AZERBAIJAN

EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2017

KEY EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS IN AZERBAIJAN

Azerbaijan is in the process of redefining its government structure following the Constitutional amendment in September 2016, making it a fully presidential republic with new vice-president positions. Institutional changes come in a difficult moment due to the fact that, for the first time in the last two decades, Azerbaijan experienced an economic recession in 2016, driven by the fall in oil prices and oil production. The high dependence of the economy on this sector triggered government spending cuts, the rise of annual inflation to 15.6% and a crisis in the financial sector. In view of these challenges, the reform agenda focused on diversifying the economic structure and redefining its development vision. Azerbaijan has been proactive in reforming its business environment, introducing *inter alia* a one-stop-shop company registration tool and an efficient e-government portal. Human capital development (HDC) is integrated in the country's reform programme. The 'Strategic roadmaps for the national economy and main economic sectors', approved in December 2016, the 'Azerbaijan 2020: Look to the future' development concept, the Education Strategy and Action Plan and the Draft Employment Strategy for 2017-30 are the main strategic documents that outline future actions and emphasise the need to diversify the stock of knowledge and skills available to a modern, knowledge-based economy, putting emphasis on education to labour market requirements.

The Strategic Roadmap for VET adopted in December 2016 sets out short, mid and long-term visions for VET development. Significant developments include the establishment of the VET Agency in April 2016, the key body responsible for initial VET (IVET) policy. The agency has taken over ministerial functions relating to the development and implementation of IVET policy. In August 2016, the Ministry of Education formally established a secretariat to coordinate activities to finalise the draft qualifications framework and to review the action plan for its implementation (2016–20). In January 2017, the Ministry of Education, supported by the VET Agency, started drafting the first ever Law on VET in Azerbaijan, which will serve in the establishment of a sound and modern VET system in the country. Furthermore, a new division for professional standards was established in the Ministry of Labour. It is focused on the development of professional standards, skills needs assessment and anticipation to tackle unemployment issues; and the establishment of an anticipation system. In order to help the self-employment of the population, AZN 6 million (approx.. EUR 290 million) were allocated to the Ministry of Labour and Social Protection of Population from the Azerbaijani President's Reserve Fund and envisaged in the State Budget by a Presidential Decree 'On Additional Measures for Ensuring Self-Employment' from April 2016.

The Employment Strategy 2017-30 is in its final stage of approval[1]. It sets 16 targets for 2030, which cover a wide range of policy issues, notably reducing NEET (not in education, employment or training) and unemployment rates, increasing employment in SMEs, increasing the scope and scale of active labour market policies, e.g. training and self-employment measures, and implementing a system of validation of skills acquired in non-formal and informal learning. The newly adopted Unemployment Insurance Law will trigger an increase in funds for passive and active labour market policies, based on a levy of 1% of enterprise payrolls.

The EU provides substantial support to the education sector in terms of training and skills issues. The Annual Action Programme (AAP) 2014 contributes a total budget of EUR 19 million to the sector. The objectives of the programme relate to: enhancing the quality and relevance of the education system, with a focus on higher education and VET, increasing the attractiveness and labour market relevance of all levels of VET, and strengthening civic participation, governance and inclusiveness of the education system.

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[1] 5 October 2017

1. Key demographic and economic characteristics

The total population of Azerbaijan at the beginning of 2017 was 9.81 million. The proportion of the population resident in urban areas is 53.1%, with 46.9% living in rural areas. Azerbaijan is currently one of the few countries in Europe and the Commonwealth of Independent States with a young population. Almost one quarter (22.5%) of the population are children (0–14 years). Young people aged 14–29 make up 27% of the total population and over half of them live in urban areas[2]. According to the Internal Displacement Monitoring Center, there were 582,000 internally displaced people (IDPs) at the end of 2016. Predominantly they are former residents of the Nagorno Karabakh and the seven surrounding territories, who have been displaced since the armed conflict in and around the Nagorno-Karabakh region. The Government of Azerbaijan has made significant progress in providing durable housing for IDPs, especially with the construction of new settlements that are all equipped with modern facilities.

