

KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT – AZERBAIJAN 2023

This paper was prepared by Margareta Nikolovska, ETF Senior Human Capital Development Expert - Country Liaison for Azerbaijan, December 2023.

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EXECUTIVE SUMMARY

Azerbaijan's institutions persistently pursue diverse programmes to enhance human capital within the country, aligning with national commitments. Numerous legislative procedures have been formulated, and new public institutions are being established. Although the effective implementation of these initiatives poses a challenge, addressing their demands will need focused attention and strategic planning over the years ahead. Nevertheless, the dedication to fostering positive change remains a top priority of the institutions in the country.

In June 2022, the 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026' was adopted, which includes relevant priorities and key performance indicators (KPIs) for the different sectors¹. The strategy has established five national priorities, targeted at achieving a long-term evolution towards the social-economic and environmental development of the country over the next decade, including the areas of modern innovation and competitive human capital, a clean environment and a country of 'green growth'.

In July 2022, a Presidential Decree was signed renaming the Ministry of Education as the Ministry of Science and Education (MoSE). The Decree also paves the way forward for establishing the State Agency for Science and Higher Education and the State Agency for Pre-school and General Education under the MoSE. Investments in infrastructure in the sector continue, and in September 2023, the Ministry of Science and Education inaugurated the Jalilabad State Vocational Education Centre.

USD 2.6 billion was allocated from the state budget for education in 2023, which is USD 315.5 million or 13.8 % more than the allocations for 2022. The education allocations comprise 13.3 % of the 2023 state budget. They will be equal to 4.2 % of GDP based on projections.

A major challenge in Azerbaijan remains the low transition of unemployed individuals, especially those with a medium education level, into employment. This reflects structural imbalances in the labour market. Specific measures are needed to enhance the relevance of upper secondary education, boost job creation, and implement adult learning initiatives for those vulnerable to joblessness due to sectoral changes.

The Ministry of Labour and Social Protection of Population (MLSP) and the Azerbaijan Public Employment Agency (APEA) are central to setting labour market policies. In particular, APEA provides career guidance to unemployed persons, jobseekers and young people. There are 22 APEA offices and five Agency for Sustainable and Operational Social Security (DOST) offices covering all regions of the country. In October 2022, a new concept was developed within the cooperation framework between DOST and APEA: the focus is mainly on the unemployed and includes individual portfolio drafting and follow-up. In addition, within the same framework, career counsellors in DOST centres will provide several employment services.

In 2022, the Youth Business Workshop was launched as a joint project and partnership between APEA, the Small and Medium Business Development Agency and the State Agency for Vocational Education. In 2023, implementation of the 'Employment Support in Azerbaijan'² programme continued, led by APEA under the MLSP. The goals are to enhance self-employment opportunities for individuals within various marginalised groups, including people with disabilities, unemployed individuals, family members of martyrs, internally displaced persons, recipients of state social assistance, women, young people and other vulnerable populations.

¹ Key performance indicators for the education sector are available on the website of the Ministry of Science and Education, as part of new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026'.

² <https://dma.gov.az/projects/social-projects/employment-support-in-azerbaijan-project>, accessed 10 October 2023.

1. KEY POLITICAL, DEMOGRAPHIC, ECONOMIC AND SOCIAL CHARACTERISTICS

Political developments

The military confrontation between Armenia and Azerbaijan over Nagorno-Karabakh formally ended in September 2023. The Azerbaijani administration put in place resources to ensure registration in compliance with the residence laws of Azerbaijan. The majority of the Karabakh Armenian population left the region. A total of 100 632 displaced persons have entered Armenia from Nagorno-Karabakh; 99.3 % of them have already been registered in Armenia³. Two UN missions took place – one in September and the second in October – to estimate the residents' humanitarian needs.

The Azerbaijani administration continues to implement different infrastructure projects to reconstruct Nagorno-Karabakh. Extensive restoration is ongoing, in line with the 'First State Programme on the Great Return to the liberated territories of Azerbaijan'⁴, outlining the preparation of 280 000 hectares of land in the Karabakh and East Zangazur regions for resettlement by 2026.

In the last few years, the EU has been actively engaged in promoting peace talks between the two sides through the direct involvement of the President of the European Council, the continued efforts of the High Representative/Vice President, and the engagement and support provided by the EU Special Representative for the South Caucasus and the crisis in Georgia (Council of the European Union, 2022b).

In the second half of 2021, negotiations on the new draft comprehensive EU-Azerbaijan agreement resumed. The negotiating teams' exchanges at a technical level are ongoing based on the respective negotiating positions (Council of the European Union, 2022b). In July 2022, the EU and Azerbaijan signed a memorandum of understanding on a strategic partnership in the energy field to enhance bilateral relations⁵.

Demographics

At the beginning of 2023, the population of Azerbaijan was about 10 million. The population in the capital, Baku, reached 2.3 million. About 5.5 million people live in urban areas, while about 4.6 million live in rural areas. Between 2000 and 2022, the urban population increased by approximately 23 % and the rural population by 17 %, indicating accelerated urbanisation processes (State Statistical Committee, 2023).

The Republic of Azerbaijan includes the Nakhichevan Autonomous Republic (NAR)⁶, 10 economic regions (*iqtisadi Rayonla*), 63 regions (*rayonlar*) (sometimes referred to as districts), 79 towns, 262 settlements (*qəsəbələr*) (small villages) and 4 246 rural settlements (*kənd yaşayış məntəqələri*).⁷

The country has a young population. The relative size of the 15-24 age group was 19.2 % in 2022⁸. The high proportion of young people in the population's overall structure is reflected in the increase in the share of young people in the working-age population. However, this trend has started to change; since 2010, it has been declining. Young people up to 29 comprise 2.3 million or 22.1 % of the

³ Data from 4 October 2023 available with local news media outlets. [The EU's response to the Nagorno-Karabakh crisis | UCP Knowledge Network: Applied knowledge for action \(europa.eu\)](#).

⁴ President Decree signed in November 2022, <https://ereforms.gov.az/en/media/xeberler/boyuk-qayidis-dovlet-proqrami-499>.

⁵ European Commission press release, [EU and Azerbaijan enhance bilateral relations \(europa.eu\)](#), 18 July 2022.

⁶ [Nakhchivan Autonomous Republic \(preslib.az\)](#); [Naxcivan | History & Geography | Britannica](#), accessed 29 November 2022.

⁷ State Statistical Committee of Azerbaijan, [Population | The State Statistical Committee of the Republic of Azerbaijan](#), accessed 11 October 2023.

⁸ For more information on trends see [Statistical Annex AZERBAIJAN](#).

population; 50.5 % live in urban areas, while 49.5 % live in rural areas (State Statistical Committee, 2022b).

Azerbaijan hosts many internally displaced persons (IDPs) due to the conflict with Armenia over the Nagorno-Karabakh territory, which lasted over 30 years. According to the Internal Displacement Monitoring Centre⁹ (IDMC), at the end of 2021, there were 654 839 IDPs¹⁰. The number of new displacements due to conflict and violence is reported to have been 84 000¹¹ in 2020 (iDMC, 2021). In 2022, net migration was 1.8 %, accounting for 29 000 arrivals of foreigners requesting permanent residence, while about 11 000 permanently left the country (State Statistical Committee, 2023).

