

# SECTOR SKILLS COUNCILS IN AZERBAIJAN

REVIEWING STRUCTURES FOR SOCIAL PARTNERSHIPS  
FOR INITIAL AND CONTINUING VOCATIONAL  
TRAINING



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# PREFACE

Continuing vocational training (CVT) was found to be a common priority in the countries of Eastern Europe in the course of the European Training Foundation (ETF) Torino Process analysis in 2010. The relevance of CVT in Eastern European countries is based on issues similar to those in the European Union (EU). Indeed, ageing populations, technological changes and migration are other issues for many Eastern European countries due to individuals will be required to remain longer in the labour markets.

The national economies have experienced notable shifts between sectors and between regions. Hence, mobility in the labour markets combined with an increase in the number of years at work pose new challenges for individuals' employability, and call for lifelong skills development. While CVT can accompany these transformations, several analyses corroborate the hypothesis that the existing provision has limited coverage and is of questionable relevance. The observable gaps in Eastern Europe are both quantitative and qualitative in nature.

For such reasons, from the third quarter of 2012 the ETF's Continuing Vocational Training in Eastern Europe regional project focused on promoting social partnership approaches as a way of enhancing CVT to link the skills needs of enterprises and individuals. One practical way of arranging such partnerships would be to establish sector skills councils (SSCs) as a way of formalising regular dialogue between the labour market and actors involved in both vocational education and training (VET) and CVT. The main idea behind SSCs is to ensure that training meets the needs of economic sectors (along with general needs), and also to promote skills development in each of these sectors.

The Government of Azerbaijan is developing a new vision for VET, with a greater emphasis on its potential economic function. Involvement of and cooperation with the private sector is critical for ensuring the labour market relevance of VET and CVT. Thus, promoting social partnership approaches is a way of fulfilling the skills needs of enterprises and individuals. Establishing SSCs might be a way of coordinating the contribution of labour market and educational actors to the development of more relevant vocational skills as well as effective CVT policies.

Legislation on SSCs remains to be established in Azerbaijan, and in the meantime, preparatory work and pilot experience is continuing. There is also a need to mobilise local companies, in particular small and medium-sized enterprises (SMEs), and to formalise the engagement of sectoral actors. Indeed, company involvement is a prerequisite for the credibility of SSCs. Schools also have their role to play, given today's labour market uncertainties. A new understanding of the role of schools in working closely with local enterprises should replace the old model of one-to-one relationships between schools and enterprises.

Regarding developments on occupational standards, the Development of Improved Occupational Standards according to ISCO 88/08, and Relevant Training Standards (DIOS) project was jointly implemented by the Ministry of Labour and Social Protection of Population and the World Bank (July 2010–October 2013). The main objectives of the project were to develop 200 occupational standards, to strengthen capacity through training, to raise awareness, and to deliver support for the establishment of a leading institution to be in charge of these developments.

This ETF discussion paper reports on such issues, focusing in particular on reviewing the situation of social partnership structures for VET and CVT with a view to establishing three pilot SSCs (manufacturing, tourism and agro-food). The document takes into account interviews held with key stakeholders, together with debates that took place within the framework of the capacity-building workshop organised by the ETF in Baku (27 June 2014) with representatives of the sectors concerned. The aim of this meeting was to learn and discuss how sectoral structures for cooperation and occupational standards developed with the support of the DIOS project could contribute to the formulation of more strategic and relevant sectoral skills development policies linked to the labour market needs of Azerbaijan.

Further, the paper argues that there is a key role to be played by SSCs in involving public and private (employers) labour market actors in a more structured way in order to shape more demand-driven VET and CVT policies. It also presents a set of recommendations and a selection of international experiences for targeting relevant policy learning on SSCs. This might be in the best interests of Azerbaijan's stakeholders in terms of supporting the creation and consolidation of these working structures in the country. However, all stakeholders still have a long way to go to join effective social partnership structures, and there remain many challenges ahead in setting up a system of SSCs in Azerbaijan.

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# INTRODUCTION

## BACKGROUND AND OBJECTIVES OF THE PAPER

Since 2012 the ETF's Continuing Vocational Training in Eastern Europe regional project has focused on promoting social partnership approaches in order to enhance CVT by linking skills supply with labour market demands. The ETF has been supporting Azerbaijan in the development of SSCs by conducting debates about the concept and role of such platforms in transforming occupational standards into educational standards and achieving enhanced matching and anticipation of skills needs.

The objective of this paper is to support policy discussions in Azerbaijan for the establishment, up-scaling and formalisation of SSCs in an efficient manner to allow regular dialogue in skill development policies to take place between the labour market, the VET system and the governmental representatives.

Pilot sectors for the establishment of SSCs have been identified to allow experiences of cooperation in relation to VET to be explored. The Sectoral Partnerships for Relevant Skill Development Policies in the Labour Market: Working Together to Use Occupational Standards workshop took place on 27 June 2014 in Baku. The outcomes of this workshop, as well as those of the preparatory fact-finding interviews carried out in the country during June 2014, have been incorporated into this paper, which in turn will feed into the Continuing Vocational Training in Eastern Europe: Mobilising the Demand, Enhancing the Supply regional project conference that is scheduled for 21–23 October 2014 in Kiev, Ukraine.

Thus, the paper is aimed at supporting such policy discussions on how to promote cooperation for the development of valuable competences and skills in Azerbaijan at both sectoral and national level by providing strategic policy suggestions for setting up sectoral partnerships. The paper advocates for a structured, permanent and organised mechanism for education–business cooperation in the area of lifelong skills development. Existing social partnership structures are analysed with a special focus on the manufacturing, tourism and agro-food sectors.

## VET AND CVT INSTITUTIONAL SETTINGS IN AZERBAIJAN: A BRIEF OVERVIEW

Numerous public authorities share responsibilities for skills development in both initial VET (IVET) and CVT. At governmental level these are the Ministry of Education, the Ministry of Labour and Social Protection, and the Ministry of Economic Development, but also the Ministry of Agriculture (for the agro-food sector) and the Ministry of Tourism (for the tourism sector). The Research Institute for Economic Reforms provides the Ministry of Economic Development with macro and micro economic forecasting, while the State Statistics Committee conducts quarterly household and labour force surveys. The public employment service develops territorial employment plans, and one-year projections for the Ministry of Labour.

At regional level, 86 employment offices and regional departments of education operate in the districts (*rayons*). A minimum of 108 vocational schools provide skills development, in the face of a range of different infrastructure conditions and labour market demands. Currently, the main VET stakeholders and institutions still lack the required capacity and resources to further improve performance and to develop relationships between vocational schools and their socioeconomic environment (ETF, 2014a).

The public authorities in Azerbaijan are playing a leading role in VET, which is organised hierarchically in the country (ETF, 2012c). Government-driven approaches dominate, and policy dialogue on VET and skills development issues is mostly based on governmental decisions. The social partners' role is influenced by this cultural and political policy dialogue framework.

## VET GOVERNANCE IN AZERBAIJAN AT NATIONAL LEVEL

The **President** approves multi-annual national reform programmes such as the VET Strategy 2007–12. There are many other state programmes that include VET elements, such as:

- Socioeconomic Development of the Regions of the Republic of Azerbaijan 2009–13;
- Implementation of the Employment Strategy of the Republic of Azerbaijan 2011–15;
- Azerbaijani Youth State Programme 2008–15;
- Poverty Reduction and Sustainable Development in the Republic of Azerbaijan;
- Refugees and Displaced Persons;
- Improvement of Living Conditions and Increase in Employment.

The **Cabinet of Ministers** confirms national strategic documents in line with the Law on Education. This includes the classification of specialities, new qualification types, educational standards, regulations and concepts, as well as the yearly enrolment plan for students that is prepared and agreed between the Ministry of Education and the Ministry of Finance. The yearly enrolment plan includes the 'state order' for student places that are fully funded by the government.

The **Parliament** approves new laws. (A new Law on Education was adopted in 2009, and laws on VET and higher education are also foreseen.)

The **Ministry of Education** deals with implementing VET policies. Within the ministry the following departments are involved in VET governance:

- Department of Vocational Education (responsible for IVET);
- Department of Higher Education (responsible for colleges (post-secondary VET));
- Strategy Department (responsible for human resources planning for the education system, for teacher training and retraining, but also for regulating CVT in general);
- Department of Accreditation and Quality Assurance (licensing and quality assurance of schools, in cooperation with selected experts from schools and universities);
- Department of Economic Affairs (budget allocations);
- Department of Management of Education (the selection of school directors).

The **Centre for VET Development** – Institute of Educational Problems deals with methodological support for teaching and learning, including educational standards, classifier of specialisations, curricula, teaching aids, and retraining of teachers (short courses for specific purposes).