2016 marked a year of economic recession for Azerbaijan, the first in two decades. The Azerbaijani economy contracted by 3.8% in 2016, driven by a fall of 5.4% in the non-oil sector output (which had grown by 7.5% over the previous two years). Oil GDP showed no growth in 2016. Annual inflation rose to 15.6%, driven mainly by the devaluation of the Manat and rising domestic food prices. Investment and consumption fell sharply due to deep cuts in public investment, banking sector distress, and a drop in real incomes. The development of the oil and gas sector had a direct influence on activity in the non-oil sector, in line with the national oil strategy[3]. The 2017 forecasts point to a negative growth, despite the recovery of oil prices and budgetary cuts. A recovery is foreseen from 2018 onwards, supported by an increase in oil GDP as the Shah Deniz gas field begins production. This should allow inflation to be controlled at an annual rate of approximately 5%[4].

In recent years poverty indicators have improved. The percentage of the population living below the national poverty line fell from 13.2% in 2008 to 5.3% in 2013. Although poverty has declined, the national averages mask significant welfare disparities between rural and urban areas, as well as across the regions. The majority of poor (61%) live in rural areas. In 2012, the rate of poverty in rural areas was nearly twice that of urban areas (8% against 4.5%). At the same time, poverty varies widely from region to region: over 14% in Lankaran to 2% or less in Baku and Nakhchivan. Indeed, Lankaran is the only region where poverty increased[5]. Continuing this pattern of poverty reduction after 2015 appears unlikely. The sharp rise in inflation will affect household consumption, and household income is expected to be negatively impacted. A vibrant labour market, an increase in self-employment, and stable pension incomes, which have been key sources of poverty reduction in Azerbaijan, are to a large extent rooted in budgetary support for pensions and public investment, and therefore are reliant on oil revenues[6].

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[2] Population of Azerbaijan 2016; Statistical Bulletin 2016, State Statistical Committee of the Republic of Azerbaijan, Baku 2016.
[3] World Bank Azerbaijan Country Snapshot Programme, April 2017, available at https://collaboration.worldbank.org/docs/DOC-23703, retrieved on 26 July 2017.
[4] World Bank Azerbaijan Country Snapshot Programme, April 2017, available at https://collaboration.worldbank.org/docs/DOC-23703, retrieved on 26 July 2017
[5] World Bank, World Development Indicators database, 2016.
[6] World Bank Azerbaijan Snapshot Programme, April 2016, retrieved on 4 August 2016 from http://pubdocs.worldbank.org/en/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf

2.   Education and training

2.1 Trends and challenges

Azerbaijan needs to move up the ranks of upper middle-income countries in education outcomes, which requires long-term reforms to the system. Primary enrolment levels are comparable with those found in high-income countries and indicate wide access to basic education. However, enrolments in pre-school and higher education remain low. In addition, the quality of educational outcomes at all levels shows room for improvement. Ongoing reforms to improve quality include the continuous implementation of national assessments and a new curriculum in general education. A nationwide in-service teacher training programme is also being implemented to support the rollout of the revised curriculum[7]. In VET provision the main problems relate to questions of quality and relevance. There is a further issue in terms of the ageing of VET professionals, managers, teachers and trainers.

In 2016, the education attainment levels of the working-age population indicated that 6.5% completed only primary education or lower, 76.8% secondary education, while 16.7% had completed higher education. There are persistently low levels of enrolment in VET, and this is evidence of its lack of attractiveness due to the many problems that remain within the system. The number of graduates of vocational schools falls significantly below the level of demand in the economy. As a result, the country lacks a qualified workforce with the skills and knowledge required by the evolving labour market. Every year, around 40% of graduates from secondary education enter the labour market without a specific qualification and to address this issue the country needs to use a combination of measures, including greater flexibility and attractiveness of post-secondary training as well as access to quality-assured paths for validation of skills acquired in professional experiences.