Key economic developments

Although the economy in 2022 recovered rapidly from the pandemic, the inflation and the war in Ukraine created challenges. Azerbaijan's persistent dependence on hydrocarbons as a significant contributor to its export and fiscal revenues stands out as its main vulnerability. This reliance poses a substantial challenge to its long-term growth potential, primarily due to diminishing oil production, the inherent volatility of oil prices, and the global shift away from fossil fuels. Facilitating private sector development encounters various challenges, including the prevailing state presence in the economy, limited business opportunities for private companies, underdeveloped financial markets and a somewhat human capital foundation. Addressing these challenges presents an opportunity to enhance the environment for private sector growth, fostering a more robust and dynamic economic landscape.

Economic growth decelerated sharply to 0.5 % in the first half of 2023, primarily influenced by diminishing oil production and subdued activity in the non-energy sector. Growth is forecast to reach 1.5 % for the entire year 2023. Government-guaranteed debt decreased to 41.8 % of GDP in 2021 from 54 % of GDP in 2020 (IMF, 2022). In 2022, the inflation rate peaked at 13.9 %. In 2023, it started to slow down, although it persisted in double digits as of June 2023 and is anticipated to keep decreasing. The Central Bank of Azerbaijan has forecasted an annual inflation of about 6 % in 2023. The current account surplus is expected to shrink in 2023 due to decreased exports and reduced money transfers.

Between January and June 2023, there was a notable increase in public funding for the development of the country's economic and social sectors, amounting to AZN 7 148 300. This figure represents a significant 10.4 % rise compared to the corresponding period in the previous year. Notably, investments in the oil and gas sector witnessed a remarkable growth of 21.4 %¹². In January-June 2023, the nominal income of the country's population increased by 14.7 % to AZN 37.9 billion compared to the same period of the previous year. The estimated real growth is about 0.8 %. The average nominal monthly salary in 2022 was AZN 839.4, while the prices of consumer goods and tariff indices for services were 113.9 % compared to the previous year (State Statistical Committee, 2023a).

The country has an ambitious agenda to diversify its economy, giving a more significant role to non-oil sectors. In June 2022, the new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026' was adopted, which includes relevant key performance indicators for different sectors. In addition, in September 2022, a bill 'on the development of micro, small and medium-sized enterprises' was submitted for discussion at the Parliamentary Committee on Economic Policy, Industry and Entrepreneurship meeting. According to the bill, the main objective of state policy is to create favourable conditions, increase competitiveness, stimulate investment and innovation activity, and ensure the sustainable development of micro, small and medium-sized enterprises.

⁹ [About us | IDMC \(internal-displacement.org\)](#).

¹⁰ Azerbaijan Displacement Data [Azerbaijan | IDMC \(internal-displacement.org\)](#).

¹¹ This figure refers to the number of movements, and not people, as individuals can be displaced several times, and the data that the iDMC collects does not always reflect this.

¹² For more information see Main Economic Figures for 2023, available at the Ministry of Economy of the Republic of Azerbaijan economy.gov.az/en/page/igtisadiyyat/esas-igtisadi-gostericiler/2023-1/makroiqtisadi-inkisaf-gostericileri-2023-cu-il, accessed 12 October 2023.

Azerbaijan's key objective and 2030 strategic vision is to ensure sustainable and green growth, including transforming its oil sector. In 2023, the 'Working Group on Economic Growth' was established and operationalised to design policy measures aligned with the objectives of a sustainable, growing, competitive economy consistent with the country's socio-economic development strategy for 2022-2026.

Key social issues

Since the early 2000s, Azerbaijan has remarkably reduced poverty and increased shared prosperity. Extreme poverty is non-existent, while the poverty rate in 2021 was 5.9 % (UNICEF Azerbaijan, 2023, p. 8). High economic growth, rising employment and high real wage increases all contributed to this decline in poverty and the expansion of the middle class. However, the COVID-19 pandemic has impacted poverty reduction, and many households have experienced job losses and financial hardships, while vulnerable families have been pushed deeper into poverty. The pandemic has also seriously impacted human capital through disruptions to many essential services, including education¹³. Furthermore, the rise in the number of recipients of social benefits, coupled with a general increase in welfare initiatives and social activities, is shaping a new social landscape within the nation.

The Law on the Subsistence Minimum for 2022 sets the subsistence minimum at AZN 210 (AZN 196 in 2021, an increase of 7.1 %) – for the working population AZN 220 (AZN 207 in 2021, an increase of 6.3 %) and for pensioners AZN 176 (AZN 162 in 2021). The average monthly per capita social benefits on 1 January 2023 amounted to AZN 157.02, considering the several types of social benefits received by a person at the same time (State Statistical Committee, 2023a, p. 62). At the beginning of 2023, the total number of families receiving state social aid was 65 545, compared to 44 716 in 2022 (State Statistical Committee, 2023a, p. 67). Over the past five years, electronic systems for granting social benefits and scholarships have been launched and are now fully operational, significantly improving disbursement efficiency.

Social protection and welfare allocations were about 12.2 % of the state budget and constituted 3.9 % of GDP in 2022. Overall, the share of social protection and social welfare allocations in the state budget has increased by 3 % (USD 0.83 billion) in the last five years (2018-2022) (UNICEF Azerbaijan, 2023, p. 8).

¹³ [Education is key to sustained poverty reduction in Azerbaijan \(worldbank.org\)](https://www.worldbank.org/), accessed 2 December 2022.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Education strategy and legal framework for education

Important priorities were set for the education sector as part of the new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026'. The objective is to increase access to and the quality of pre-school education, increasing the share of one-to-five-year-olds enrolled in pre-school education to 50 %. In addition, the objective is to apply a competency-based curriculum in general education, with resources allocated to improve PISA performance. The aim is also to increase access to and the quality of vocational education, focusing on the requirements of the labour market, integration of employers into the vocational education system, etc.¹⁴.

The State Programme on Increasing the International Competitiveness of the Higher Education System 2019-2023 aims to develop state-of-the-art courses based on the latest educational technology and introduce dual diploma programmes. Although the programme focuses on higher education, vocational education will benefit from the supply of highly trained teachers and engineers¹⁵.

In December 2021, the new structure of the Ministry of Education was approved by a Presidential Decree, and 12 regional departments were established based on the *rayon* education departments. In July 2022, the Presidential Decree was signed, renaming the Ministry of Education in 'Ministry of Science and Education' (MoSE). The Decree also established the State Agency for Science and Higher Education and the State Agency for Pre-school and General Education under the MoSE. In 2023, the public authorities continued operationalising these two agencies. The Agency for Vocational Education under the MoSE, established in 2016, continues to work directly with the public VET providers in facilitating the implementation of national commitments in the sector. This governance structure is expected to bring further enhancements, incorporating decentralisation to expedite decision-making and streamline the implementation process within the sector.