The **Azerbaijan Teachers' Institute** is responsible for teacher training and retraining (together with regional centres), although this retraining system is under review.

*Source: ETF, 2012a*

# 1. THE ROLE OF SOCIAL PARTNERSHIPS IN INITIAL AND CONTINUING VOCATIONAL TRAINING IN AZERBAIJAN

Stakeholder participation at national level has been institutionalized through a tripartite agreement with the entrepreneurs' confederation and trade union confederation in which mutual involvement and cooperation between the Ministry of Education and social partners in each other's initiatives was agreed. No permanent bodies for social partner involvement have been set up, apart from the Council for National VET Strategy, which meets annually to monitor the implementation of the National VET Strategy 2007–12. This council also includes other ministries such as the Ministry of Labour and the Ministry of Economic Development, as well as the association of school directors (ETF, 2012c).

However, the social partners – the workers' and employers' organisations (see Glossary) – do not currently provide country-wide, systematic vocational training services. Similarly, and as reported by the Azerbaijani stakeholders who were interviewed, the chambers of commerce system does not assume responsibility for supporting CVT, either at sectoral or at national level. SMEs are partly operating in the informal sector and are not affiliated to any chambers or business organisations.

## 1.1 SOCIAL PARTNERSHIP STRUCTURES IN THE MANUFACTURING, AGRO-FOOD AND TOURISM PILOT SECTORS

The history, culture and prevailing mind-set of any specific society represent a set of values that can develop gradually into a process of 'home-grown policy learning'<sup>1</sup>. Tripartite social dialogue, regardless of whether it is practised at sectoral or national level, is a foundational principle of the International Labour Organisation (ILO) and European Social Dialogue. Tripartism is the triangle representing the 'interaction of government, employers and workers (through their representatives) as equal and independent partners to seek solutions to issues of common concern' (see Glossary and **FIGURE 1.1**).

All highly productive economies and welfare states have operational tripartite social dialogue systems in which the three stakeholders are on an equal footing.

The stakeholders who have been involved in the meetings and the workshop of the project agreed that the SSC practices in other countries cannot be transferred automatically to Azerbaijan. However, a country's experience can provide the raw material for adapted VET and SSC models in Azerbaijan<sup>2</sup>. Ideally, the work of well-established VET bodies at the sectoral level feed into a wider system of VET delivery and guidance for education–work transitions of Azerbaijani citizens. Such a multi-level governance structure is appropriate for taking into account the diverse needs of VET and labour market stakeholders: workers in the tourism sector face different challenges from those faced by workers in the agro-food business.

The challenge to establish VET-related social partnerships in Azerbaijan is significant, since the project has to focus on the development of concrete, achievable steps. In this context, the Azerbaijani government is involved in the Torino Process, i.e. it participates in an analytical review of the status and progress of VET every two years<sup>3</sup>. However, great benefits can be gained from having strong, well-functioning SSCs, as international country experiences – to be described in this paper – demonstrate.

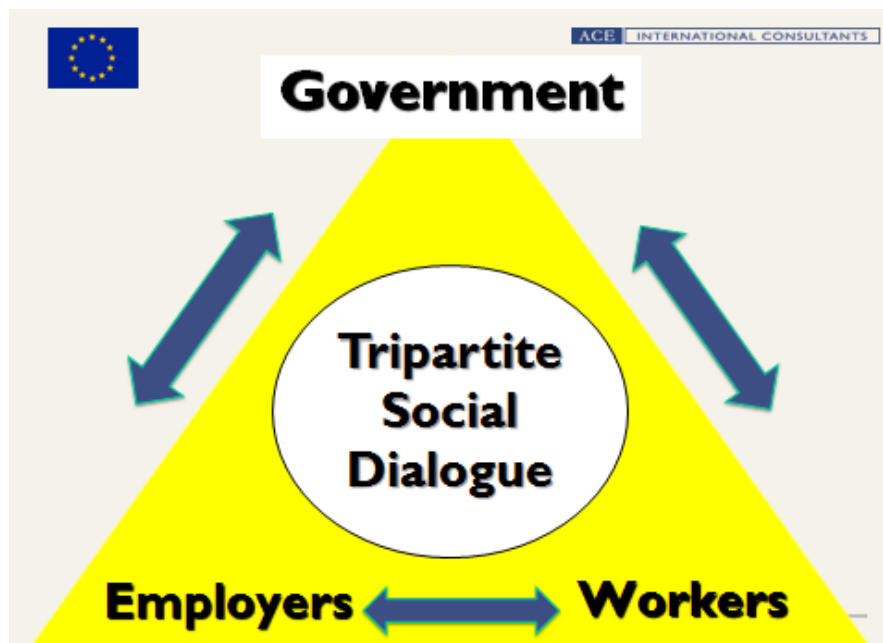
<sup>1</sup> For further information on the ETF methodology relating to capacity building and the Torino Process see: [www.etf.europa.eu/web.nsf/pages/Torino\\_process](http://www.etf.europa.eu/web.nsf/pages/Torino_process)

<sup>2</sup> Prof. Dieter Euler uses the metaphor of a stone pit, from which country A takes single stones of the VET system of country B in order to reshape them to build their own VET system (Euler, 2013).

<sup>3</sup> The Torino Process – launched by the ETF in 2010 – is a biennial participatory analytical review of the status and progress of VET in the ETF partner countries. The objective of the Torino Process is twofold: to acquire up-to-date knowledge about the policies and their results in a country; and to strengthen the ownership, participation and evidence base of policy making to improve the performance of policies. See [www.etf.europa.eu/web.nsf/0/917874-2D-113C9CE5C1257B6500332890/\\$file/TRP%202012%20Azerbaijan\\_EN.pdf](http://www.etf.europa.eu/web.nsf/0/917874-2D-113C9CE5C1257B6500332890/$file/TRP%202012%20Azerbaijan_EN.pdf)



FIGURE 1.1 TRIPARTITE SOCIAL DIALOGUE



In order to ensure full coverage of all industrial sectors, it seems appropriate to extend the number of social partners participating in the social dialogue process. All representative social partner organisations should be entitled to be fully involved in VET policies, because excluding them from the process could lead to complaints in terms of both quantitative (shortage of skills) and qualitative (inappropriateness of workers' qualifications) aspects of training.

However, the informal economy is also a major issue in the country, one that is hampering regulated channels for establishing social dialogue mechanisms for skills development.

### NATIONAL CONFEDERATION OF ENTREPRENEURS' ORGANISATIONS OF AZERBAIJAN

The National Confederation of Entrepreneurs' Organisations of Azerbaijan (ASK)<sup>4</sup> is the umbrella organisation of all employers' associations in the country. Data on the financial capacities of the organisation are limited, as the number of member organisations that pay contributions on a regular basis has increased only recently. Large enterprises are more commonly affiliated to ASK than SMEs. The organisation acknowledges that while the total number of members is high, it has been a challenge to attract micro companies as members. Consequently, providing a broad range of appropriate services in terms of lobbying, policy advice and training programmes is not easy. However, in its new annual programme the management is committed to enhancing the quality and quantity of its services, including as part of regular social dialogue activities.

The collaboration between the Azerbaijani government and the World Bank on the establishment of occupational standards has been assessed as being positive. ASK reports on close business relations with partner organisations in Germany, such as the influential Bundesvereinigung der Deutschen Industrie (BDI) and the VET institutions Bildungswerk Mecklenburg-Vorpommern and Bildungswerk Nordmetall. Regular study visits have generated positive outcomes in relation to the organisational structure of Azerbaijani employers and VET institutions. There is a great demand for 'train-the-trainers' programmes and for systematic training needs analyses, and these demands cannot be satisfied, in particular in the metal sector and related manufacturing branches.

Turkey may serve as an appropriate reference country for Azerbaijan because it has a similar centralised governance structure, culture, language and economic growth rates, and a history of skills development and lifelong learning policies that is not as rich as that of countries such as South Korea or those in Europe. Unlike its neighbouring country, Azerbaijan lacks a country-wide system of chambers of commerce. Azerbaijan does not have a state organisation comparable with the Turkish Small and Medium Enterprises Development Organisation (KOSGEB). This represents a challenge for Azerbaijan, since it is the SMEs in particular that are facing the greatest difficulty in allocating human and financial resources to CVET. ASK intends to enhance its efforts to involve SMEs in the quality

4 See <http://ask.org.az/?lang=en>

training programmes and the management of vocational schools in the manufacturing sector<sup>5</sup>. Statistical data about SMEs is not always reliable, because all micro-farms and family businesses in the agricultural sector seem to be not well counted, with the result that an overwhelming number of all businesses are registered and supervised by the Ministry of Agriculture.