The number of formal initial VET (IVET) providers reported by statistics in Azerbaijan for 2016 stood at 118 institutions. Two of them are private, 109 under the Ministry of Education, five under the Ministry of Education of the Nakhichevan Autonomous Republic, one to the Ministry of Culture and Tourism and one to Azerishiq OJSC (Azerbaijan's energy operator). A total of 61 institutions operate in the post-secondary system. Of these, the Ministry of Education oversees 47 colleges, one is a private college and another 13 institutions are run by bodies other than the Ministry of Education.

The decision of the Cabinet of the Ministers of October 2016, promotes optimising the network of IVET schools, and 11 State VET Centres in Baku and Ganja have been created, specialising in certain VET profiles. Optimisation is conducted for post-secondary VET institutions (colleges) as well. One State Regional College of the Ministry of Education was established in 2014, three colleges were given to universities specialised in relevant topics in 2015 and 14 colleges were merged into seven, and three others (including one of the merged ones) were given to universities specialised in relevant topics in 2016.

Public expenditure on education represented 3.0% of GDP in 2016, which is a significant increase compared to 2.4% in 2011. Still, this is much lower than the average of 4.5% in other Eastern European countries and the averages of most upper middle-income countries. As a percentage of total expenditure, public expenditure on education stood at 9% in 2016, registering a slight increase from 8.2% in 2011.[8]

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[7] World Bank Azerbaijan Snapshot Programme, April 2016, retrieved on 4 August 2016 from
http://pubdocs.worldbank.org/en/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf
[8] See Statistical Annex.

2.2 Education and training policy and institutional setting

The education system in Azerbaijan has undergone considerable changes in recent years. The driving force for this has been the fast-changing labour market. Improving vocational education and training is a top priority for the government. The Action Plan for the Implementation of the National Strategy for the Development of Education was approved by a Presidential Decree in January 2015. The systematic transition to 12-year general education has started in line with the action plan. The new system is designed to include specialisation in soft skills in the last two years of schooling. This will help students to progress more effectively to vocational education. The action plan also provides for the creation of a legislative framework to recognise competences acquired through non-formal and informal learning.

The Ministry of Education, the Ministry of Labour and Social Protection of the Population and, to some extent, the Ministry of Economy and Industry are the main bodies responsible for the country's VET strategy, whereas the Cabinet of Ministers coordinates the implementation of state programmes. The Ministry of Education and local administrations share managerial control over the VET system. Until recently, the VET sector operated in the absence of a strategic development framework for VET, and the lack of a coordination mechanism or platform (council) for the stakeholders significantly affected the efficiency of the system. It was impossible to move forward and to use the potential of skilled citizens without a common operational framework for the VET system. It operated in a non-systematic way: the Ministry of Labour and Social Protection of Population dealt with its part of VET (involving the adult population, usually jobseekers and unemployed people); the departments within the Ministry of Education each managed their parts of the VET system; and the Ministry of Economy and line ministries had their own approaches. The random participation of non-state actors in VET also has significantly affected the image of VET.

In 2016, Azerbaijan undertook important measures to change the course of VET and the main pillars for VET reform were established. The Strategic Roadmap for VET adopted in December 2016 and Presidential Decree No 1897 of 16 March 2016 set out the short, medium and long-term vision for VET development. This constitutes a comprehensive framework to improve the system setting the following objectives:

1. Ensure improved normative, legal, economic and information bases for VET;

2. Create a new positive image for VET;

3. Establish a management structure for VET providers based on an improved public-private partnership;

4. Create a rationalised and optimised network of public VET providers;

5. Increase the attractiveness of the VET system to the private sector;

6. Establish VET providers that have a modern infrastructure and a material, technical and training basis;

7. Finance the VET system based on a new economic model;

8. Ensure that VET providers have updated content in line with modern requirements;

9. Train engineering and pedagogical staff in the VET system to meet the requirements of the labour market. Increase the level of employment of VET graduates;

10. Reduce poverty, crime and other negative issues by increasing employment;

11. Create and establish ten VET schools that will be equipped with high-end technology in their VET profiles.

The measures outlined in the strategic roadmap will be implemented with the support of the state budget.