In 2022, the Working Group on Human Capital was operationalised as part of the 'Commission for Business Environment and International Ratings'. The Ministry of Science and Education leads this working group.

Education expenditure

USD 2.6 billion was allocated from the state budget for education in 2023, which is USD 315.5 million or 13.8 % more than the allocations for 2022. The education allocation makes up 13.3 % of the 2023 state budget. It will equal 4.2 % of GDP based on projections (UNICEF Azerbaijan, 2023, p. 1). A trend of increasing education expenditure has been observed since 2019. Azerbaijan's public expenditure on education was 2.7 % of the GDP in 2019, up from 2.5 % in 2018 and rose to about 4 % in 2022. In addition, the constant trend of increased public expenditure can be observed as a percentage of total public expenditure: 8.7 % in 2010, 11.5 % in 2021 and 13.0 % in 2022. This trend confirms the Government's commitment to improving the country's human capital.

In 2023, the Ministry of Finance continued with the introduction of a mid-term expenditure framework tool to increase the effectiveness of state budget expenditure. The framework encompasses strategic action plans with targets and performance indicators for the sector strategies and the programmes to be implemented to achieve these goals for the education, agriculture and environmental protection

¹⁴ Key performance indicators for the education sector are available on the website of the Ministry of Science and Education, as part of the new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026', <https://edu.gov.az/az/announcements/18722-1>, accessed on 12 October 2023.

¹⁵ <http://www.twinning4he.edu.az/>

sectors. These initiatives are significant shift towards results-based budgeting, and the MoSE is already taking measures to move forward with long-term planning in the sector¹⁶.

Access, participation and early school leaving

The net enrolment rate in secondary education (ISCED level 2-3) stood at 87.3 % in 2021 (86.9 % in 2020). In addition, the share of VET students (ISCED 3) in 2021 was 37.9 %, down from 43.2 % in 2020 and 47.2 % in 2019. The total number of students in Azerbaijan has increased, reaching 2.1 million in the 2022/23 school year. Most (1.61 million) were enrolled in the general education system. At the beginning of 2023, 25 926 vocational education students studied in 99 public vocational institutions and 64 623 students in 59 specialised secondary education institutions¹⁷. Participation in secondary VET is among the lowest in the Eastern Partnership (EaP) region, with 12.4 % in 2020, compared with around 30% in Ukraine and 40% in Moldova and Belarus.

In 2022, 51 higher education institutions were operational in Azerbaijan, of which 40 were state institutions, and 11 were non-state institutions; they were attended by 222 809 students, 196 923 of whom were at state higher education institutions and 25 886 at non-state institutions. This is a significant increase of about 70 000 students since 2010. Still, in 2022, 131 institutions carried out research and development work; of these, 86 were scientific research organisations, and 39 were higher education institutions. In the same year, 589 PhD students graduated in Azerbaijan (State Statistical Committee, 2023b, p. 147).

In the last five years, enrolment in higher education started to improve. The gross enrolment rate in tertiary education was relatively low in the past (27.24 % in 2017)¹⁸, compared with the average of 33.4 % for higher middle-income countries.

Azerbaijan has moderate levels of educational attainment among its adult population. In 2022, most adults (aged 25-64) had a medium-level education (62.3 %), 25.1 % had completed higher education studies, and 12.6 % had a primary education level or lower.

Participation in education and training is a measure of lifelong learning and covers participation in formal and non-formal education and training. In 2021, this indicator stood at 7.4 % for the 25-64 age group¹⁹.

PISA results

Students' success in the later stages of education and throughout their lives is strongly influenced by their general basic education performance. The Organisation for Economic Co-operation and Development's 'Programme for International Student Assessment' (PISA), organised every three years since 2000, tests the proficiency level of 15-year-old schoolchildren in reading, mathematics and science. Azerbaijan participated in the PISA 2018 research, testing 6 872 schoolchildren from Baku. The PISA survey showed that Baku (Azerbaijan) students ranked below the OECD average in all the main subjects. Only 2 % of students scored Level 5 or higher in mathematics (OECD average: 11 %) (OECD, 2022).

In the post-Soviet region, Azerbaijan does better than Georgia and Kazakhstan, but only marginally. The average score in mathematics, science and reading was 402.3, ranking the country in 62nd place out of the 78 countries participating in PISA. Overall, the survey of the students showed the following underachievement rates: 60.4 % for reading, 50.7 % for mathematics and 57.8 % for science. However, the survey only covered Baku, and the results would likely have been even poorer if it had covered the rest of the country. The PISA results also highlighted a lack of creative thinking skills and weak school discipline (Gulyev, 2021).

¹⁶ [Strengthening Impact of Public Spending in Azerbaijan \(worldbank.org\)](https://www.worldbank.org/en/publications/strengthening-impact-of-public-spending-in-azerbaijan), accessed on 12 October 2023.

¹⁷ Secondary special education provides training of specialists in various specialties, aligned with the needs of the labour market.

¹⁸ <http://uis.unesco.org/country/AZ>

¹⁹ See Statistical Annex.

Azerbaijan also participated in PISA 2022²⁰. The PISA 2022 results for Azerbaijan were released on 5 December 2023 and are available at [Baku \(Azerbaijan\) | Factsheets | OECD PISA 2022 results](#).

Young people not in employment, education or training (NEET)

The share of young people not in education, employment or training ('the NEET rate') represents the number of young people aged 15 to 24 not in education, employment or training as a percentage of the total youth population. In Azerbaijan, the share of NEETs has fluctuated in recent years, peaking at 23.6 % in 2010, 19.5 % in 2020, and decreasing in 2021 to 18.2 %. In 2022, the NEET rate stood at 18.0 %, with a visible gender gap of 6.1 %²¹ (15.1 % were men, and 21.2 % were women). The indicator is in line with the youth unemployment rate in terms of levels and gender gap. However, since 2020 and the outbreak of the COVID-19 pandemic, young have faced additional challenges in their transition from school to work²². The Employment Strategy adopted in 2018 sets important targets for young people, with the objective that by 2030 the proportion of young NEETs should have fallen to 15%. The EU target for 2030 is to achieve a NEET rate below 9 %.

2.2 Initial VET and adult learning

Strategic and legal framework for initial VET and adult learning

Five key priorities were set for the VET sector as part of the new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026'. The objective is to: 1) expand the coverage of vocational education, including higher technical VET; 2) establish additional state-of-the-art new VET centres; 3) develop VET curricula in close cooperation with relevant sector industries; 4) develop short-term upskilling training programmes; and 5) gradually transition successful VET schools to per-capita funding²³.

These five priorities are in continuity with the objective set in the Strategic Roadmap for the Development of VET, adopted in 2016. In parallel with implementing the roadmap, new monitoring and evaluation mechanisms emerged. One of the key targets of the strategic roadmap was to increase participation in VET programmes by 50 % by 2020²⁴, which remains a challenge in 2022.

