 1950–1960s during the Khrushchev period ignored previously proposed plans for land use. The planning document from the 1980s also went unnoticed by authorities. A multifunctional city center with rich and poor neighborhoods, businesses, academia and administration created pedestrian crowding and car accumulation areas inside the city, further stressing the importance of urban transportation for Baku. A gap in planning regulations opened new challenges for the city. Over the recent decade, a substantial migration inflow from the regions to this “primary city” (i.e., the largest city, outgrowing all the rest) made Baku one of the most hyper-urbanized places in the region in the 2000s. According to the latest statistics, the population of urban Baku was 2.3 million people, including internally displaced people (IDPs). As of 2012, unofficial statistics estimate the population of the capital city area to be approximately 3.3 million people (Jafarli 2012). These numbers were determined by adding newly existing self-made settlements.

### **Transportation Policy: Public Transportation vs. Car Ownership**

The authorities made a decision to finance several infrastructure projects in Baku to solve the problems of traffic and rush hour congestion. The president adopted the first decree dedicated to improvement of the urban transportation system of Baku in 2006. The projects for the first stage were over by 2010. In this same year, the government began to implement other projects related to urban transportation infrastructure. Currently, despite having financing gaps, transportation infrastructure development remains one of the government’s key development goals. These projects have been accompanied by the development of infrastructure for the city center and suburban areas. Some projects are still ongoing despite a gradual slow-down since 2015.

Today, the total length of Baku roads is 1525 km. According to the latest figures, 703.3 km of roads were constructed, reconstructed and repaired from 2008 to 2013 (Trend.az). The main focus of the government’s projects was to develop transportation infrastructure by repairing and extending the capacity of the existing roads for use by private car owners. By the end of 2016, the number of single-owned cars exceeded 1.3 million (AzStat). The number of cars registered in Baku

is 900,000, and this number indicates a car ownership rate of 280 per 1000 people. However, poor planning, despite the implementation of large development projects, the lack of planning documents, and poor coordination between government agencies made urban transportation less efficient. The urban transportation infrastructure renovation projects launched in 2006 were a simultaneous initiative by several government agencies. Monitoring the first phase of some transportation projects has clearly shown that no feasibility and cost-benefit analysis was made to estimate the projects’ outputs. In some cases, design and project estimations were prepared after projects had been launched. The question of urban governance appeared only after the projects began and were underway.

The lack of integrated urban management and strategic development are the major reasons for poor transportation planning. Government agencies act separately to deliver urban public services. One of the significant issues regarding urban transportation development was the crucial role of the Baku subway system, which was intended to be developed separately from the whole system. The metro administration succeeded in drawing up a strategic development program through 2030 with the construction and development of new lines and more than 70 stations, with an estimated cost of US\$10 billion. Although international and local transportation advisors recommended developing an integrated urban transportation system for Baku with other modes of public transportation, these suggestions were ignored.

Political favoritism plays a significant role in the decision-making progress in Baku’s urban governance. The recently established BakuBus, LLC, which belongs to Baku Executive Power, was not able to accelerate its services by replacing other bus operators. All bus routes were sold to private operators when this company was established. In this case, public operators obliged to operate newly designed routes with longer distances, which raises further questions regarding the profitability and sustainability of BakuBus. In October 2017, the company published its first financial report covering the previous two years, which revealed that the company lost 155 million AZN (US\$91 million) and was subsidized by the state budget to cover these expenditures. The cost of public transportation ridership in Azerbaijan is one of the lowest in the world. It costs 0.2 AZN (US\$0.11) for both metro and bus transit. Baku Metro, as a state company, receives 30 million AZN annually for subsidizing ridership and also receives funds from the state budget to construct new metro stations and to maintain its facilities.

Overall, the urban transportation system of Baku needs a more comprehensive approach. The questions

of financing transportation infrastructure and subsidizing public transportation are crucial. The system needs upgrading from the perspective of fiscal equalization of the state budget and administration. Still, government funds should not be the only source of investment, and more public-private partnerships or build-operate-transfer models should be adopted to improve the sustainability of the public transportation system. There are many policy instruments that can be used for upgrading urban transportation, and the government needs to take a more policy-oriented approach to solve transportation planning issues. The rising rate of car ownership could be a signal to policymakers to consider climate change effects and livable city standards in Baku's future development.