Funds from the National Fund for Entrepreneurship Support include: local budgets, funds from local offices, enterprises and organisations regardless of the form of ownership, foreign direct investment; loans and grants from the country's banking system, loans from international organisations and foreign countries, as well as the EU technical and financial assistance. Most of the funds will be provided through budget restructuring, co-financed by the private sector and various investors. A total of 200 million AZN (about EUR 90 million[9]) have been allocated for implementation.

In January 2017, the Ministry of Education, supported by the VET Agency, started drafting the first ever Law on VET in Azerbaijan. Substantial progress is also linked to the establishment of the VET Agency itself, the key body responsible for initial VET (IVET) policy, which was established in April 2016. The agency took over ministry functions relating to the development and implementation of IVET policy. It will have considerably bigger capacity than the IVET department in the ministry. By April 2017, the agency already had 42 employees, compared to the six previously working in the IVET department in the ministry. The agency prepares and implements programmes within the framework of the joint public-private partnership established with employers to improve the efficiency of vocational training at IVET institutions. Some of the tasks include:

■ ensuring the development and implementation of competence-based, results-oriented education standards and curriculum (programmes) for IVET;

■ taking part in the preparation and forecasting of training for specialists at IVET institutions according to the needs of the labour market for professions and specialisations;

■ cooperating with entrepreneurs, their unions and sector associations to develop education standards and curricula for relevant professions;

■ promoting the application of innovation in the learning process using modern education technologies;

■ reviewing and driving the implementation of good practice in IVET.

The Azerbaijan Qualifications Framework (AzQF) was developed in 2011-12, based on the Law on Education (2009). The Ministry of Education and the Ministry of Labour and Social Protection of the Population, supported by the European Training Foundation and the World Bank, developed the AzQF concept. The AzQF is also directly linked to the country's efforts to prepare for integration into the Bologna Process. So far, the decree governing the AzQF has not been adopted. The Ministry of Education wants to increase the engagement of stakeholders in the implementation process before it is formally adopted. In August 2016, the ministry formally established a secretariat to coordinate activities to finalise the draft AzQF and to review the action plan for its implementation (2016-22). A new division for professional standards was established in the Ministry of Labour. It is focused on the development of professional standards; skills needs assessment and anticipation to tackle unemployment issues; and the establishment of an anticipation system. The draft AzQF is designed to recognise lifelong learning and is consistent with the provisions of the two overarching European qualifications frameworks: the Framework for Qualifications of the European Higher Education Area (QF-EHEA) and the European Qualifications Framework.

The EU provides substantial support to the education sector in terms of training and skills issues. The Annual Action Programme (AAP) 2014 contributes a total budget of EUR 19 million to the sector. The

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[9] Based on the official exchange rate of the Central Bank of the Republic of Azerbaijan (AZN 1.8399/EUR) on 22 February 2017.

ETF Working together Learning for life

objectives of the programme are: to enhance the quality and relevance of the education system, with a focus on higher education and VET; to increase the attractiveness and labour market relevance of all levels of VET; and to strengthen the civic participation, governance and inclusiveness of the education system. Within this programme, substantial focus is placed on development of VET in Azerbaijan. The intervention covers:

■ Technical assistance for support to VET reform implementation (EUR 3.2 million), which became operational in February 2017. A key beneficiary is the newly established VET Agency;

■ Technical assistance for the development and implementation of the NQF (EUR 2.8 million); which will be in place autumn 2017, where key beneficiary is Ministry of Education,

■ A grant scheme for multifunctional training centres to support the five strategic directions of the national strategy for education development (EUR 6.2 million) is operational as of September 2017, where key beneficiaries are selected VET schools in the regions.