In April 2018, a Vocational Education Act was adopted. To implement the VET reforms envisaged in 2019 and 2020, the Government developed secondary legislation covering various aspects of VET, including the development of occupational standards, rules for admission to vocational education institutions, the assessment of students and the transition from multiple levels of study. Furthermore, the Vocational Education Act and the Strategic Roadmap for the Development of VET in the Republic of Azerbaijan prioritise providing a relevant legislative framework for adult education and further training courses in vocational education institutions.

The Republic of Azerbaijan Decree on a National Qualifications Framework for Lifelong Learning (AzQF) was adopted in July 2018. The AzQF supports Azerbaijan's convergence with the European Higher Education Area and is aligned with the European Qualifications Framework for lifelong learning. The AzQF includes qualifications for general education, initial vocational education and training, specialised secondary education (sub-bachelor education), higher education and further education/adult learning. Qualifications can be obtained through formal, non-formal and informal learning.

Starting in 2019, the government implemented policies allowing vocational training institutions to provide courses lasting less than six months to facilitate ongoing vocational education for the

²⁰ For information on the PISA 2022 results see Azerbaijan [Baku \(Azerbaijan\) | Factsheets | OECD PISA 2022 results](#)

²¹ See Statistical Annex.

²² In 2021, EU set the NEETs target at 9.

²³ Key Performance Indicators for the education sector are available on the website of the Ministry of Science and Education, as part of new new 'Socio-economic development strategy of the Republic of Azerbaijan for 2022-2026', <https://edu.gov.az/az/announcements/18722-1>, accessed on 31 October 2022.

²⁴ For more information on the strategic targets, see the Strategic Roadmap for VET (2016), p. 16, available at <https://monitoring.az/assets/upload/files/6381dda5389fb17755bbb732a9c7d708.pdf>

workforce. Nevertheless, the current landscape presents limited opportunities for adult learning, primarily due to the scarcity of suitable adult training facilities and programmes, especially in areas beyond urban centres.

Investments in the infrastructure in the sector continue, and in September 2023, the Ministry of Science and Education inaugurated the Jalilabad State Vocational Education Centre. Despite the ongoing investments and significant changes in the system, insufficient engagement of the VET institutions with companies and the private sector is one of the considerable obstacles to equipping students with the relevant skills required for both mid-level and higher-level job markets.

VET governance and financing arrangements

Initial VET (IVET) is the responsibility of the MoSE, the central executive body governing the country's education system, which participates in the development and implementation of state policy for education. IVET in Azerbaijan is a formal education system available to students after general education; this gives access to the world of industry and work. After year 9 of schooling, students can choose to either complete general secondary education or start vocational education. The duration of studies at vocational institutions is about three years, depending on the programme. IVET is part of the continuing education system and operates in two forms: vocational schools and vocational lyceums.

Since April 2016, with the establishment of the State Agency on Vocational Education (SAVE), the governance of VET in Azerbaijan has been evolving. In a relatively short period, SAVE positioned itself as the leading institution in the field, focusing on vocational education institutions under the MoSE responsibility. Although SAVE has the authority to manage the VET institutions under the MoSE, decision-making and policy implementation are coordinated with the MoSE or other related government institutions. Thus, for example, the financing or construction of new VET institutions, approval of VET curricula, and monitoring and quality assurance of private or public VET institutions are not implemented by SAVE. This is affecting the development of adult education in Azerbaijan, which is not institutionalised to support citizens' lifelong learning effectively.

The two recently established bodies that are essential in further implementing the AzQF are the Lifelong Learning Unit at the Institute of Education and the Education Quality Assurance Agency. The Education Institute develops educational standards and curricula and handles assessment issues, while the Lifelong Learning Unit is the focal point for the AzQF.

One of the strategic targets identified in the VET strategic roadmap is to build a robust, outcome-based financing system. The objective is to incorporate a performance-based reward mechanism for vocational education institutions and teaching staff to ensure the efficient use of funds and improve the quality of VET provision. A Fund for the Development of VET was established in August 2020. Its mandate includes providing financial assistance for the development of vocational education.

Since the establishment of SAVE, the business sector has been recognised as a critical partner in developing VET. There is a solid commitment to engaging representatives from the world of work at various levels. This collaboration is fostered nationally by involving social partners in consultations and strategic decision-making. At the sectoral level, it manifests through the identification of emerging training needs, as well as the formulation of occupational standards and qualifications. Additionally, at the local level, employers actively provide opportunities for work-based learning to students and teachers, contributing to the assessment of graduates and serving on the boards of VET providers.

The Council on State Support to NGOs under the Auspices of the President of the Republic of Azerbaijan was established in 2007. In 2020, the Council was transformed into the Agency for Support to NGOs. Furthermore, the Agency included VET and skills on its list of topics for future grant allocations, allowing local NGOs to apply for and implement VET-related projects.

Qualifications, validation and recognition

New presidential decrees issued in November 2021 on changes to the Law on Education and the Law on Vocational Education provide for implementing a credit transfer system in higher vocational

education and recognise accumulated credit points in higher education. Implementing a credit system in higher vocational education requires implementing a credit system at all levels of vocational education. Rules on organising the credit system education at bachelor's and master's levels of higher education were approved and have been implemented since 2013. Introducing a credit system and aligning the education content of syllabi with the system is a significant challenge.

Informal and non-formal learning was introduced as a concept in Azerbaijan in the Law on Education adopted in 2009. The latest additions to the Law (Article 17(4) in 2018 and 2020) raised the possibility of validating non-formal and informal learning (VNFIL) through examinations. In August 2020, the Cabinet of Ministers approved the 'Rules on carrying out examinations and issuing the document confirming the professional qualification of citizens for the assessment and recognition of the knowledge, skills, competence and experience acquired by citizens through non-formal and informal forms of vocational education'.

VNFIL is a new process in Azerbaijan. The Education Quality Assurance Agency (TKTA) plans to raise awareness about the procedure and its benefits for persons without qualifications, especially those in the informal economy. VNFIL mainly covers Baku, and examinations are held in the capital. However, the TKTA plans to introduce the procedures in the regions gradually.

As part of its ongoing work on introducing new and modernised qualifications, in September 2023, the State Agency for Vocational Education signed a Memorandum of Understanding with Aurora Ltd to improve students' knowledge and skills, enhance training quality, and implement dual training programmes. A curriculum for 'Grinding Production Operator' has been developed to align with industry needs, and teaching of this vocational course commenced in the 2022/23 academic year.

Quality and quality assurance

External quality assurance in Azerbaijan is regulated by the Law on Education, the Rules for the accreditation of educational institutions approved by the Decree of the Cabinet of Ministers of 14 December 2020 and other normative documents. The Rules mandate the Education Quality Assurance Agency (TKTA) under the MoSE to implement and coordinate the state policy in the institutional and programme accreditation of all educational institutions. They also oblige education institutions to establish an internal quality assurance (QA) mechanism.