## AZERBAIJAN TOURISM ASSOCIATION

The Azerbaijan Tourism Association (AZTA)<sup>6</sup> has reported on the great demand for an improvement in the quality of VET in the tourism sector. Previous cooperation with international organisations<sup>7</sup> has revealed the need to strengthen the capacity of VET governance. In particular, the following aspects were assessed as being in need of improvement:

- delivery of training tailored to fast-changing labour market needs (international computer booking systems, English language, etc.);
- certification of all training modules and programmes;
- review of training curricula;
- provision of entrepreneurial incentives for start-ups and small businesses;
- establishment of real-life training facilities ('training hotel') that allows apprentices to learn under the conditions they will face in the hospitality business.

Within tripartite social dialogue it is not always clear where the appropriate governmental counterparts are to be found, since four ministries are concerned with tourism matters, namely the Ministry of Tourism, the Ministry of Education, the Ministry of Labour and Social Protection and the Ministry of Economic Development. Relationships with trade union organisations are reported as being good owing to their valuable role in terms of the supervision of compliance with labour protection standards (working times, minimum age of workers, etc.).

AZTA suggests that sectoral and national consultation bodies should be established for VET-related matters to provide employers' and workers' organisations with an official forum in which they can play an active part. These bodies should be supported by a secretariat. This secretariat, which is normally attached to the government structure, should enable the social partners and the government to keep in touch on an ongoing basis. It represents a focal point for all relevant information and should act as a catalyst for social dialogue by furnishing the expert studies and background material required for accomplishing its mission.

## AZERSUN HOLDING

As the second-largest private business holding in the country, Azersun<sup>8</sup> employs around 8 000 people (1 500 white-collar and 6 500 blue-collar workers). Founded in 1991, the core business of the holding is the agro-food sector, i.e. food production, retail and farming. In 2011 the holding established its own academy, Intersun, to respond to the specific training needs of its staff, who are located in 16 plants across the country. Intersun offers a wide range of training programmes; the biggest challenge is the list of vacancies – in jobs such as welder, driller, food-processing operator, diary/milk expert, agro-food trainer – that cannot be filled with qualified staff. As a result of this lack of qualified people, the company is forced to recruit some of its personnel from abroad, thus triggering the need to pay higher salaries, and, in turn, increased productivity costs for the holding.

The delivery of VET services in the agro-food sector is a challenge, particularly in remote, underdeveloped areas. For example, in the region of Bilasuvar, where Azersun has established a vocational school, a lack of incentives (tax advantages) and supporting measure (bus service for VET students, etc.) has been observed. In conclusion, SSCs should be introduced soon, and should be supported through close and proactive cooperation with the Ministry of Agriculture. Modular-based vocational training schemes should be able to react to the fast-changing needs of the labour market.

## TRADE UNION ORGANISATIONS

In a socioeconomic context in which the great majority of dynamics and decisions are to a certain extent government-driven, there is currently only a low level of awareness of the need for strong, autonomous trade union organisations, which could be beneficial for a strong economy. The role of trade unions in Azerbaijan is perceived as being to defend workers' rights rather than to help to create a framework for education and vocational training, which are ways to enhance employability and active citizenship. Both are crucial elements that empower individuals. Unlike in other strong economies, the structures of trade union organisations in Azerbaijan are not yet based on a

<sup>5</sup> For the outcomes of the parallel workshop sessions conducted during the project workshop, see J. Manuel Galvin Arribas' mission report 'Sectoral partnerships for relevant skills development policies in the labour market', 2 July 2014.

<sup>6</sup> See [www.azta.az/?lang=en](http://www.azta.az/?lang=en)

<sup>7</sup> In particular, the German Gesellschaft für Technische Zusammenarbeit (GTZ, now Gesellschaft für Internationale Zusammenarbeit (GIZ)), and the American Hospitality Institute.

<sup>8</sup> See [www.azersun.com/en\\_index.asp](http://www.azersun.com/en_index.asp)

large number of collective bargaining agreements. The stakeholders interviewed were not always in a position to provide data on bipartite and tripartite agreements at sectoral level.

The Independent Trade Union of Constructional Complex Workers of Azerbaijan, which is affiliated to the Azerbaijan Trade Unions Confederation<sup>9</sup>, emphasised the significant progress that has been made in terms of labour legislation for workers in both the construction and manufacturing sectors (occupational health and safety standards). However, the trade union is not yet involved in the activities of any of the seven established SSCs. The overall network of trade union offices across the country has to be assessed as weak in comparison to networks in numerous other countries with comparable economic strength.

The biggest challenge is the quality of VET services, which needs to be improved if the aim is to make the construction business more productive. Here, the collaboration with trade union associations at international (Building and Woodworkers International (BWI), European Trade Union Confederation (ETUC) and national level (Confederation of Turkish Trade Unions (TÜRK-İŞ) and Confederation of German Trade Unions DGB in Germany) needs to be reinforced.

## 1.2 THE POTENTIAL ROLE OF VOCATIONAL EDUCATION AND TRAINING AT REGIONAL AND SECTORAL LEVELS

The following challenges, which are faced not only by Azerbaijan but by numerous other countries, could be tackled at the level at which they occur, namely the sectors:

- skills mismatch for technical and service jobs;
- need for demand-driven VET system;
- need to adapt occupational standards in order to deliver education/qualifications standards that meet the skills demanded by the labour market.

Although employers' associations and trade unions have shown interest in collaboration that is embedded in a social partnership process, they are not involved in regular social dialogue platforms at sectoral level. Human and financial resources for such activities are limited, and relations between social partners (bipartite social dialogue) and among social partners and VET institutions are often embryonic, or need to be (re)established.

Communication channels between VET and labour market providers in the districts are rather weak. Companies are reluctant to cooperate with educational institutions in developing their workforces because of past experiences. Larger firms and holdings tend to establish their own vocational schools and academies close to the larger cities, with training schemes exclusively tailored to their business needs. Currently, Azerbaijan has no integrated governance system for skills needs anticipation that covers the regions and districts. Labour market information is collected by various agencies, which do not always have a common understanding of concepts relating to skills assessment and the anticipation of labour market needs.

In line with the principle of subsidiarity<sup>10</sup>, employers' and workers' organisations are the appropriate level at which labour-related matters should be discussed, in particular at regional and district level. This holds true for SSCs owing to their closeness to the local and regional market dynamics. Only policy platforms at sector level can closely analyse skills and labour market developments in the districts (*rayons*), at vocational schools and at shop-floor level in the companies, including SMEs and micro-businesses in rural areas. According to social policy research, SSCs are the appropriate entities to anticipate employment (quantitative) and skills (qualitative) needs within the sector, and to use this insight to inform the development of sectoral policies (Ecorys, 2010). This represents the great potential for the delivery of vocational training schemes under the support and guidance of SSCs.

<sup>9</sup> The Azerbaijan Trade Unions Confederation was established in 1993. For further information see: [www.ahik.org/index.php?option=com\\_content&view=article&id=104&Itemid=53&lang=en](http://www.ahik.org/index.php?option=com_content&view=article&id=104&Itemid=53&lang=en)

<sup>10</sup> For the definition see the glossary.

## 2. SETTING UP SECTOR SKILLS COUNCILS IN AZERBAIJAN

### 2.1 TYPOLOGY OF SECTOR SKILLS COUNCILS ('WHAT?')

SSCs are composed of representatives of the government, the educational and VET institutes, business organisations and trade unions. Bodies are SSCs when they:

- provide analyses of skills development in one specific labour market sector;
- function as platforms in which at least two types of stakeholders are involved (as opposed to transversal councils, which cover two or more labour market sectors);
- work in a continuous way (as opposed to temporary working groups that are set-up on an ad-hoc basis, such as when an occupational profile needs to be revised).

SSCs can be categorised according to their nature, role or range of tasks. They can support the modernisation of the national VET system. SSCs may be professional bodies with their own resources, including staff. In such an organisation, the members of the SSC can be full-time employees with expertise relating to the sector, qualifications or VET. In the Netherlands, sectoral knowledge centres for IVET have some 1 500 members of staff. An organisation such as this can have the legal status of a public institution, a non-governmental organisation (NGO) or even a limited company.

An SSC as a professional body demands permanent funding that will allow it to engage in various activities, such as sector studies, or drafting and designing standards and qualifications. In principle, the work of an SSC can be funded from the state budget or by enterprises.

Alternatively, the SSCs can be working bodies representing different interest groups from the sector concerned. In such cases, the SSC members are normally employed by the organisations they represent and meet regularly to take their decisions. They may also be asked to provide an opinion based on the results from a sector study or a skills need analysis. Members of this type of working body are employed in other organisations such as an enterprise, business association or training provider, and membership of the SSC is only one of their obligations. They are not expected to be 'technical experts' in VET or sector studies. All these issues are showed in **TABLE 2.1**.

Whatever model is deemed applicable for SSCs in Azerbaijan, it is important that the councils are autonomous and that they have access to sufficient technical assistance and human and financial resources in order to operate.