2.   Labour market and employment

3.1 Trends and challenges

The Azerbaijani labour market shows relatively good outcomes. Activity and employment rates are increasing, while unemployment remains quite low. The activity rate reached 66% in 2016 (up from 64.4% in 2011), with minor differences between men and women (69.5% and 62.8% respectively). The employme nt was recorded at 62.7%, slightly higher for men (66.6% against 62.8% for women). The overall unemployment rate is stable, at 5.0% 2016, with a minor fall from 5.4% in 2011. It was however higher for women (6.0%) than men (4.2%). The youth unemployment rate[10] (for those aged 15-24) reached 13.1% in 2016, a slight decrease from 14.7% in 2011. In 2016 the youth unemployment rate was higher for women (15.1%) than for men (11.3%) and showed a decrease for the latter (from 14.2% in 2011). The economic crisis has led to a shift in employment between sectors. The most significant reductions in employment were observed in power, gas and steam production and distribution; construction; mining; and manufacturing (16.1%, 12.4%, 8.3% and 7.6% respectively) in the period from 2013 to 2015. In addition, employment decreased by 2.6% in the finance and insurance sector during 2015. In contrast, there was a considerable increase in employment in property operations (19.8%); tourism and catering (11.2%); and agriculture (5.9%) in the period between 2013 and 2015.

The service sector is the largest source of employment, with half of the workforce (49.3%) in the sector. Its contribution to the country's GDP has increased substantially over the years, with 42.3% in 2016 against 29.0% in 2011. One-third of the workforce is employed in agriculture, however the sector generates only around 7% of GDP. The agriculture sector accounts for only 6.0% of GDP (as measured in 2016), but provides employment for about 36.3% of the workforce, suggesting subsistence-type farming. It also generates about two-fifths of household income in rural areas. The industrial sector accounts for the lowest share of employment at 14.3%, and its contribution to GDP has decreased (65.6% in 2011 to 51.7% in 2016). The public sector accounts for a quarter of the workforce (24.6% in 2016).

The incidence of self-employment remains at extremely high levels (68.2% in 2016) and the share of informality is high, mainly in agriculture, but also in other sectors. The draft Employment Strategy 2017-30, which is close to final approval, has reducing informality as one its 16 targets. This will require a mix of measures, including skills development, social protection, information and incentives to enhance productivity.

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[10] Preliminary data for 2016

There is a large mismatch of skills supply and demand on the labour market. A recent GIZ study[11] confirms that there is a particular lack of qualifications in production, quality, procurement and sales and also human resource management and development, innovation management and resource efficiency. The current vocational training systems cannot meet these needs. This poses a serious challenge for growth of start-ups and competitive small and medium-sized as the shortage of qualified skilled labour hampers positive development. Although a number of important initiatives have been implemented to promote vocational training, the VET system is still a government-planned, underfunded system. It is dominated by school-type training and is not particularly geared towards private sector needs. Non-formal training is only provided sporadically. The private sector is still not sufficiently involved in planning and carrying out vocational training. In many cases, both sides still need to gain an awareness of this issue and establish the requisite formal framework and conditions for cooperation.

One of the main goals of the country's socio-economic policy is to establish the necessary conditions that will exploit the potential capacities of young people, increase their employment and create a flexible young workforce that meets the requirements of the modern labour market. The demographic situation and development trends in the country are key factors affecting the formation and placement of the country's workforce, including the production sector. The relatively high number of young people entering the labour market poses pressure as job creation is challenging. The stereotypical views held by employers regarding the qualifications, skills and competences of young specialists who fail to meet their requirements are another issue faced by young people on the labour market. Other challenges are linked to young people's labour market integration and their preferences for studying humanities rather than production-specific specialisations. This requires improved career guidance, counselling and awareness raising.

3.2 Employment policy and institutional setting

The Government of Azerbaijan is making efforts to strengthen labour market development, given its importance for growth, competitiveness and poverty reduction. The need to bring the skills supply in line with the labour market demand is referenced in the key strategic documents. A new employment strategy for 2017-30 has been developed with the support of the World Bank. The strategy would bring substantial developments by setting 16 targets for 2030. They refer to reducing the NEETs and unemployment rates, increasing employment in SMEs, increasing the scope and scale of active labour market policies, e.g. training and self-employment measures and implementation of validation of skills acquired in non-formal and informal learning. The newly adopted Unemployment Insurance Law will trigger increased funds for passive and active labour market policies, based on a levy of 1% of enterprise payrolls.