TKTA is responsible for the accreditation of all educational institutions and for organising advisory and methodological support services for establishing and developing internal quality assurance systems in educational institutions. Furthermore, it is responsible for evaluating the activities of internal quality assurance systems of education institutions and providing recommendations for their improvement. In 2022, TKTA continued to work on improving the standards for the accreditation of the institutions and programme accreditation.

SAVE and its Department for Vocational Educational Institution Management, Quality Assurance and Monitoring are responsible for the overall governance of quality assurance in VET. Vocational education institutions organise their internal quality assurance in line with state educational standards. The regulation on the monitoring of vocational education institutions of March 2018 provides for tracking VET institutions in the domains of curricula, personnel, educational infrastructure and teaching processes. SAVE implements this monitoring.

The State Examination Centre conducts final assessments (attestation) of students studying at general educational institutions. In addition, it organises the admission of students to secondary vocational education institutions and higher education institutions. It also holds exams for the civil servants' recruitment and continuation of work. External quality arrangements are regulated by the Rules for the accreditation of educational institutions (adopted on 28 September 2010). Vocational training institutions are accredited every five years.

Work-based learning arrangements

The VET Law sets out the main principles and strategic orientation of the state policy on VET and the integration of employers into the VET system. In addition, the Strategic Road Map for VET highlighted the expected participation of the private sector in the VET system by 2020.

SAVE prepares and implements programmes within the framework of the joint public-private partnership established with employers to improve the efficiency of the VET system. Over 100 agreements have been signed between the agency, schools and the private sector. Modern curricula (since 2018) are designed to meet labour market needs based on occupational standards and the involvement of employers in curriculum development. When a partnership exists, most schools limit the cooperation to the placement of interns in the relevant industry. Collaboration between schools and enterprises is emerging and needs to be developed further.

Digital education and skills

Digital skills and competencies are usually reflected in policies and strategies for all education levels. The Law on Education regulates the roles of the state and education institutions in digital skills and competencies. The statutes of SAVE provide for developing a digital resource framework for VET. The policy for developing electronic textbooks, video lessons, and other materials is set out in this document, along with other relevant regulatory acts.

Digital skills are embedded in the existing legislation, National Qualifications Framework (NQF), legislation on general education and State Standards for VET, and defined as key competencies for VET and lifelong learning. Azerbaijan's NQF for Lifelong Learning, approved by the Cabinet of Ministers in 2018, outlines digital skills in all descriptors. The Roadmap for the Development of Telecommunication and Information Technologies for 2016-2025 is dedicated to fostering digital skills, developing 'e-schools' and creating ICT training for teachers. Similarly, the Ministry of Education has introduced coding and programming in the secondary education curriculum and a system for online learning (ETF, 2021).

With support from Microsoft, Azerbaijan launched its Virtual School initiative, using Microsoft Teams to provide a personalised online learning approach. In a short time, teachers and students nationwide came online and formed a network that has grown into Azerbaijan's largest online community, with 1.4 million active users on Teams²⁵.

The Government of Azerbaijan recognises the potential of digital technologies in promoting growth, and a Centre for Analysis and Coordination of the Fourth Industrial Revolution was established in early 2021. The Centre is developing programmes to provide customised support for companies to adopt digital technologies, and a web portal has been established to provide local firms with information on how to digitalise their businesses. Digital skills for adults and employees are an essential part of the policy measures (Asian Development Bank, 2023).

Statistics on education and training

The State Statistical Committee (SSC), in cooperation with the MoSE, produces a broad range of statistics on the educational system, essentially meeting the UNESCO Institute for Statistics (UIS) requirements in that regard and following the ISCED classification. The statistics include details on the number of students and graduates by sex, age group, level and type of education, admissions, numbers of students in specialist subjects, characteristics of teachers employed by the level of education, and the characteristics of international students. Comprehensive administrative data are also available for the vocational education and training sector. However, survey data and long-term VET analysis are lacking. A more targeted policy approach would require regular analytical tools such as tracer studies with graduates and employer surveys that would provide data for more sophisticated planning and show whether the training is relevant to the labour market.

²⁵ ['Virtual school' project | Ministry of Science and Education Republic of Azerbaijan](#)

The shift to more targeted policymaking will require capacity-building for data collection and analysis. The newly established Labour Market Observatory under the Ministry of Labour is an important step in this direction. Reinforcing the capacity of public authorities to gather and use evidence in policy analysis, design, planning, monitoring and implementation concerning skills development is an essential precondition for measuring the effectiveness and efficiency of the policies.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Labour market characteristics

Data analysis indicates that Azerbaijan has a relatively high economic activity rate, a low unemployment rate and high labour market flexibility. The activity rate has risen, reaching 68.1 % in 2022 (for 15+, up from 66.7 % in 2010). However, the outcomes show a considerable gender gap, with a difference between the rates for men and women of 12.5 percentage points (74.7 % and 62.2 %, respectively). The employment rate follows the same pattern, reaching 64.2 % in 2022, much higher for men (71.1 %) than for women (58.1 %). The unemployment rate in 2022 stood at 5.6 %, decreasing from its highest level in 2020 of 7.2 %. However, it has not reached the pre-pandemic 5 % in 2019. Unemployment in 2022 was also higher for women (6.5 %) than for men (4.8 %). At the same time, youth unemployment (15-24) is considerably higher (13.6 %), although decreasing by 1.6 percentage points from the Covid-19 pandemic levels in 2020.

According to data from the State Statistical Committee, as of April 2022, the economically active population was approx. 5.3 million, of which approx. 5 million were employed. Specifically, 23.2 % of salaried workers in enterprises and organisations were in production, including 7.0 % in construction, 7.3 % in the processing industry, 3.5 % in agriculture, forestry and fishing, 1.9 % in the mining industry, 1.9 % in water supply, waste treatment and processing, 1.6 % in electricity, gas and steam generation, distribution and supply.

The service sector is the largest source of employment, providing jobs to almost half of the workforce (48.8 % in 2022 and 49.0 % in 2019). The agricultural sector accounts for the smallest share of GDP (approx. 6 %) but employed around 35.8 % of the workforce in 2022, suggesting subsistence-type farming and low productivity. However, it also generates around two-fifths of household income in rural areas. The industrial sector accounts for the lowest share of employment, 15.4 % in 2022, but the highest GDP share (41.4 % in 2020 and 48.4 % in 2021)²⁶.

As a result of recent economic diversification, market-oriented reforms and structural changes, the number of people employed in the private sector has increased. An essential characteristic of the employment structure is a high level of self-employment, reaching 64.5 % in 2022. Self-employment is high across all sectors, particularly in agriculture and construction. However, at the same time, the proportion of informal work is high, mainly in agriculture and other sectors, such as transport, manufacturing, trade and construction. The incidence of vulnerable employment is also high, at 53.6 % in 2022, with a slight decrease from 57.6 % in 2010.

Azerbaijan has an abundant supply of semi-skilled and unskilled labourers. The service and agricultural sectors dominate the labour market but represent a disproportionately low percentage of GDP relative to the hydrocarbon sector. The construction sector uses temporary and contract workers; reportedly, many of these workers' agreements are not formally registered (US Department of State, 2023).