### 2.2 MEMBERS AND COMPOSITION ('WHO?')

Within SSCs, both sides of the industry – employers and workers – must be organised in order to establish their collective interests. Employers, enterprises and entrepreneurs are represented by employers' organisations or business associations. Workers join trade unions. Professionals of any given occupation will often be members of an association that supports their professional development or promotes their interests. Organisations including both employers and workers may be based on cross-industry or sector affiliation at national, regional or local level.

With regard to the composition of SSCs, members may be mainly social partners and training providers, but also chambers, enterprises, business organisations or public authorities in charge of VET or employment. It is important that the participating institutions are relevant to the given sector and that, for example, social partners or business associations have concrete business links to companies. The range of possible stakeholders to be involved means that the remit of the SSCs often goes beyond that of traditional social dialogue, as participation is not limited only to employers, trade unions and government representatives. In any event, it is crucial to strike a balance between the various stakeholders in order to ensure that the SSC can act as a neutral representative of a sector.

TABLE 2.1 TYPOLOGY OF SECTOR SKILLS COUNCILS

Classification	Scope/nature	Key characteristics, features and remarks	Country examples*
<b>Type of coverage</b>	Focus on one economic sector	A national VET Council can sometimes operate by covering all sectors at national or regional level. Some SSCs operate under umbrella organisations (e.g. tripartite institutions/bodies; ministerial departments/directions; agencies for VET quality; national qualification bodies/authorities).	Czech Republic, Romania, Finland, Denmark, Canada, United Kingdom, Kyrgyzstan
	Focus on more than one sector (transversal)		France, Spain, Belgium, Denmark, United Kingdom
	Regional approaches		Belgium, United Kingdom, Denmark, France, Netherlands, Romania (transversal)
<b>Institutional mandate</b>	Specialised bodies	Own resources/staff/expertise (full-time employees); legal status and permanent public and/or private funding (levy/payroll systems, etc.)	United Kingdom, Netherlands, Canada
	Working bodies	Represent different sectoral interest groups. Members are employed in represented organisations.	Croatia
<b>Profile of initiator</b>	State-led/driven	Policy dialogue/initiator is mainly led/funded by government or state organisation, or by employer organisations (or by both).	Belarus, Kyrgyzstan, Singapore
	Employer-led		United Kingdom, India
<b>Role in the policy-making process</b>	Decision making	The role of the former is to become the final decision maker, whereas the latter is limited to delivering advice/non-binding recommendations on skills policies to the final decision-making actors.	Romania
	Advisory role		Croatia, Kyrgyzstan
<b>Policy functions</b>	Limited functions	Ensuring a qualitative match between skills demand and VET supply.	Slovakia, France
	Extended functions	In addition, members extend their advice/analysis to other policy areas/stakeholders (e.g. VET planning, quantitative skills gaps, skills programmes, education and business partnerships).	Australia, Bangladesh, Netherlands, Kyrgyzstan
<b>Lifelong learning policy coverage</b>	IVET	SSCs can cover IVET policies, CVT policies, or both. They can be sector-focused or transversal-oriented, while operating at either national or regional level.	France, Poland, Slovakia
	CVT		Spain, Sweden, Belgium
	Both IVET and CVT		Finland, Estonia, Romania

(\*) Some examples may cover more than one category according to their scope/nature. They can be consolidated and/or ongoing SSC experiences (in particular, in ETF partner countries). Some examples may correspond to either sectoral or transversal councils covering IVET, CVT or both.

Source: Buić, N. and Galvin Arribas, J.M. (in ETF, 2013b)

The number of individual members of an SSC varies from country to country and even from one sector to another. Georgian councils have between 12 and 15 members. The legal requirement in Finland is for a maximum of 16 members with personal deputy members, while in Croatia the councils have up to 20 members. In Ukraine, the council for metallurgy has 15 members, while the council for the chemical industry has 19, representing employers, trade unions and relevant educational institutions (ETF, 2013b, p. 20; the report provides a roadmap and further information for establishing SSCs).

## 2.3 POSSIBLE STATUS AND ORGANISATION OF WORK ('HOW?')

Across the world, SSCs in various formats have emerged in response to this crucial question. Councils can be led either by the state (public authorities) or by employers. State-led systems most commonly exist in countries where the public authorities are the main guardians of the quality of education and training. Other countries, such as English-speaking countries, have industry-driven systems in which skills requirements and competences are identified and designed by employers (market-oriented governance model).

SSCs need to follow procedures that provide concrete indications on how to prepare, manage and conduct social dialogue meetings, starting from the role and mandate of the National VET Committee (NVETC), and including its composition, the term of office, frequency of the meetings, the secretariat, reporting and sustained follow-up actions. For instance, the stakeholders in Georgia are currently seeking agreement on a charter for an NVETC that lays down procedures and the division of roles.

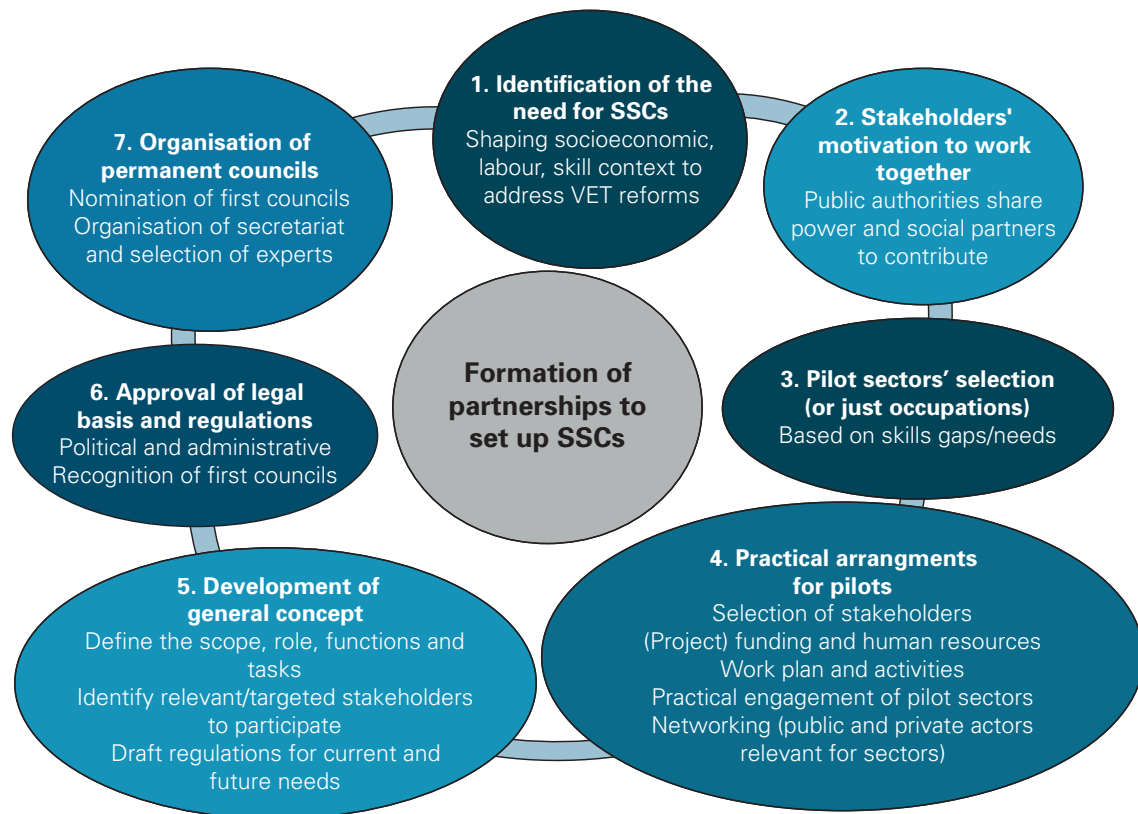
The secretariat usually supports the SSC in planning, management of meetings and logistics. The secretariat – or 'executive committee' – is normally attached to the governmental structure. Its role is vital for ensuring the quality of the social dialogue meetings, equity in communication, and the preparedness of all social partners for competent dialogue. It enables the social partners and the government to keep in touch on an ongoing basis. It represents a focal point for all relevant information and acts as a catalyst for social dialogue by furnishing the expert studies and background material required for accomplishing its mission.

The concrete duties of the secretariat include supporting the activities of the social dialogue committee, preparing the work plan, keeping a record of minutes of meetings and agreements, and disseminating information on the committee's activities. Hence, in order to make SSCs operational in Azerbaijan, sufficient staff is needed to manage all the administrative tasks mentioned (ILO, 2013b, p. 142).