#### *About the Author*

Fuad Jafarli is an urban and transportation planner and researcher since 2004. He has served as urban planning class lecturer at Khazar University, Qafqaz University and Architecture and Construction University in Baku. Mr. Jafarli was an initiator and the first project director of the recently implemented Greater Baku Regional Development Plan. In 2013, he founded the Urban Research Lab (URL)-Azerbaijan to study urbanism problems in the country.

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#### **Conclusion**

Urban transportation investments remain an important policy issue for Azerbaijan. After several years of construction projects, some progress has been made toward the quality of road infrastructure. However, a technical and analytical approach to modify these projects using economic calculation and transportation planning is needed. Sustainable transportation development will require additional funding and cooperation such as public-private partnerships or the use of local funds. With respect to this, Azerbaijan has many opportunities; however, policy instruments are needed to develop an initial stage of a more sustainable urban transportation model.

## Urban Redevelopment from the Bottom-Up: Strengths and Challenges of Grassroots Initiatives in Baku

By Nazaket Azimli, Baku

### Abstract

Grassroots initiatives have become primary setters of the discourse on facilitating participation of city dwellers in the urban development of Baku. Activities of these initiatives range from social-media based activism to small-scale interventions into public spaces. This contribution explores the strengths, promises and challenges of such initiatives in centralized governance systems such as Azerbaijan, primarily using the example of the “Urban Olum” project of urbanist civic initiative “PILLƏ”. The analysis can serve as a backdrop for the premises of urban activism in the context of Baku.

### The Errant Winds of Urban Development in Baku

Baku’s development in the aftermath of oil revenue flow has been driven by the interests of political elites, with a very low integration of the population and a lack of mechanisms for city dwellers to participate in the urban development process. Given the concentration of most income generating industries in Baku, such as mining and construction, the flow of rural–urban migration has been high. All in all, urban policy has been largely defined by a political discourse focused on flamboyant construction projects and grand sporting and “cultural” events that, in theory, should stimulate the “beautification” of Baku. This corresponds with emerging ambitions to transform the city into both a tourist attraction and regional logistics hub (Valiyev 2014). As depicted by Harvey (2012), Lefebvre states that the “right to the city” is directly connected to what kind of social relations, lifestyle and aesthetic values we want to pursue. Therefore, it goes beyond an individual’s right to access the resources that a city offers and is a collective right to “change ourselves by changing the city” (Harvey 2012). Nevertheless, the control of urban development processes in Baku has remained in the hands of a few (Koch and Valiyev 2015). In line with the proliferation of shopping malls, skyscrapers and grand venue spaces, Bakuvians were given very little space and ground for reclaiming their “right to the city”. A very basic example is that residents have no say in the demolition, dictated by the interests of property developers, of historic buildings or of certain neighborhoods.

Another aspect is that urban development processes in Baku are ongoing in the absence of an operational master plan for the city. The last approved operational Master Plan for Baku was finalized in 1986 and spanned the period until 2005. The latest attempt, carried out with World Bank funding, was completed in 2013 and presented by the State Committee for Urban Planning Architecture. However, it remains under review and is

awaiting approval. Farid Guliyev’s article in this edition further explores the gaps and incoherencies in the institutions responsible for urban development in Baku.

### Who Said That No Urban Policy Means No Urban Activism?

In the absence of institutionalized mechanisms of urban development, it is informal grassroots initiatives that have come to initiate and sustain urban discourse. These voluntarily organized groups that come together around particular causes operate on a non-professional, informally organized basis. This brand of urban activism is shaped by the ideas and initiatives of the groups rather than the agenda set by the government. Integration of these ideas and inputs into policy making seems unlikely in the near future. In the meantime, these initiatives mostly aim to build awareness among city dwellers and provide a platform for training young professionals in urban development.