In 2022, the size of the labour force increased by 607 000 persons compared to 2010 and reached 5 194 400 persons. Of these, 4 901 100 persons were employed, while 293 300 were unemployed (State Statistical Committee, 2023d).

In 2021, 1 406 800 young people aged 15-29 were economically active; of these, 1 265 100 were employed. The number of unemployed young people aged 15-29 was 141 700, including 63 900 men and 77 800 women. Among employed young people, 20.6 % have a higher education, 11.1 % have a secondary specialised education, 3.9 % have a primary vocational education, 55.6 % have completed

²⁶ See [Statistical Annex AZERBAIJAN](#).

secondary education, 8.7 % have a general secondary education, and 0.1 % have a primary education (State Statistical Committee, 2022b, p. 129).

Statistics on the labour market and employment

Labour Market Information (LMI) in Azerbaijan comes from various sources, typically including the Population Census (last carried out in 2019), the Labour Force Survey (LFS) and enterprise reporting. The LFS is carried out following the internationally standardised methodology introduced by the International Labour Organization (ILO). The LFS sample typically covers around 1 % of all households in the country, while the Population Census includes all the households. Enterprise reporting is obligatory for all enterprises.

Another essential source of LMI in Azerbaijan is the Labour Contract Database, which the MLSP is maintains. It is a unique source of information that facilitates evidence-based decision-making. The special features are the obligatory nature of the reporting (which the employers comply with) and the availability of both demand and supply data. The database provides information about both the employer and the employee. The Public Employment Service data usually only cover registered jobseekers.

A significant development is the establishment of the National Observatory on Labour Market and Social Protection Affairs (NO), which started its operations in 2020 and has a labour market monitoring role. In addition, the State Statistical Committee is implementing the State Programme on Improvement of the Official Statistics in the Republic of Azerbaijan in 2018-2025, with the primary objective of implementing complex measures to improve statistics.

3.2 Employment policy and institutional settings

Strategy and legal framework in the employment policy field

The Employment Strategy for 2019-2030, aligned with the UN Global Initiative on Decent Jobs for Youth, based on 16 key targets, aims to reduce the number of NEETs, lower unemployment rates, increase SME employment and expand VET opportunities for young people. One of the key targets by 2030 is to increase the proportion of the population formally employed in the non-agriculture sector to 80 % from the baseline of 48.1 % in 2017. The Strategy also targets increasing the scope and scale of training measures and validating non-formal and informal learning. The Action Plan approved in January 2022 includes measures dedicated to improving the labour market monitoring and forecasting system, developing the skills of the labour force and improving labour standards.

In 2018, the Law on Employment introduced a basis for state policy promoting employment. In addition, it established the legal basis for providing Active Labour Market Programmes (ALMPs). The Ministry of Labour and Social Protection of the Population (MLSP) is developing secondary legislation to ensure the effective implementation of the new Law. The Law was updated significantly in 2021 to cover apprenticeships and vocational training.

Career guidance services are organised according to Article 22 of the Law on Employment. To implement Article 22, regulations on the 'Provision of career guidance services' were approved by the Decision of the Cabinet of Ministers of the Republic of Azerbaijan No 266 dated 11 June 2019. The Regulations specify the directions and methods for providing career guidance services. Services are offered to jobseekers, including employed and unemployed persons, students, pupils and their parents.

Decree No 1077 of June 2021 states that the State Employment Agency (SEA), renamed in 2022 'Azerbaijan Public Employment Agency' (APEA) under the MLSP, is a public legal entity responsible for the organisation of active employment measures, the management of unemployment insurance funds, measures for the social protection of jobseekers and the unemployed, and the control of compliance with the Law on Employment. It also conducts labour market analysis and provides control

measures for detecting and preventing informal employment, providing information, public awareness campaigns, etc.

Since the National Observatory (NO) became operational, its number of employees has reached 60 out of 70 posts. The Governing Board is active and deals with general management and overseas operations. It is staffed by the Chairperson and two deputies — appointed by the MLSP Minister. The Chairperson manages the day-to-day operations and represents the NO. Gradually, the institution has been introducing cutting-edge corporate management instruments.

Initiatives to boost employment

Azerbaijan provides a wide range of services to facilitate and boost employment. Career guidance is one of the active labour measures, together with vocational training for the unemployed and jobseekers, support to the self-employed, the organisation of job fairs and labour exchanges, paid public works, etc. The MLSP and APEA are also central to providing policies and active labour market measures, particularly career guidance to unemployed persons, jobseekers and young people. In addition, APEA supports employers' needs, assisting them in finding a skilled workforce, etc.

There are 22 APEA offices and five offices of the Agency for Sustainable and Operational Social Security (DOST) that cover all the country's regions. Career guidance services, one of the active labour measures, are provided by these offices for the unemployed and jobseekers and for self-employed and employed persons. In addition, job fairs and labour exchanges are specific services. Overall, DOST centres provided services to 419 181 citizens in the period January-August 2022²⁷. The concept of DOST ensures the provision of 154 types of services in the social field from a 'one-stop-shop' on an operative, transparent and innovative basis.

In October 2022, a new concept was developed within the DOST Agency and APEA cooperation framework. The concept includes support to unemployed persons through a portfolio-based approach and follow-up on the portfolio. In addition, within the same framework, several employment services are planned to be provided by career counsellors in DOST centres.

The project 'Creation of inclusive and decent jobs for socially vulnerable groups' implemented by the UNDP and APEA is expected to run until 2024. The project aims to increase the potential of the unemployed and jobseekers belonging to vulnerable groups and create opportunities for productive employment in the labour market.

In 2022, the 'Youth Business Workshop' project was launched as a joint partnership of the Azerbaijan Public Employment Agency, the Small and Medium Business Development Agency and the State Agency for Vocational Education. The objective is to enhance business skills and promote entrepreneurship among young individuals in vocational training centres. The initial phase, spanning 2021-2023, focuses on final-year vocational students in the Gabala, Aghdam and Jalilabad regions, offering business training and providing equipment to establish micro-businesses as part of the self-employment programme, particularly in fields such as tailoring, agriculture, carpet-making, agrotechnical services, carpentry, cooking, confectionery, tourism and welding²⁸.

In September 2022, a new project was launched in partnership with the Azerbaijan Public Employment Agency, the Youth Fund of the Republic of Azerbaijan, and the Union of Student Youth Organisations of Azerbaijan – Sustainable Youth Employment Programme. The 'Sustainable Youth Employment' programme includes the 'Start Your Business Marathon', 'Wage Subsidy for Employers' and 'Professional Youth' projects²⁹.

In 2023, implementation of the 'Employment Support in Azerbaijan'³⁰ programme continued, led by APEA under the MLSP. The goals are to enhance self-employment opportunities for individuals

²⁷ [DOST centres | DOST Agentliyi](#)

²⁸ ['Youth Business Workshop' / Social projects / Projects - Azerbaijan Public Employment Agency \(dma.gov.az\)](#), accessed 10 October 2023.