## 2.4 LEGAL AND REGULATORY FRAMEWORK FOR SECTOR SKILLS COUNCILS

An essential condition for making SSCs operational is an awareness of the potential and benefits of social dialogue in terms of contributing to economic and social development. Another condition is that there is an existing legal framework, and in particular that labour laws have been adopted that enable the social partners to negotiate terms and conditions of employment (ILO, 2003b). SSCs need a clear legal basis, especially in centralised systems. In many countries, SSCs are mentioned in either the labour market or VET legislation. Legal recognition of the bodies will provide a firm expression of their importance and motivate stakeholders to participate. The SSCs should be recognised under the legal principle of freedom of association, which guarantees the right of social partners or enterprises to establish bodies for cooperation.

FIGURE 2.1 EXAMPLE OF REGULATION OF THE SSC SYSTEM



Source: ETF, 2013b

## 2.5 SECTOR SKILLS COUNCILS AND USE OF DIOS PROJECT OUTCOMES

The DIOS project<sup>11</sup> described the following core challenges for VET policies in Azerbaijan, and this provides an overview of the current policy issues:

- establishment of a mechanism for training courses on the basis of occupational and qualification standards;
- organisation of training programmes for human resources specialists and instructors on the basis of the practical use of occupational standards in enterprises and training institutions;
- creation of a monitoring system based on occupations;
- establishment of an accreditation and registration system for training and assessment institutions.

There is clear evidence that the Azerbaijani government's State Programme for TVET Development has helped to put VET back on the agenda. The Ministry of Labour – with the support of the World Bank – has been developing 210 occupational standards for priority occupations in seven sectors<sup>12</sup>. The ministry's Scientific Research Training Centre is developing and testing skills anticipation models (ETF, 2014a, p. 5). The restructuring of schools has been concentrated mainly in the biggest urban centres such as Baku, Sumgait and Ganja. The sub-national levels (regions) outside such centres, in particular, require restructured VET institutions in order to cope with present and future human capital demand.

<sup>11</sup> See the website of the DIOS project at: <http://dios.az/Qs/en>

<sup>12</sup> See occupational standards at: <http://dios.az/wp/en/about-us-2/about-the-project/>

In the human capital development area, national and regional cooperation between public bodies is rather weak. The problem is demonstrated by, for instance, the lack of robust labour market information, and the fact that there is no follow-up in relation to occupational standards. The initiatives for a national qualifications framework and the plans for the Workforce Development Agency, which are currently on hold, show that stakeholders from the private sector are not really involved in VET governance.

However, it has been acknowledged by all stakeholders (through interviews and workshop outcomes) that there is clear momentum for the establishment of SSCs in the country, to undertake, among other functions, management, maintenance and further development of occupational standards using the results of the DIOS project, while opening dialogue and exploring partnerships with sectoral and other private actors.



# 3. LEARNING FROM INTERNATIONAL EXPERIENCES

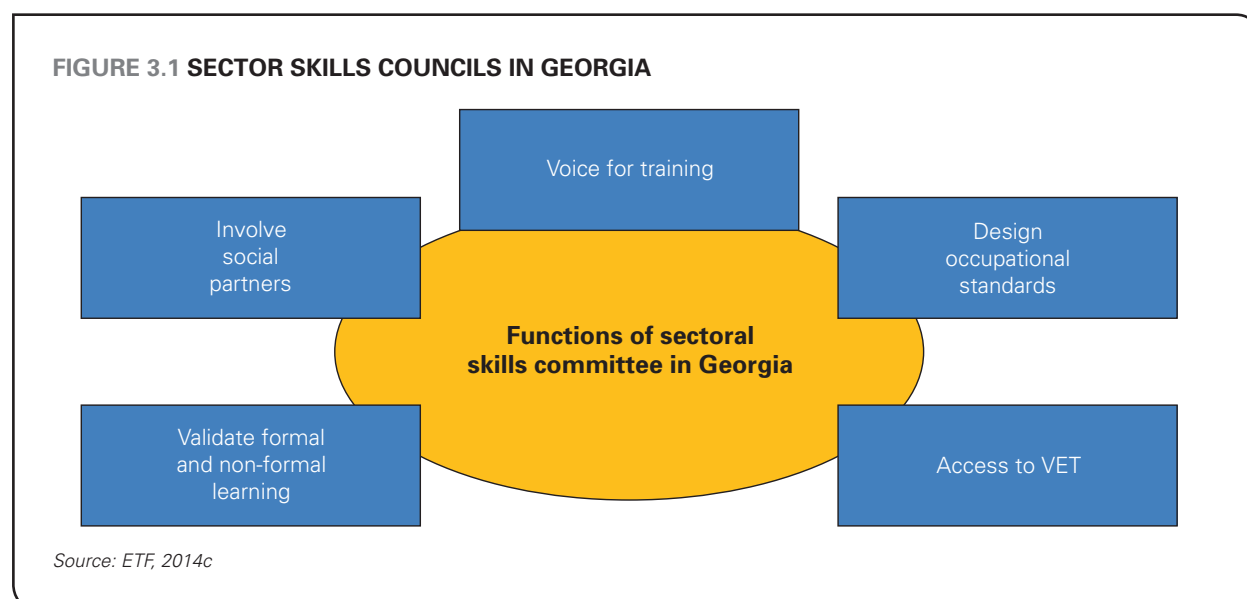
## 3.1 COUNTRY CASES: TURKEY AND GEORGIA

Several stakeholders involved in the project expressed a clear interest in international country experiences, in particular from the neighbouring country Turkey.

In Turkey, parameters of cooperation – such as legislation, actors and procedures relating to VET at national and sectoral levels – are in place. However, worker–employer partnerships do not produce satisfactory results when compared with social dialogue at EU level (European Parliament, 2008). The Turkish government has recently launched a large project, the Skills'10 Specialised VET Centres Project (UMEM Beceri'10)<sup>13</sup>, during which over TRY 240 million (Turkish lira) has been invested in buildings, equipment and services. The country's 380 chambers of commerce and industry should now be involved in offering exams for VET students across all provinces.

SSCs have been established in 20 business sectors. These sectoral entities gather for meetings at least twice a year. Meetings can also be convened on an ad-hoc basis on the application of at least one third of the members.

Georgia has a centralised administrative tradition that has made social partners reluctant to participate fully in policy dialogue. In the past, workers' and employers' associations felt marginalised from critical decision-making processes undertaken by the ministries of education and labour. Recently, however, several social dialogue platforms have been established. **FIGURE 3.1** describes the core tasks of SSCs in Georgia (see ETF, 2014c).

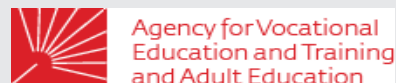


## 3.2 COUNTRY CASES: CROATIA AND ESTONIA

Another two countries (Croatia and Estonia) could offer positive inspiration for the establishment of policy learning strategies in Azerbaijan for two key reasons.

- They are former Soviet countries with well-developed VET policies inspired by European governance approaches. They have successfully integrated social partners into VET policy making in line with national industrial-relations contexts.
- They have applied institutional approaches (with strong participation from social partners) for the development and implementation of national policies for VET within a lifelong learning perspective. They have integrated sectoral approaches through coordination of SSCs. Institutions act as umbrella organisations for SSCs.

### BOX 3.1 AGENCY FOR VOCATIONAL EDUCATION AND TRAINING AND ADULT EDUCATION – CROATIA



The Croatian Agency for Vocational Education and Training and Adult Education is a public body instituted in June 2010 by the Act on Agency for Vocational Education and Training and Adult Education and founded on 1 July 2010. The Agency incorporates two former agencies that ceased to exist in June 2010, namely the Agency for Adult Education and the Agency for Vocational Education and Training. The agency's work is governed by this Act and by the Vocational Education and Training Act and Adult Education Act.

#### Vision

- An accessible, flexible and permeable system of vocational education and adult education, based on competences reflecting the needs of individuals and society, supporting the development of the Croatian economy and increased.

#### Mission

- Make education the strongest root of personal growth and success.

#### Strategic goals

- Develop qualifications based on competences and learning outcomes.
- Achieve continuous alignment of education with labour market needs.
- Build a VET system that enables lifelong learning and mobility.
- Define teachers' roles in a learning-outcomes-oriented system.
- Establish a quality assurance system.

#### Key tasks

- Enhance the system's quality, and guidance and assessment of the educational process, according to measurable learning outcomes and in line with individuals' and society's needs, economic development, higher employability and social inclusion.
- Reform and develop a modern VET system in Croatia based on the Vocational Education and Training System Development Strategy of the Republic of Croatia (2008–13) and the Vocational Education and Training Act.
- Develop new and modernise existing VET curricula based on VET qualifications, competences and learning outcomes that reflect the needs of the labour market and further education.
- Harmonise the VET system with labour market needs, supported by sector councils that encompass representatives of all partners and stakeholders in VET.
- Support the professional development and training of VET teachers, through organisation and implementation of professional exams, implementation of procedures for their promotion, and organisation and implementation of professional training.
- Organise student competitions at national level in around 80 different vocational disciplines. The agency is the official representative of Croatia in the World-Skills Europe organisation and sends national teams to Euro-Skills competitions.
- Contract and monitor projects and implement international projects that aim to develop the Croatian VET and adult education system.
- Provide opportunities and support for providers in their independent development and implementation of their projects.
- Promote bilateral and European international cooperation.

