

# **COUNTRY STRATEGY PAPER 2019 UPDATE**

## **AZERBAIJAN**



## **1. A brief summary of key developments in VET and skills and EU and donor cooperation during 2017–18**

In April 2018, the Azerbaijan Parliament adopted a VET law defining state policy on vocational education and the VET system's legal, organisational and economic basis. The aim is to increase the effectiveness of vocational training and ensure a qualified workforce.

The Cabinet of Ministers approved in July 2018 the Republic of Azerbaijan Qualifications Framework for Lifelong Learning (AzQF). This tool systematises national qualifications and facilitates comparison with international qualifications. The National Qualifications Framework (NQF) Secretariat will review and submit an action plan for its implementation (2018–25).

The Ministry of Labour and Social Protection (MLSP) has drafted an occupational standards action plan for 2018–25. The plan reworks standard development, registration and management, increases stakeholder involvement and envisages a more active role for sector skills councils.

The Employment Strategy of the Republic of Azerbaijan (2017–30) was developed with World Bank support and submitted in draft form to the Cabinet of Ministers in 2018. It focuses on effective employment policy based on demographic trends, development perspectives and economic priorities. In 2017, the government launched social security and labour market reforms, including transition to a new pension system from mid-2017.

A compulsory unemployment insurance law came into force in January 2018 to improve social protection for unemployed people, introduce an unemployment insurance fund and shift from passive to active labour market programmes. In August 2018, Azerbaijan's President signed a social protection order that establishes an Agency for Sustainable and Operational Social Security (DOST) and allocates 2 million Azerbaijan manats to this agency, its centres and employment, labour and social protection services.

Skills mismatch is a growing concern in Azerbaijan. According to the EU Business Climate Survey Azerbaijan 2018<sup>1</sup>, skilled labour shortages hamper investment. Despite a positive shift in perceptions of vocational education, much remains to be done.

Negotiations on an EU agreement to replace the Partnership and Cooperation Agreement concluded in July 2018. The new agreement should be signed at the end of 2018.

The EU Annual Action Programme (AAP) 2014 has contributed €19 million to education and training in Azerbaijan, with a focus on VET development. The programme also covers:

- Technical assistance on VET reform implementation (€3.2 million)
- Technical assistance on NQF development and implementation (€2.8 million)
- Grant scheme for multifunctional training centres to support the education development strategy (€6.2 million).

Support for workforce planning and skills anticipation (€1.2 million) will be financed under the Annual Action Programme (AAP) 2016. It should begin in 2019.

While the European Commission (EC) is the main donor for human capital development, others are active in the sector including GIZ, the British Council and Korea Eximbank. An estimated €100 million will be invested in the next few years. GIZ and the UNDP support country-based social interventions and implement EC grants for multifunctional training centres.

## **2. An assessment of mid-term progress towards the ETF's 2020 objectives**

The ETF mid-term intervention strategy 2017–20 is to support a sustainable approach to policy objectives. The expected long-term impact is a stronger education and training sector.

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<sup>1</sup> [https://eeas.europa.eu/sites/eeas/files/business\\_climate\\_report\\_-2018.pdf](https://eeas.europa.eu/sites/eeas/files/business_climate_report_-2018.pdf)

**Specific objective 1: support the EU Delegation in the EU external assistance project cycle for VET and employment in Azerbaijan**

In 2017 and 2018, the ETF supported the EU Delegation in Baku. It drafted terms of reference for EC interventions and monitored content for the EU Delegation and national stakeholders in the AAP 2014 programme.

The ETF participated in government-organised donor coordination meetings on the VET and skills sector.

**Specific objective 2: support national stakeholders to improve cooperation and coordination in the NQF reform process, as part of overall VET reform**

The ETF supported NQF policy and helped integrate occupational standards into the AzQF and into skills policies. It disseminated results of the 2017 evaluation of occupational standards. In 2018, the NQF inventory on Azerbaijan was updated. The ETF provided regular content inputs for the EU Delegation, the Ministry of Education, the VET Agency and the MLSPP to ensure a coordinated approach to AzQF implementation.

**Specific objective 3: support national stakeholders to develop a sustainable labour market and skills dynamics observatory**

The concept of a National Skills Observatory was developed with ETF support and validated in November 2017. The observatory is part of the MLSPP work programme (2018). The idea of enhancing the national capacity for labour market and skills dynamics analysis emerged from the Azerbaijan inter-institutional working group.

### 3. Actions planned for 2019

In 2019, Azerbaijan will review VET policy in the framework of the Torino Process, to complement national monitoring of the Strategic Roadmap for VET. The next Torino Process will include a chapter on VET development in Nakhchivan.

**Specific objective 1: support the EU Delegation in the EU external assistance project cycle for VET and employment in Azerbaijan**

In 2019, the ETF will participate in at least two steering committee meetings of the EC project; monitor project progress to enhance the impact on national policies; support the EC skills matching project during its inception and introduction; and participate in capacity building events organised by EU projects as part of the work plan 2019. The ETF will support the EU–Azerbaijan bilateral policy dialogue by delivering annual country fiches to DG Employment, providing input for bilateral sub-committees and continuing to work on the mobility partnership.

**Specific objective 2: support national stakeholders to improve cooperation and coordination in the NQF reform process, as part of overall VET reform**

This objective will be pursued and integrated further with implementation of Specific objective 1.

**Specific objective 3: support national stakeholders to develop a sustainable labour market and skills dynamics observatory**

The ETF will assist in the development of the observatory and ensure the right approach. In the first half of 2019, the ETF will focus on skills matching policy advice and capacity building to meet needs before EC action starts.