²⁹ <https://dma.gov.az/projects/social-projects/sustainable-youth-employment-program>, accessed 10 October 2023.

³⁰ <https://dma.gov.az/projects/social-projects/employment-support-in-azerbaijan-project>, accessed 10 October 2023.

within various marginalised groups, including people with disabilities, unemployed individuals, family members of martyrs, internally displaced persons, recipients of state social assistance, women, young people and other vulnerable populations³¹.

Initiatives to increase the capacity of the public employment services

APEA continuously upgrades and modernises its services by following its strategic vision towards increasing employment, labour productivity and decent work standards. APEA cooperates actively with local partners, including employers and other social partners. The institution has also been strengthening its international cooperation through its active membership of the World Association of Public Employment Services (WAPES) and bilateral cooperation with Turkish PES (ISKUR) and several European PES.

In 2023, citizens in Azerbaijan continued to rely on the Centralised Electronic Information System of the MLSPP that provides information on 'Employment Contract Notification', 'Targeted Assistance', 'Disability', 'Insurance', 'Pensions', 'Employment', 'e-Reference' and others. Electronic services continue to be provided to the population in these areas through various subsystems and platforms available through the MLSPP. Based on an OECD study, it is important to note that a lack of digital skills limits citizens' use of the internet and digital solutions. Azerbaijan lags behind its peers and OECD countries in the share of the population with standard and advanced ICT skills. Acquiring skills through self-teaching is the most prevalent method for developing ICT skills in the country (OECD, 2022).

Career guidance services are funded by the Unemployment Insurance Fund (UIF) budget. A review of the laws on the Unemployment Insurance Fund (2018, 2019 and 2020) shows that AZN 1.15 million, AZN 1.3 million and AZN 2.0 million were allocated for career guidance services in 2018, 2019 and 2020, respectively. These amounts represented 1.3 % of the Fund's budget in 2018, 1.3 % in 2019 and 1.6 % in 2020.

The results of investment in ALMP are becoming increasingly visible. In 2022, APEA included almost 70,000 unemployed in active labour market measures, such as training (4575 participants), employment incentives (882 beneficiaries), public works (7213 beneficiaries), self-employment support (16,097 beneficiaries), while almost 40,000 registered unemployed were provided with jobs. Between January 2023 and September 2023, APEA provided jobs to 83 197 people, career counselling services to 149 792 people and vocational training courses to 9 024 people. In general, participation in labour market measures follows the overall profile of jobseekers in Azerbaijan, i.e. more male and people with medium level of education.

An important indicator revealing the labour market absorption capacity and performance of labour market services and measures is the transition rate from unemployment to employment. In 2022, it reached almost 30%, with higher probability for successful transition out of unemployment for women, younger people, and jobseekers with low and high level of education attainment.

The objective of the MLSPP is to strengthen the role of APEA in the organisation of short-term training courses (up to 6 months) for unemployed people and jobseekers. As part of the ongoing reforms, there is a comprehensive plan for developing VTCs: i) expansion of the infrastructure of VTCs, ii) improvement of the legal/institutional system, and iii) improvement of the quality of the training content. In 2023, the strengthening of the VTCs in delivering short-term training courses for adults to support them in finding a job continued. According to the Employment Strategy, the number of VTCs will increase from 4 to 10 by 2030.

For further information, please contact Margareta Nikolovska, Senior Human Capital Development Expert – Country Liaison for Azerbaijan, European Training Foundation, by mail to Margareta.Nikolovska@etf.europa.eu.

³¹ The programme is being implemented with the loan from the World Bank, with a timeframe of 2020 to 2025.

STATISTICAL ANNEX – AZERBAIJAN

The Annex includes annual data from 2010, 2015, 2019, 2020, 2021 and 2022 or the last available year.

	Indicator		2010	2015	2019	2020	2021	2022
1	Total population (in thousands) ⁽¹⁾		9054.3	9649.3	10024.3	10093.1	10137.8	10175.0
2	Relative size of youth population (age group 15-24 and denominator age 15-64, %) ^{(1) C}		28.4	23.3	19.8	19.3	19.1	19.2
3	GDP growth rate (%)		5.0	1.1	2.5	-4.3	5.6	4.6
4	Gross value added by sector (%)	Agriculture	5.5	6.2	5.7	6.7	5.7	4.8
		Industry	59.8	44.9	48.8	42.0	48.8	55.9
		Services	27.9	40.0	36.5	42.4	37.7	32.2
5	Public expenditure on education (as % of GDP)		2.8	3.0	2.7	4.3	M.D.	M.D.
6	Public expenditure on education (as % of total public expenditure)		8.7	7.6	8.3	10.5	11.5	13.0
7	Adult literacy (%) ^C		99.8	99.8	99.8	M.D.	M.D.	M.D.
8	Educational attainment of total population (aged 15+) (%) ^{(1) C}	Low ⁽²⁾	16.6	15.0	14.8	12.6	12.6	12.6
		Medium ⁽³⁾	62.5	62.9	62.6	62.3	62.3	62.3
		High ⁽⁴⁾	21.0	22.1	22.6	25.1	25.1	25.1
9	Early leavers from education and training (aged 18-24) (%)	Total	M.D.	M.D.	M.D.	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.	M.D.	M.D.	M.D.
10	Net enrolment rates in secondary education (ISCED level 2-3) (%)		M.D.	M.D.	87.6	86.9	M.D.	M.D.
11	Share of VET students in upper secondary education (ISCED level 3) (%)		M.D.	M.D.	47.2	43.2	37.9	M.D.
12	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	60.4 ⁽⁵⁾	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	50.7 ⁽⁵⁾	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	67.8 ⁽⁵⁾	N.A.	N.A.	N.A.
13	Activity rate (aged 15+) (%) ⁽¹⁰⁾	Total	66.7	69.7	68.2	68.3	68.3	68.1
		Male	69.7	77.6	75.2	75.1	75.0	74.7
		Female	63.9	63.0	61.9	62.2	62.3	62.2
	Inactivity rate (aged 15+) (%) ⁽¹⁰⁾	Total	33.3	30.3	31.8	31.7	31.7	31.9