### 3.3 SUCCESS FACTORS AND CHALLENGES RELATED TO SECTOR SKILLS COUNCILS

Experts from the ILO, the ETF, the European Centre for the Development of Vocational Training (Cedefop) and the Organisation for Economic Cooperation and Development (OECD) have exemplified countries such as Canada, the United Kingdom, Finland and the Netherlands as having very sound council systems (Ecorys, 2010). These models may provide inspiration for enhancing the capacities of the SSCs in countries that have a less robust tradition of formalised skills development.

All four of the countries mentioned have strong cultures and traditions of established skills committees. For example, Canada has more than 20 years of experience of a sectoral council system. However, SSCs in the United Kingdom were set up only nine years ago. The UK Commission for Skills and Employment, a public-funded, industry-led organisation providing strategic leadership on skills and employment issues, constantly assesses the performance of 25 councils across the country<sup>14</sup>. The Sector Skills Development Agency provides the link between the SSCs and the government. What all these countries have in common is that they do not perceive VET and CVT to be the entire responsibility of the public administration. Social partners want to have a say in VET, because a well-trained workforce provides positive benefits for workers, companies and society as a whole.

In Finland, 34 National Educational Training Committees analyse and anticipate skills development trends. In these countries, sector councils are seen as an effective form of employer-led labour market intervention, because employers are best placed to know their own needs. The Netherlands has 17 centres of expertise on VET and the labour market focusing on IVET and 140 sectoral training funds focusing on CVET.

In India, the Ministry of Finance has set up the National Skills Development Corporation (NSDC), which functions as the umbrella organisation for the SSCs in 20 sectors. The NSDC is supported financially by the National Skills Development Fund, which is run by professional fund managers. In Argentina, nine sector councils seek consensus for implementing skills development action plans with the assistance of the Ministry of Labour, Employment and Social Security.

The factors listed in **BOX 3.2** can pave the way for the operational success of SSCs.

#### **BOX 3.2 A SET OF SUCCESS FACTORS FOR SECTOR SKILLS COUNCILS**

1. Employers are most likely to give attention to skills development when they perceive they are effectively involved and take ownership of developments. However, state-driven initiatives on sectoral approaches to skills development are not always able to attract employers' attention unless they ensure that employers play a key role in identifying skills gaps. Often, public policies have to provide incentives and marketing benefits to motivate and make effective private sector engagement.
2. As their name indicates, sector councils should focus on a sector rather than a specific occupation. Sector representatives are more willing to redefine occupational standards when they are dealing with a whole sector rather than with one or a few occupations.
3. There must be recognition of the need for skills development, such as a shortage of skills in a specific sector. Financial support should be maintained only as long as the SSC responds to the recognised changing training needs.
4. Success of the work of both the SSC's secretariat and the supervising committee depends on the existence of a sound work plan and strategy. The number of activities should be limited. Civil society matters that are not related to VET and skills development should not be on the agenda. The quicker and the more visible the council's outputs, the more likely it is to have a positive impact on the VET sector.
5. Successful SSCs ensure the participation of social partners, and representatives of VET institutes and the government. Industry-focused outputs and proactive leadership are only possible when the players who are close to the information and dynamics provided by the specific industrial sector are involved in the social dialogue body. Companies can support the SSC by providing updated training materials. Trade unions can contribute to human resources development strategies while keeping an eye on the maintenance of decent labour standards. However, sufficient time is required to allow the development of such strategic partnerships at sectoral level to be rolled out. In addition, it is important to distinguish between SSCs and sectoral social dialogue committees: SSCs should focus on their task of supporting skills development. These platforms should not be used for collective bargaining or negotiating general terms and conditions of employment, i.e. matters that concern contractual and labour relations aspects such as wages, health and safety at work, provisions of non-discrimination, annual leave, etc. In other words, SSCs should not be a substitute for conventional social dialogue negotiations, but should concentrate on those tasks that solve skills-matching problems of the sector concerned.

The factors for the success or failure of skills committees can be summarised as follows.

- Committee members should be committed to work hard for fruitful negotiations, which indicates that they must:
  - be carefully chosen;
  - have the ability to commit their constituency to action;
  - have knowledge of and interest in training policy and delivery;
  - have an independent secretariat and budget.
- Committee decisions must be accepted and be acted upon by governments.

The following are possible reasons for the failure of committees.

- Some committees have ambiguous mandates and few concrete powers.
- Some committees have no secretariat and no independent resources.
- In some countries, employers' organisations and labour unions are weak and/or do not have adequate resources.
- Some governments maintain tight control over education and training and are unwilling, or unable, to delegate control to training committees.
- Training committees that are too centralised may lose touch with the requirements of their 'clients', which suggests that local or decentralised committees can better manage training since they operate at a level closer to the skills training market.

# CONCLUSIONS AND KEY RECOMMENDATIONS

In previous projects conducted in Eastern Europe, the ETF identified five interlinked key challenges for the establishment of sustainable SSCs. It is worthwhile enumerating these challenges, as Azerbaijan's VET system is facing them all:

- legal policy framework (need for new legislation, together with continuity in case of a change of government);
- role, tasks and rules for the involvement of competent actors (professionalization);
- strategies for institutionalisation;
- funding for the work/activities of SSCs;
- provision of the right expertise.

## SEVEN CONCRETE MEASURES FOR MAKING SECTOR SKILLS COUNCILS IN AZERBAIJAN A REALITY

**Focus:** SSCs should focus on a sector rather than a few occupations; skills-matching problems should be solved with the lens on one individual sector.

**Pressure for change:** There must be a recognised need for skills development (e.g. shortage of skills in a sector) in order to persuade all tripartite stakeholders to participate.

**Financial support:** Funding should be based on the performance of SSCs.

**Success of the work:** This depends on the existence of a sound work plan and strategy. Furthermore, the quicker and more visible the outputs/outcomes, the more likely it is that there will be a positive impact on the VET sector.

**Clear mandate:** SSCs must have a clear mandate, preferably written down in a charter or other document. A controlling body should supervise, to ensure that the activities are in line with the agreed mandate and work plan.

**Prioritisation:** The number of activities should be limited in order to ensure implementation of actions.

**Terminology:** It is essential that there is a common understanding among labour and education actors on terms such as sector, qualifications, demand-driven approach, occupational and curricula standards, competence and skills.

The following list provides 10 general recommendations for advancing and strengthening VET-related social dialogue in Azerbaijan, bearing in mind the specific cultural and socioeconomic context of the country, with its diverse regions.

## IMAGE AND BENEFITS OF VET AND CVT

A country that intends to increase its productivity, trade and competitiveness through higher-value-added products and services needs a skill workforce. This is also the case for countries that plan to diversify their economies. As in many other countries, the reputation of the VET and CVT systems in Azerbaijan is rather low. In comparison to higher education, vocational training is often perceived as a last resort rather than a deliberate career choice that provides sound professional perspectives.

In order to change the patterns of priority-setting and decision-making behaviour of key stakeholders, more information and capacity-building events are needed to enhance awareness of the benefits of a functioning social dialogue.

## **AWARENESS RAISING AND IMPLEMENTATION**

There is a need to foster social acceptance of VET through awareness-raising events and the establishment of a network of VET practitioners who will participate in the SSCs. Ideally, a 'rebranding' campaign for VET entities and services should be undertaken at national and sectoral level in order to align the quality and quality of CVT and IVET with the requirements of the labour market and the competitive economy of a resource-rich, buoyant country. Creating and strengthening a highly qualified workforce in Azerbaijan requires that there is awareness of the need for a clear understanding of the roles, tasks, capacities and resources of the tripartite stakeholders, as well as the need for sustained investments in VET programmes and the social partnership platforms necessary for coordinating such initiatives. Without a functioning social dialogue, including at sector level, it will not be possible to establish a permanent mechanism for education–business cooperation for skills development.

The case of Georgia provides an example of newly established VET-related platforms that promoted the participation of VET students in the World Skills Forum in Leipzig, Germany, in 2013. Some of the Georgian students returned home with awards and medals. Such competitions, supported by the Ministry of Education, can raise awareness of meaningful and rewarding vocational training pathways, which may trigger publicity effects that are not so different from those of the European Games in Azerbaijan that are planned for 2015.