The State Employment Service (SES) under the MLSPP, consists of a Central Office in Baku, 83 Regional Employment Centres and three Vocational Training Centres (Baku, Goychay and Nakhchivan). The SES has a mandate to deliver the most common forms of employment services and active labour market measures, including: career counselling; vocational training and additional education; quota employment placements; services and programmes for vulnerable job seekers; the organisation of paid public works, labour fairs and labour exchange; granting unemployed status to job seekers and assigning unemployment benefits. In general, the employment services do not reach a large number of the unemployed, as only a limited number of job seekers are registered with the SES.

Regional SES offices also perform regional labour force surveys using as data sources reports from enterprises. Based on the collected data and the LFS, regional SES offices produce the so-called balance of labour resources and prepare one-year forecasts of employment by economic sector. In

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[11] *Future-oriented dual vocational qualification in South Caucasus: The potential for dual vocational education and training in Azerbaijan*, November 2016.

accordance with the legislation, these forecasts form the basis of national and local employment programmes. In general, the capacities of the SES and its regional offices are weak in terms of resources, staff and competences. With the aim of increasing the effectiveness of active labour market programmes, as well as of training and retraining of jobseekers and unemployed citizens, the number of staff of the State Employment Service increased from 357 (head office 54 and regional offices 303) to 908 (head office 56 and regional offices 852) by the Presidential Decree of 24 June 2016.

In 2014, the Ministry of Labour and Social Protection of Population launched compulsory online registration of labour contracts for all employers in the country. This means that data can be collected on areas such as: flows of information on employees entering and leaving the labour market; employment figures by industry, occupation and region; concentration and mobility of human resources by type of activity; requirements to employees, their age structure, etc. More than 1.8 million contracts have been registered in the system so far, which covers only 39% of total employment. The system is not able to cover self-employment and informal sector employment. In the future, this database will allow for analysing and forecasting needs in workforce for making informed decisions.

Actions are being implemented to increase youth employment; facilitate young people's adaptation to the labour market; increase their skills and capabilities through training programmes that use modern learning methods and are relevant to the labour market; build up the necessary competences; improve the career guidance system; and increase employers' interest and involvement. In 2015, 22,898 young people applied to the State Employment Service and 11,604 of them were provided with jobs. A further 2,964 were involved in vocational training. As a result, the levels of youth unemployment have been reduced.

In order to strengthen social protection of unemployed people and jobseekers and stimulate their employment, creating necessary conditions for expanding active labour market programmes, increasing their number and improving them, as well as creating necessary conditions for development of self-employment of the population, are the main priority directions of the state employment policy. In terms of labour market development, creating conditions for self-employment is the most important active labour market programme that serves for enabling able-bodied people to independent employment. Thus, the gradual transition from the targeted assistance system to self-employment system will prevent dependence of low-income citizens, stimulate entrepreneurial activities, and increase their interests to business. To this end, in order to help the self-employment of the population, AZN 6 million (approx. EUR 290 million) were allocated to the Ministry of Labour and Social Protection of Population from the Azerbaijani President's Reserve Fund envisaged in the 2016 State Budget "On Additional Measures for Ensuring Self-Employment" in April 2016.

ANNEXES

Statistical annex : Azerbaijan[12]

This annex reports annual data from 2011 and 2016 or the last available year

	Indicator		2011	2016
1	Total Population (000)		9 111.1	9 705.6
2	Relative size of youth population (age group 15-24) (%)		27.8	22.6
3	Youth Dependency ratio (%)		31.0	31.4
4	Old-age Dependency ratio (%)		8.2	8.1
5	Global Competitive Index	Rank	55	37
		Score	4.3	4.55
6	GDP growth rate (%)		0.1	-3.1
7	GDP per capita (PPP) (current international $)		15754.2	17253.3
8	GDP by sector (%)	Agriculture added value	5.4	6.0
		Industry added value	65.6	51.7
		Services added value	29.0	42.3
9	Poverty headcount ratio at $2 a day (PPP) (%)		M.D.	M.D.
10	Gini index (%)		M.D.	M.D.
11	Educational attainment of adult population (aged 15+) (%)[2][1]	Low[3]	M.D.	6.5
		Medium	M.D.	76.8
		High	M.D.	16.8
12	Gross enrolment rates in secondary education (%)[2]		M.D.	M.D.
13	Share of VET students in secondary education (%)		M.D.	M.D.
14	Gross enrolment rates in upper secondary education (%)[2]		M.D.	M.D.
15	Share of VET students in upper secondary education (%)		M.D.	M.D.
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	72.7 (2009)	N.A.
		Mathematics	45.3 (2009)	N.A.
		Science	70.0 (2009)	N.A.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	M.D.	6.5 (2014)
		Male	M.D.	7.6 (2014)
		Female	M.D.	5.3 (2014)
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	M.D.	M.D.
		Male	M.D.	M.D.
		Female	M.D.	M.D.
19	Activity rates by sex (aged 15+) (%)[5]	Total	64.4	66.0
		Male	67.5	69.5
		Female	61.5	62.8

