



## The Second Azerbaijan Rural Investment Project: Social Analysis for Better Project Design

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### Key Messages

- Under the first Azerbaijan Rural Investment Project (AzRIP), considerable attention was paid to assessing the socioeconomic impacts on, and participation of, marginal groups. Significant improvements in household incomes, access to services, and the participation of women in decision making were demonstrated.
- The follow-up AzRIP-2 plans to expand the geographic scope and more accurately capture improvements in social capital. One of the key changes in the new project is a number of livelihood pilots to foster rural employment and offer income support services.
- For the preparation of AzRIP-2, a stand-alone social assessment was commissioned to validate and enhance project design, and investigate additional indicators to track improvements in social capital.
- Findings from a spring 2011 social assessment were presented to a stakeholder consultation workshop in Baku in April 2011, and indicated the need to: (i) intensify the mobilization, representation, and participation of internally displaced persons (IDPs); (ii) lower the minimum population requirement for community projects; (iii) foster female leadership; and (iv) integrate the identified social capital indicators into the project's monitoring and evaluation framework.

Recent data from Azerbaijan suggest that poverty is an increasingly rural phenomenon. Rural areas have become significantly poorer than urban areas; indeed, more than half of Azerbaijan's poor live in rural areas. This is sustained by major gaps in infrastructure, basic services, and livelihood opportunities. To improve the living standards of the rural poor, the World Bank has been

supporting the Azerbaijan government's Rural Investment Project (AzRIP) since 2005.



**Mammadli Community in Barda rayon, Northwestern zone.** Community voting on the prioritization of needs for the "road rehabilitation project".

### AzRIP: Bridging the Rural Infrastructure Gap

AzRIP improves living standards by building better access to and use of community-driven rural infrastructure. Since 2005, AzRIP has very successfully supported the rehabilitation of critical infrastructure in poor rural communities across the country. So far, the income of over 600,000 farmers has increased, and more than 150,000 rural poor now have access to safe water. The project has covered 21 districts, targeting rural communities with high agricultural potential and poverty indices.

The repeater project, AzRIP-2, is currently under preparation and will be effective in 2012. It will scale up AzRIP geographically into currently unserved areas or *rayons*: two bordering conflict-affected



**Khalilli community in Babek rayon, Nakhchivan zone.** As part of the "potable water supply project," the group is making a community map.

## ECA Knowledge Brief

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areas (Agdzhebedi and Beilagan) and five in the south (Astara, Lenkoran, Lerik, Masally, and Yardymly), where national minorities represent a significant proportion of the population.

The project first plans to finance community-identified rural infrastructure investments, and then strengthen the capacity of communities in partnership with municipalities to effectively identify, plan, and implement their development priorities. One of the key changes to AzRIP is a livelihood pilots' component, which plans to build opportunities for rural employment and livelihood support services. These services will be piloted in six selected communities that have already successfully implemented economic infrastructure projects under AzRIP. The program comprises training and advice for income-generating activities and supports productive economic infrastructure.

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### Focusing on New Social Conditions and Potential Social Risks

Prior social analysis has demonstrated the important social advantages to beneficiary communities engaged in AzRIP that were gained through informed participation, transparent decision making at the community level, and enhanced social mobilization.

As part of the project preparation for AzRIP-2, a social assessment<sup>1</sup> was conducted, analyzing relevant social conditions in the new geographical area and for the livelihood pilots, and identifying additional indicators for social capital improvements. Given the expanded geographic scope of AzRIP-2, including areas bordering conflict zones and with significant sized populations of national minorities, there are potential social risks, including the exclusion of internally displaced persons (IDPs)<sup>2</sup> and ethnic minorities from decision-making processes and project benefits, as well as conflict and security challenges.

### Social Assessment: A Tool for Better Design

A social assessment identifies and assesses social impacts and key social development thematic topics. The methodology for the AzRIP-2 social assessment contained a desk review and meetings with community groups and representatives of national and international institutions, with local AzRIP project facilitators serving as team members. It was conducted in 13 villages in five

regions: Oghuz, Balakan, Masally, Lenkoran, and Beilagan. In each village, there were focus group discussions with about 15–30 participants (some of them women only) and individual interviews with community leaders.

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### Recommendations of the Social Assessment

#### *Ensuring Greater Participation of IDPs, Ethnic Minorities, and Women*

The social assessment recommends expanding the mobilization, representation, and participation of IDPs, especially in communities where their presence is significant. Specific measures, such as setting a percentage target for IDP participants in community mobilization and community group membership, are recommended. In addition, AzRIP-2 and the Bank-financed IDP project<sup>3</sup> need to better coordinate their activities and try to synergize community infrastructure development approaches.

The assessment also recommends that the minimum population requirement for microproject support be lowered. In the new project area, the relevant minority is the Talysh, who, although well integrated into wider Azeri society, live mainly in small and dispersed villages, the majority of which have fewer than 1,000 inhabitants.



A community group discussing its most important infrastructure investment.

Efforts to foster female leadership in rural communities should also be strengthened. Women (and youth) were found to have had satisfactory levels of involvement in AzRIP, in which women actively participated in decision making and were well represented in community groups (over 30 percent of community group members are women). Still, the preparation and implementation of a female leadership strategy, as well as training on women's constraints and female leadership, are recommended.

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<sup>1</sup> This social assessment was conducted in early 2011 with support from the Food and Agriculture Organization (FAO) Cooperative Partnership Program.

<sup>2</sup> The 1988–1992 war between Armenia and Azerbaijan over the region of Nagorno-Karabakh created more than one million IDPs and refugees.