There is a social-media-based form of urban advocacy that can be presented in the example of “Transport for Baku”, which has been advocating alternatives to the transport and pedestrian routes of an increasingly congested city. This initiative is built and led by Huseyn Abdullayev and spreads news mainly through a Facebook page that is linked to a blog called “Baku4people”. Even if the main goal of the initiative is building awareness of possible alternatives to the inefficient transportation schemes of Baku, one of the long-term goals was to address policymaking in the field. Despite a solid social media following and good support, these suggestions did not go onto the table of decision-makers. As the result, *Transport for Baku* remains a social-media-based urban activism campaign. (Transport for Baku, n.d.)

Urbanist group *Pillə* [trans. the step] is the first and largest-scale grassroots initiative that was launched with an explicit urbanist agenda and with a more experimental and hands-on approach to urban activism. It was founded by a group of young architects in 2015 and has

been expanding its outreach through social media campaigns, interventions in the physical built environment and the organization of public events, ranging from lectures and urban/architecture workshops to movie screenings. The overarching goal of the members is to provide a platform for people to interact around urban questions, to stimulate new ideas about the use of urban space and to explore urban structures and public behavior patterns (*Pillā* n.d.).

The projects carried out by *Pillā* to date can be divided into the following two strands: 1) educational activities, such as workshops and public lectures, and 2) small-scale interventions in the built environment. The first type of activity aims to build interest in urbanism both among students and socially active young people. The longer-term goal is to encourage greater participation of a wider profile of city residents in urban development processes. The second type, the small-scale interventions, aims to set a precedent for city dwellers based on the philosophy that changes in public built environments can be carried out based on independent initiatives of the residents, not only led by the top-down policies of government bodies (Musavi 2017).

The first large-scale educational project of *Pillā* was the “Urban Furniture” workshop held in November 2016, where participants were trained in key skills before being tasked with designing urban furniture for spaces that have the potential to bring the community together. The participants were mostly drawn from local architectural students, two of whom subsequently joined the *Pillā* team. The event primarily served to expand the group’s network.

More recently, the “Urban Olum” project carried out in September 2017 focused on one of the neighborhoods in the Bayil district (Pic. 1). The name “Urban Olum” was inspired by an expression in Azeri to describe a person who can sacrifice everything to reach her/his goal. The overarching goal of the project was to inspire the same dedication in local residents to participate in shaping the public spaces of their neighborhood. The public spaces included a “pocket park” and a space in the entrance of a nine-story building with a panoramic view of the city. Four local and three foreign artists worked together with the Bayil community to make interventions in the public space that reflect the daily habits and needs of people living in the area (*Pillā* 2017). The community gardening project by Vahid Ali included the refurbishment, clean up and installation of urban furniture pieces in a “pocket park” located at the center of the neighborhood. As a result, the residents would have a public space for gatherings and a playground area. The residents were actively involved in the planting of herbs and plants in the community gardening project, which

facilitated their engagement in further nourishment of the area. One of the project organizers, Sabina Faxradin, said that she witnessed how locals were planting new herbs and watering already planted ones when she was visiting the neighborhood after the project. The “Vantage Point” by Monogroup architects from Minsk in an entrance of a nine-story building with a panoramic view aimed to create a leisure point and to rethink the use of vast public space in the entrance area. During the project, *Pillā* members organized meet-ups with local residents, including a “samovar tea” drink & talk, aiming to stimulate further use of the space for community gatherings. By engaging the residents in the transformation of the area organizers were aiming to stimulate a feeling of ownership among local residents.

The operational restrictions on this project provide an important backdrop to urban activism in Baku in general. One of the major challenges for the organizers in the early stages of “Urban Olum” was to disentangle which permissions and bureaucratic hurdles were needed to address interventions into public spaces. Due to the generally restrictive nature of engagement in public spaces, resolving this concern took some time, with a lack of structured information restraining the organizers from taking concrete actions. A second challenge came once the project was launched, concerning the involvement of local residents, most of whom opposed the idea, saying that this refurbishment of the area and installation of urban furniture was meaningless, since in a very short time, any refurbished and newly constructed objects would be demolished or stolen. Nevertheless, in time, the locals started showing support; this support ranged from elderly residents sharing tea and food to children being actively involved in the field work. Members of *Pillā*, Leyla Musayeva and Aygün Budaq, say that,

“It was inspiring to witness involvement of networking between the children in the neighborhood while they were doing refurbishment work. One could easily see that they were in dire need of activities beyond the ‘home and school’ routine. During the project, it was inspiring to witness the shifting attitudes of children and the increasing feeling of ownership towards public spaces. As for the elders, some of them approached us by the end of the project, saying that it was actually their responsibility to care for the public spaces in the neighborhood, and they are thankful to us for doing it instead of them”.