## **TRIPARTITE STRUCTURE OF SSCS**

It seems appropriate to balance and extend the number of social partner and VET organisations involved, in order to ensure that there is full coverage of all training and industrial sectors. In line with the definition of 'tripartite social dialogue' suggested by the EU and the ILO, government, employers and workers should be equally represented, and should be independent partners in seeking solutions for improved, more responsive VET delivery. All representative social partner organisations should be fully involved in SSCs, because if they are excluded from the process, complaints may arise in terms of both quantitative (shortage of skills) and qualitative (inappropriateness) aspects of training.

In particular, employers' and workers' organisations in the districts represent the appropriate level to advance the quality of CVT. A multi-level governance structure is appropriate to take into account the diverse needs of VET and labour market stakeholders at regional and district level. The Government of Azerbaijan should encourage social partners such as the Azerbaijani Trade Unions Confederation, ASK and VET providers such as Azersun to take a leadership role in the endeavour to strengthen SSCs for enhanced VET services across the country.

## **REGIONAL SKILLS DEMANDS AND DECENTRALISATION**

Economic developments require rapid adaptation to changes in the particular circumstances. It seems to follow that decision on responses must be left to the people who are familiar with these circumstances. In order to be responsive to sectoral and regional demands for qualified workers, decisions should be taken as close as possible to the point of delivery. The stakeholder meetings of the project revealed a need to legislate on the institutional framework for the decentralisation of VET reforms. Both SSCs and regional executive committees in the 67 districts (rayon's) should be empowered to conduct, among other activities, regular skills development events analysing current and forthcoming training needs, and together with tripartite stakeholders, to respond with appropriate training programmes.

National VET decision makers should cooperate with the national employment service, which can deliver relevant data for demand-driven VET services. It is of crucial importance that future VET reforms are based on evidence about region-specific socioeconomic developments. The launch of additional regional labour market studies, as recently commissioned by the Minister of Education, should help to inform decisions about future VET reforms (ETF, 2014a, p. 8).

## **PRIVATE SECTOR ENGAGEMENT**

The manufacturing, agro-food and tourism employers who were questioned confirmed on the one hand their need for well-qualified staff: they have numerous vacancies that they are unable to fill with adequately skilled workers. On the other hand, training systems and strategies are often not fully developed, and it remains unclear how tailored, modular training schemes could bring benefits that outweigh the investments. As a consequence, firms must be able to benefit from concrete incentives that make vocational training and apprenticeship programmes more attractive than hiring qualified staff.

At the project workshop (Sectoral Partnerships for Relevant Skill Development Policies in the Labour Market: Working Together to Use Occupational Standards) on 27 June 2014 in Baku, both ASK and Azersun acknowledged that they would be willing to take over a leadership role in the implementation of SSCs. Both organisations will be present at the forthcoming ETF conference in Kiev, where progress will be discussed and the next policy milestones identified.

## **TRUST-BASED COOPERATION AT SECTORAL AND NATIONAL LEVELS**

Numerous companies choose to provide internal training programmes. However, there is a need for cross-sectoral collaborations and skills development structures that will enhance the cross-sectoral mobility of workers, and, in turn, their economic productivity. Improved communication and cooperation channels between different players within and outside the education system would be appropriate policy tools for creating expectations for improved performance.

## **COLLABORATION AND CROSS-INSTITUTIONAL OWNERSHIP**

Institutional leadership is needed on the part of both the Ministry of Education and the Ministry of Labour and Social Protection in the adoption and implementation of a strategy for sectoral social dialogue in the VET area. There is currently a need for the roles between educational and labour market players within the sectoral social dialogue platforms to be clarified and preferably laid down in an official document that has legal standing. A system of rotation for the presidency of SSCs should be put into place in order to alternate the organisation and management of social partnership platforms in the business sectors.

ASK is committed to either being involved in or leading the facilitation and coordination process for establishing a system of SSCs. However, ASK has requested support to further develop capacities for institutional development of Azerbaijan's sectoral VET-related associations, this being a key issue in terms of moving forward. Unlike the trade union organisations, the employers' umbrella organisation does not benefit from a system of collection of membership fees regulated by labour law.

## **INTERNATIONAL COOPERATION AND PEER LEARNING**

There is general agreement that transferring elements of the dual education system of German-speaking countries in Europe is challenging, because – unlike Azerbaijan – countries such as Germany, Austria and Switzerland can draw on hundreds of years of tradition of autonomous crafts, chambers and guilds with VET-related responsibilities. Instead, peer-learning actions should take inspiration from countries with special skills working groups (e.g. Hungary, Bulgaria), or sectoral committees. The stakeholders from Azerbaijan who were interviewed expressed a definite interest in policy learning with VET experts and policy makers from Turkey, for instance (see Chapter 3). Croatia and Estonia are also appropriate examples from which Azerbaijan can learn. Generally, more research and capacity building needs to be undertaken in order to identify which success factors and international VET practices can provide inspiration for Azerbaijan's socioeconomic context.

## **LONG-TERM STRATEGY AND RESILIENCE**

The road to success in achieving well-functioning social dialogue at sector and national level is a long one. Change processes in other socioeconomic VET contexts show that usually only moderate results can be achieved over time. Setting up an effective system of SSCs takes time. The issues at stake in consolidating this process include the existence of a sound legislative framework; SSCs' status and formalisation; the effective identification of roles, tasks and rules; and funding and expertise provision. Hence, it is crucial to target capacity building for the right sectoral and industrial actors.

Even modest progress may require sound long-term objectives and a new perception on the part of the actors in the social dialogue arena. Strategic choices often involve big changes over long periods of time (usually three- to five-year time frames). Indeed, there is a need to take a resilient policy approach in designing and implementing sector skills bodies for VET and skills development.

In conclusion, vocational training policies could be embedded in social dialogue and should increasingly be perceived as an investment in the economic development of the country, rather than purely as a form of social welfare policy. In economic terms, sectoral vocational training is good business for enhanced value-added chains. Such training can be done only by operational VET bodies on the ground – close to the shop floor – as part of a national VET governance structure.

## NEXT STEPS AND OTHER MILESTONES

One forthcoming milestone will be reached when seven representatives from the Azerbaijani government, the social partners and the human resources sector participate in the ETF's Continuing Vocational Training in Eastern Europe: Mobilising the Demand, Enhancing the Supply conference, to be run on 21–23 October 2014 in Kiev, Ukraine<sup>15</sup>.

Further capacity-building events such as training, international study visits and working group meetings that facilitate the exchange of experience should be held for enterprise tutors or trainers, vocational teachers, curriculum developers, human resources practitioners, and employer and trade union representatives. Additional learning sessions might be needed in order to increase the number of relevant sectoral actors and to expand the current social partnership network, which is still rather small.

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<sup>15</sup> For the names see J. Manuel Galvin Arribas' mission report 'Sectoral partnerships for relevant skills development policies in the labour market', 2 July 2014.



# ANNEXES

## ANNEX 1. POLICY SUGGESTIONS FROM THE INSTITUTE OF EDUCATIONAL PROBLEMS

The Institute of Educational Problems, which provides policy advice to the Ministry of Education, has formulated the following policy suggestions to further strengthen VET services at sectoral and national levels in line with the scope of this project.

1. At national level: Establishment of an Occupational Standards Agency with 10–15 full-time workers under one of the existing bodies (Scientific Research and Training Centre on Labour and Social Problems, etc.), using internal staff resources of the Ministry of Labour and Social Protection.
2. At sectoral level: Establishment of sector councils or skills working groups consisting of stakeholder representatives (employers, trade unions, vocational training entities, etc.) for various occupational areas (i.e. agriculture/agro-food, construction, manufacturing, tourism/services and other economic sectors) under this agency.
3. Ensure the realisation of occupational standards development projects by sector councils under the management of the Occupational Standards Agency using funds allocated by the government and NGOs (donor organisations, etc.).

## ANNEX 2. STATEMENTS AND SUGGESTIONS BY THE FOUR WORKING GROUPS OF THE PROJECT WORKSHOP

### EDUCATION WORKING GROUP

- Nature of SSC: tripartite agency<sup>16</sup> public status
- Name of SSCs: sectoral working groups<sup>17</sup>
- Core tasks of the SSC: exploring/forecasting demand for occupations, preparing 'occupational passports', sector-specific skills analysis according to labour market needs
- Basis of establishment: legislative framework, provided by the government and funded by different sources (state budget, NGOs, donor organisations)
- Policy learning, from developed countries, the Baltic countries, post-Soviet countries in the region

### TOURISM WORKING GROUP

- Name of SSCs: sectoral working groups
- Core tasks of the SSC: sector-specific skills analysis according to labour market needs, establishing multi-stakeholder cooperation, supported by a 'technical secretariat'
- Basis of establishment: legislative framework, to be set by the state; legal status should be public; companies should involve human resources managers for knowledge-sharing; launch of a 'pilot working group'

### AGRO-FOOD WORKING GROUP

- Core tasks of the SSC: skills-needs assessment, delivery of occupational standards, possibly training provider platform and management of study visits
- Basis of establishment: SSC should have public status, tripartite composition with ad-hoc involvement of sectoral experts; Azersun Holding and other large private sector players can play a leading role

### Manufacturing working group

- Core tasks of the SSC: sector-responsive skills-needs assessment, identification of occupational standards, facilitation of cooperation among vocational schools and companies
- Basis of establishment: composed of members nominated by the government, boosting entrepreneurial learning by setting up a system of global partnership

<sup>16</sup> See definition of tripartism in the glossary.