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<sup>3</sup> The World Bank supported “IDP Economic Development Support Project” in Azerbaijan, which helps to improve the living conditions of IDPs and enhance their economic opportunities and prospects for social integration.

**Table 1: Proposed AzRIP-2 Social Capital Indicators**

Social Capital Dimension	Time Horizon of Effects	Expected Social Capital Strengthening Effects Indicators
<b>Groups and networks</b>	Immediate	Community Group (CG) functioning to manage AzRIP <ul style="list-style-type: none"> <li>Number of meetings CG voluntarily organized after completion of Community Project (CP)</li> <li>Number of well-maintained CPs</li> </ul>
	Long-Term	CG acts as the representative body for other collective actions <ul style="list-style-type: none"> <li>Number of communities where new projects have been implemented with internal resources</li> </ul> Strengthened relationship with the municipality <ul style="list-style-type: none"> <li>Number of communities where new projects have been implemented in cooperation with municipality</li> </ul>
<b>Trust and solidarity</b>	Immediate	Community members' trust in CG <ul style="list-style-type: none"> <li>Change in degree of people's trust in CG</li> </ul> Community members' willingness to contribute to AzRIP <ul style="list-style-type: none"> <li>Change in people's willingness to contribute to CP cost</li> </ul>
	Long-Term	Community members' trust in CG <ul style="list-style-type: none"> <li>Change in degree of people's trust in the municipality</li> </ul> Community members' willingness to contribute to public projects <ul style="list-style-type: none"> <li>Change in people's willingness to contribute to other public projects</li> </ul>
<b>Collective action and cooperation</b>	Immediate	Community members' participation in community mobilization <ul style="list-style-type: none"> <li>Number of participants in the community mobilization</li> <li>Project Assistance Team's evaluation of community mobilization</li> </ul>
	Long-Term	Increase in initiatives for collective action in the community <ul style="list-style-type: none"> <li>(Changes in) number of community-wide meetings to discuss public matters</li> </ul>
<b>Social cohesion and inclusion</b>	Immediate	Inclusion of women in CG <ul style="list-style-type: none"> <li>percent of women in CG</li> </ul> Participation of women, IDPs, and youth in community mobilization <ul style="list-style-type: none"> <li>percent of women, IDPs, and youth in mobilization participants</li> </ul>
	Long-Term	Community's acceptance/encouragement of participation of previously excluded groups in decision-making process <ul style="list-style-type: none"> <li>percent of people who believe women's participation in public decision making is important</li> </ul>
<b>Information and communication</b>	Immediate	Good flow of project information and understanding by the community members <ul style="list-style-type: none"> <li>percent of people who correctly understand AzRIP-related information</li> </ul>
	Long-Term	Better flow/ understanding of public information <ul style="list-style-type: none"> <li>Change in percent of people who correctly understand important public information</li> </ul>



**Vaykhir community in Sherur rayon, Nakhchivan zone.** A representative of the men's group is making a presentation for the "irrigation water supply project."



**Gukhuroba community in Gouba rayon, Northern zone.** Community Project Council in training as part of the "road rehabilitation project."

### *Integrating Social Capital Indicators*

Finally, the social assessment identified a set of social capital indicators, such as increased initiatives for collective action or enhanced participation in community mobilization, through which AzRIP-2 will attempt to rigorously capture social outcomes (table 1). The indicators should be integrated into the overall project monitoring and evaluation framework of AzRIP-2, and synergies with other indicators, as well as the appropriateness of each indicator, need to be determined.

### *Validating the Findings in a Stakeholder Consultation Workshop*

Before finalizing the report, the main findings of the social assessment were presented and validated at a stakeholder consultation workshop on April 15, 2011. The workshop was attended by external agencies (international organizations, nongovernmental organizations (NGOs), national organizations, and academic institutions), as well as project and World Bank staff. Feedback indicated the need to make greater efforts to treat minority communities equally, acknowledge the diversity among IDP

communities, and pay adequate attention to IDP youth and children. Another project staff workshop focused on the operational implications of the assessment, including validation of the suggested social capital indicators and revisions to the Project Operational Manual.

### *Implementing the Recommendations*

During the appraisal of AzRIP-2, the project team continued to discuss the recommendations and their implications for the design and operational manual of the project. The inclusion of IDPs in community mobilization and community project groups remains a persistent challenge, and the project team will continue to track IDP engagement at all stages of the community project cycle. Also in response to the recommendations, a gender-empowerment strategy will be developed during project implementation in order to further encourage women to assume leadership roles in the project.

With regard to the livelihood pilots, the project will hire a livelihood advisor to provide guidance and advisory support to communities and assess the quality of the microproject proposals prepared by the various communities.

AzRIP has a sound and strong performance system in place for monitoring and evaluation, including an intensive effort to physically verify the works and technical aspects of subproject implementation conducted at project, *rayon*, and community levels. Reports from the field are generated regularly to monitor results and produce monthly, quarterly, and annual progress reports. It was agreed to sharpen the existing indicators and include new ones that track progress and measure impact, in particular, to assess women's participation and empowerment, economic changes, and social capital impacts. An annual external process-monitoring exercise will also be carried out by communities and regional staff to broaden and strengthen the ongoing monitoring of project implementation processes. Lastly, a randomized impact evaluation is being designed for AzRIP-2 to analyze the project's impact on poverty reduction, and to evaluate the effect of facilitated participation and increased social capital on accountable and effective local governance.

#### *About the Author*

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