[12] Data update on 08/09/2017

	Indicator		2011	2016
20	Employment rates by sex (aged 15+) (%)[5]	Total	60.9	62.7
		Male	64.5	66.6
		Female	57.5	59.0
21	Unemployment rates by sex (aged 15+) (%)[4][5]	Total	5.4	5.0
		Male	4.4	4.2
		Female	6.5	6.0
22	Unemployment rates by educational attainment (aged 15+) (%)[4][5]	Low[3]	M.D.	9.4
		Medium	M.D.	4.8
		High	M.D.	4.3
23	Youth unemployment rates by sex (aged 15-24) (%)	Total	14.7	13.1[6]
		Male	14.2	11.3[6]
		Female	15.2	15.1[6]
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)[1]		67.6	66.6
25	Long-term unemployment rate (aged 15+) (%)[4][5][1]		3.7	3.4
26	Incidence of self-employment (%) [5][1]		68.3	68.2
27	Share of the employed in a public sector (%)[5]		26.1	24.6
28	Employment by sector (%)[5]	Agriculture	37.9	36.3
		Industry	14.1	14.3
		Services	48.0	49.3
29	Employment in the informal sector		M.D.	M.D.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%)	Total	M.D.	M.D.
		Male	M.D.	M.D.
		Female	M.D.	M.D.
31	Public expenditure on education (as % of GDP)		2.4	3.0
32	Public expenditure on education (as % of total public expenditure)		8.2	9.0
33	Skill gaps (%)		N.A.	0.5 (2013)
34	The contribution of SMEs to GDP (%)		M.D.	M.D.
35	The share of SMEs in employment (%)		M.D.	M.D.

Sources:

3, 4, 6, 7, 8 - The World Bank, World Development Indicators database

5 - World Economic Forum

1, 2, 11, 17, 19 (2011), 20 (2016), 21 (2016), 22, 23, 31, 32 - State Statistical Committee of the Republic of Azerbaijan

16, 33 - OECD Statistical database

19 (2016), 20 (2011), 21 (2011), 24, 25, 26, 27, 28 - ILOSTAT

Legend:

N.A. = Not Applicable

M.D. = Missing Data

Note:

[1] *ETF calculation*

[2] *Data refer to the active population aged 25-64*

[3] *Low = Primary education, Main education; Medium = Secondary education, Vocational education, Secondary specialized education; High = Higher education*

[4] *Unemployed - Male (15-62), female (15-59)*

[5] *Data refer to the end of the year.*

[6] *Preliminary data*

Internal notes on the differences in reported data between the Employability fiche 2016 and 2017:

1. *Change of indicator definition: 11*
2. *Change of the age group: 20*
3. *Unesco data under revision at the moment: 12, 13, 14 and 15*

Annex: Indicator definitions

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependants (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old-age Dependency ratio (%)	The ratio of older dependents (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international $)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at $2 a day (PPP) (%)	The percentage of the population living on less than $2.00 a day at 2005 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)
16	Low achievement in reading, maths and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.

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	Description	Definition
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The contribution of SMEs to GDP (%)	The share of value added from small and medium sized businesses (SMEs).
35	The share of SMEs in employment (%)	The share of persons employed in small and medium sized businesses.