<sup>17</sup> See the statement of the Institute of Educational Problems in Annex 1.

## ANNEX 3. LIST OF INTERVIEWS AND PARTICIPANTS IN THE PROJECT WORKSHOP

Name/title	Institution/company
Ismaylov Seymur, Adviser to the Minister	Ministry of Education
Mammadov Namiq, Senior VET Adviser	Ministry of Education
Nigar Guliyeba	Ministry of Education
Rena Abdullayeva	Department of Employment Policy and Labour Market Regulation, Ministry of Labour and Social Protection
Fuad Mehdizade	State Employment Service, Ministry of Labour and Social Protection
Ilkin Nazarov, Project Manager	DIOS project
Amin Charkazov, Expert	DIOS project
Adil Gurbanov	ASK
Arif Qarayev, Senior Adviser of Ministerial Administration	Ministry of Agriculture
Agakerimov Muzaffar, Adviser to the Chairman	Azerbaijan Tourism Association
Huseynov Umud	Azerbaijan Trade Unions Confederation, Independent Trade Union of Constructional Complex Workers of Azerbaijan
Ibrahim Mahiz	Trade Union of Construction Workers
Gulu Novruzov, President	Institute of Educational Problems, Ministry of Education
Rasul Asgarov, Director	Centre of Initial Vocational Education Development, Institute of Educational Problems, Ministry of Education
Jalal Eynullayev, President	Intersun Academy, Azersun Holding in the food-processing sector
Rafael Abdullayev, Director of Human Resources	Intersun Academy, Azersun Holding in the food-processing sector
Selzan Mammadov	Intersun Academy, Azersun Holding
Asadov Ilgar, Business Development Director	National Productivity and Competitiveness Centre
Franca Crestani, Country Manager	European Training Foundation
J. Manuel Galvin Arribas, Governance and Lifelong Learning Expert	European Training Foundation
Roger Hessel, International Expert	

# ABBREVIATIONS AND ACRONYMS

<b>ASK</b>	National Confederation of Entrepreneurs' Organisations of Azerbaijan
<b>AZTA</b>	Azerbaijan Tourism Association
<b>BDI</b>	Bundesvereinigung der Deutschen Industrie (Federation of German Industries)
<b>CVET</b>	continuing vocational education and training
<b>CVT</b>	continuing vocational training
<b>DIOS</b>	Development of Improved Occupational Standards according to ISCO 88/08, and Relevant Training Standards
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>ILO</b>	International Labour Organisation
<b>IVET</b>	initial vocational education and training
<b>NGO</b>	non-governmental organisation
<b>NSDC</b>	National Skills Development Corporation
<b>NVETC</b>	National VET Committee
<b>SME</b>	small and medium-sized enterprise
<b>SSC</b>	sector skills council
<b>TVET</b>	technical and vocational education and training
<b>VET</b>	vocational education and training

# GLOSSARY OF KEY TERMS RELATING TO SOCIAL DIALOGUE

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<b>Bipartism</b>	Bipartite social dialogue is when two parties – one or more employer and/or one or more employers’ organisation, and one or more workers’ organisation – exchange information, consult each other or negotiate together, without government intervention. This could, for instance, pertain to wages, working conditions or health and safety at work, but it could also address broader policy issues. While the government is not a partner in the bipartite process, it may provide assistance to the social partners in their bipartite negotiations.
<b>European social dialogue</b>	The European Commission sees social dialogue as encompassing both the bipartite and the tripartite processes between the European social partners themselves and between the two sides of industry and the Commission. These processes are rooted in Articles 154 and 155 of the Treaty on the Functioning of the European Union (TFEU) and may lead to legally or contractually binding agreements. At European level, social dialogue takes two main forms: a bipartite dialogue between the European employers and trade union organisations, and a tripartite dialogue involving interaction between the social partners and the public authorities. Article 152 of the Treaty highlights the EU’s commitment to promoting the role of the European social partners and to supporting an institutionalised social dialogue at the European level, the European Social Dialogue. The European social partners use a narrow definition, since they reserve the notion of social dialogue for their bipartite, autonomous work. Whenever European public authorities are involved, the social partners prefer to speak of tripartite concertation.
<b>Social dialogue</b>	Social dialogue describes the processes that occur between social partners at various levels of industrial relations. Social dialogue as defined by the ILO includes all types of negotiation, consultation or exchange of information between, or among, representatives of governments, employers and workers, on issues relating to economic and social policy, including child labour, and to terms and conditions of work and employment. How social dialogue actually works varies from country to country and from region to region. It can exist as a tripartite process, with the government as an official party to the dialogue, or it may consist of bipartite relations between labour and management, with or without indirect government involvement. It can be informal or institutionalised. It can take place at national, regional or enterprise level; it can be inter-professional, sectoral or a combination of these.
<b>Social partners</b>	Social partners are organisations representing the interests of workers and employers, i.e. employers’ associations and trade unions or their representative organisations. This definition is used both by EU institutions and the ILO (European Commission, 2012b, p. 106; ETF, 2012a, p. 7). According to the <i>European industrial relations dictionary</i> developed by Eurofound, ‘social partners’ is a term generally used in Europe to refer to representatives of ‘management and labour’ (employers’ organisations and trade unions) <sup>18</sup> . Freedom of association, independence and representativeness are important attributes of a social partner organisation. The main characteristic of social partners is that they can negotiate and make binding agreements on behalf of their members. At European level, the main cross-industry organisations representing social partners are the European Trade Union Confederation (ETUC), the Union of Industrial and Employers’ Confederations of Europe (BusinessEurope), the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) and the European Centre of Employers and Enterprises providing Public Services (CEEP). At international level, the majority of national social partner organisations are affiliated to the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC).
<b>Social partnership</b>	The term ‘social partnership’ is used for the specific dialogue between employers’ and workers’ organisations, i.e. collaborations that bring together both sides of industry. It can take place at national, regional or sectoral level.
<b>Subsidiarity</b>	The principle of subsidiarity regulates the exercise of powers in the EU. It is intended to determine whether, in an area where there is joint competence, the EU can take action, or whether it should leave the matter to the Member States. The subsidiarity principle is based on the idea that decisions must be taken as closely as possible to the citizen: the EU should not undertake action (except on matters for which it alone is responsible) unless EU action is more effective than action taken at national, regional or local level. For further information see the ETF paper <i>Good multilevel governance for vocational education and training</i> , Glossary of key terminology on governance, p. 45 (ETF, 2013e).

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<b>Tripartism</b>	<p>Tripartism is one of the main forms of social dialogue. It is a foundational principle and fundamental value of the ILO and the EU Social Dialogue. Tripartism is 'the interaction of government, employers and workers (through their representatives) as equal and independent partners to seek solutions to issues of common concern' (ILO Thesaurus). Tripartism fully involves the government as one of the three partners in the consultations/ negotiations. Tripartism in this sense should therefore not be confused with another form of dialogue between three partners, often referred to as 'civil dialogue'. Civil dialogue involves representatives of workers' and employers' organisations along with a selection of civic and social interest groups (i.e. not with the government). In contrast, tripartism refers to the involvement of employers' and workers' organisations, alongside the government, on an equal footing, in decision making. This does not mean that employers' and workers' organisations and the government should systematically have equal numbers of representatives, but it does require that the views of each side be given equal consideration.</p>
<b>Tripartism 'plus'</b>	<p>The three traditional core actors of national tripartite social dialogue (tripartism) are the social partners and the government, since social dialogue has its origins in issues relating to the world of work. Employers' and workers' organisations are distinct from other civil society groups in that they represent the actors of the 'real economy' and draw their legitimacy from their membership. However, the term 'tripartism "plus"' is gaining popularity in situations where the traditional tripartite partners choose to open up the dialogue and engage with other civil society groups, in order to gain a wider perspective and consensus on issues beyond the world of work (such as the protection of the environment or the needs of specific or vulnerable groups). The term 'multilevel governance' or 'partnership' can be used when NGOs, municipalities or other actors are involved in an employment-related dialogue. To sum up, there is evidence that the purpose of involvement with other advocacy groups is to strengthen tripartism, not to weaken or dilute it.</p>

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