The group members say that all in all, the project was experimental, as it was the first time that they were directly engaged in a project with the community. In the long term, *Pillā* plans to use the intervention as a preced-

ent to encourage Bakuivians to carry out similar actions or for other actors to launch similar initiatives using the city's public space as a forum for experimentation.

### Social Capital—A Backbone of Urban Activism in Baku

Grassroots urban activism in Baku has its own peculiarities—this is partly framed by the limited access to economic resources and the frustrating lack of mechanisms to influence government policies on urban development. Access to funds is limited due to restrictions on receiving foreign funding imposed by the Azerbaijani government in 2013. However, while on the one hand, this pressure has diminished the scale of institutionalized civic activism, on the other hand, it has led to the emergence of a raft of new grassroots initiatives focusing on specific causes and driven by long-term sustainability goals. Unfortunately, the missing step is in influencing policy and the decision-making processes that continue to shape the city in Baku.

However, in Baku, given the absence of communication channels between civic initiatives and government bodies, there are very limited opportunities for urban activists to advocate for their policy suggestions. This is influenced significantly by the absence of a clear and transparent institutional setting for urban development. It is also related to the resources of civic groups, most of

whom carry out their advocacy activity alongside full-time professional careers. As a result, the scarce human resources of grassroots initiatives become overly diluted, hindering the sustainability and long-term impact of these groups.

The literature would suggest that in the absence of these financial and institutional resources, voluntary groups tend to focus on “social capital”, which is built upon individual connections and common interests and objectives. The godfather of social capital, Robert Putnam (1995), describes social capital as those “features of social life—networks, norms and trust—that enable participants to act together more effectively to pursue shared objectives”. This can act as a good framework for understanding the work of *Pilla* and other grassroots initiatives operating within the limiting environment of Baku, which demands more creative, cautious and networked responses to problems in the urban space. Members are connected by “bonding” ties, which unite groups of friends interested in the same cause (or vice versa, uniting people interested in the same cause and eventually leading to personal ties). This, combined with an aspiration for a long-term return, stimulates the continued operations of groups with limited resources. The research evidence suggests that evolution and variation of ties within these networks will define whether the group is capable of not exhausting itself in the long-

**Picture 1: Bayil Is a Settlement Of Sabayil District With Low-Rise Buildings Located On a Steep Landscape.**



*Source: Google Earth satellite photo with data from Digital Globe, retouched by Muslum Imranli from Pilla (reproduced with permission)*

run and achieving its goals. However, within this set of conditions these groups have very few opportunities to develop “bridging” ties—to cooperate with other stakeholders in the implementation of their ideas.

### Conclusion

Within the current set up, on the one hand, Baku’s urban development is driven by the income generating interests of a few. On the other hand, there is an emergent urban movement that tries to somehow spur participa-

tion of city dwellers in the process, mostly at a local scale. Given the current political situation, it is unlikely that these movements will have an enabling environment to expand the scope of their activities and influence urban policymaking in the near future. This threatens the continuity of the activities carried out on a voluntary basis. However, these groups have the potential to bring a sparkle into urban activism if they expand their outreach and succeed in stimulating the emergence of new groups dedicated to urban advocacy.

### About the Author

Nazaket Azimli is currently working with the Eurasia Partnership Foundation as the Coordinator of the Baku IdeaLab-center for Social Initiatives. She is among the founders and organizers of *Equals*, an initiative advocating for gender equality, and of the *DokuBaku* International Documentary Film Festival. Nazaket works as a researcher and project manager with *Pillə*.

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