	Indicator		2010	2015	2019	2020	2021	2022
14		Male	30.3	22.4	24.8	24.9	25.0	25.3
		Female	36.1	37.0	38.1	37.8	37.7	37.8
15	Employment rate (aged 15+) (%) ⁽¹⁰⁾	Total	63.0	66.3	64.8	63.3	64.1	64.2
		Male	66.7	74.4	72.0	70.5	71.1	71.1
		Female	59.5	59.3	58.4	57.0	57.9	58.1
16	Employment rate by educational attainment (aged 15+) (%)	Low ⁽⁶⁾	M.D.	32.3	M.D.	M.D.	M.D.	M.D.
		Medium ⁽⁷⁾	M.D.	66.6	M.D.	M.D.	M.D.	M.D.
		High ⁽⁸⁾	M.D.	74.8	M.D.	M.D.	M.D.	M.D.
		VET ⁽⁹⁾	M.D.	79.7	M.D.	M.D.	M.D.	M.D.
17	Employment by sector (%) ⁽¹⁰⁾	Agriculture	38.2	36.4	36.0	35.9	35.9	35.8
		Industry	13.7	14.0	15.0	15.1	15.3	15.4
		Services	48.1	49.6	49.0	49.0	48.8	48.8
18	Incidence of self-employment (%) ⁽¹⁰⁾		68.1	67.8	65.6	64.0	64.6	64.5
19	Incidence of vulnerable employment (%) ⁽¹⁰⁾		57.6	55.5	53.3	51.9	53.2	53.6
20	Unemployment rate (aged 15+) (%) ⁽¹⁰⁾⁽¹¹⁾	Total	5.6	5.0	5.0	7.2	6.0	5.6
		Male	4.4	4.1	4.3	6.1	5.1	4.8
		Female	6.9	5.9	5.8	8.4	7.0	6.5
21	Unemployment rate by educational attainment (aged 15+) (%) ⁽¹⁰⁾	Low ⁽⁶⁾	M.D.	9.4	10.0	15.5	13.0	12.2
		Medium ⁽⁷⁾	M.D.	4.6	4.7	6.8	5.7	5.3
		High ⁽⁸⁾	M.D.	4.7	5.9	8.9	7.4	6.8
		VET ⁽⁹⁾	M.D.	5.2	4.1	5.5	4.5	4.2
22	Unemployment rate (aged 15-24) (%) ⁽¹⁰⁾	Total	14.9	13.4	11.5	15.2	14.6	13.6
		Male	13.9	11.4	10.4	13.0	12.9	12.1
		Female	16.0	15.8	12.9	18.0	16.6	15.3
23	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%) ⁽¹⁾	Total	23.6	19.9	17.5	18.7	18.2	18.0
		Male	22.2	16.4	14.7	16.1	15.3	15.1
		Female	24.9	23.6	20.5	21.6	21.3	21.2
24	Participation in training/lifelong learning (% aged 25-64)	Total	M.D.	6.5 ⁽¹⁰⁾	M.D.	M.D.	7.4	M.D.
		Male	M.D.	7.6 ⁽¹⁰⁾	M.D.	M.D.	8.1	M.D.

	Indicator	2010	2015	2019	2020	2021	2022
	Female	M.D.	5.3 ⁽¹⁰⁾	M.D.	M.D.	6.6	M.D.
25	Human Development Index	0.727	0.748	0.761	0.730	0.745	M.D.

Last update: 29/08/2023

Sources:

Indicators 1, 2, 3, 4, 5, 6, 7: The World Bank, World Development Indicators database

Indicators 10, 11: UNESCO, Institute for Statistics

Indicator 8: ILOSTAT (OE - Official Estimates)

Indicators 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24: The State Statistical Committee of the Republic of Azerbaijan (data received).

Indicator 12 - OECD PISA 2018 Results (Volume I) Annex B1

Indicator 23 - ILO Modelled Estimates

Indicator 25 - UNDP

Notes:

⁽¹⁾ Estimation.

⁽²⁾ Low - Basic, less than basic (ILOSTAT)

⁽³⁾ Medium - Intermediate (ILOSTAT)

⁽⁴⁾ High - Advanced (ILOSTAT)

⁽⁵⁾ Applies to 2018

⁽⁶⁾ Low - Main and primary education

⁽⁷⁾ Medium - Secondary, vocational and secondary specialised education

⁽⁸⁾ High - Higher education

⁽⁹⁾ VET - Secondary specialised education and vocational education

⁽¹⁰⁾ Applies to 2014

⁽¹¹⁾ The data for 2019-2022 have been recalculated in accordance with the results of the 2019 population census

⁽¹²⁾ From 2019 on, the unemployment rate for 15+ age group is calculated using the 15+ age group for the labour force and the 15-64 age group for the unemployed.

Legend:

C = ETF calculations

N.A. = Not Applicable

M.D. = Missing Data

ANNEX: DEFINITIONS OF INDICATORS

	Description	Definition
1	Total population (in thousands)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15-24) (%)	This is the ratio of the youth population (aged 15-24) to the working-age population, usually aged 15-64 (or 15-74 or 15+).
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 US dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	Gross value added by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4. Industry corresponds to the International Standard Industrial Classification (ISIC) tabulation categories C-F (revision 3) or tabulation categories B-F (revision 4), and includes mining and quarrying (including oil production), manufacturing, construction and public utilities (electricity, gas and water). Services correspond to ISIC divisions 50-99 and they include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional and personal services such as education, healthcare, and real estate services. Also included are imputed bank service charges, import duties and any statistical discrepancies noted by national compilers as well as discrepancies arising from rescaling.
5	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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage 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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read and write a short simple statement on their everyday life, and understand it. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.

	Description	Definition
8	Educational attainment of total population (aged 15+) (%) (1) C	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (aged 18-24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18-24 with, at most, a lower secondary education who were not in further education or training during the four weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes lasting under two years) for data up to 2013 and to ISCED 2011 levels 0-2 for data from 2014 onwards.
10	NET enrolment rates in secondary education (ISCED level 2-3) (%)	This indicator covers the enrolments in a given level of education of children/young people belonging to the official age group corresponding to the given level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Low achievement in reading, maths and science – PISA (%)	Low achievers are those 15-year-olds failing to reach level 2 on the PISA scale for reading, mathematics and science.
13	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.
14	Inactivity rate (aged 15+) (%)	The inactivity/out-of-the-labour-force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.
15	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
16	Employment rate by educational attainment (aged 15+) (%)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated. Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).
17	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data are presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
18	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed.
19	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the own-account workers and contributing family workers as a proportion of the total employed.

	Description	Definition
20	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who: were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
21	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who: were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED level 0-2), medium (ISCED level 3-4) and high (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).
22	Unemployment rate (aged 15-24) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-24 who: were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%) (1)	The indicator provides information on young people aged 15-24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data are expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.
24	Participation in training/lifelong learning (% aged 25-64)	Participants in lifelong learning refers to persons aged 25-64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
25	Human Development Index	The index is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living.

KEY DONOR PROJECTS IN EDUCATION, TRAINING AND EMPLOYMENT

The EU AAP 2014 Support to Education in Azerbaijan (EUR 19 million), which ended in 2020, provided significant investment in various projects in the VET sector³². The EU AAP 2018 Education for Employment programme (EUR 14.4 million) signed in December 2019 seeks to: i) develop the legal and institutional basis at all levels of education according to the requirements of an Outcomes-Based Qualification System (OBS) for Lifelong Learning (LLL); ii) design a credit system and improve quality-assurance in VET; iii) modernise selected VET institutions for delivering competency-based training; and iv) enhance the system for skill needs/anticipation and develop mechanisms for assessment of competencies to minimise skills mismatch. Implementation of the programme started at the beginning of 2020 and will be completed by the end of 2024.

As part of the EU AAP 2018, since October 2020, the United Nations Development Programme (UNDP) has been implementing the four-year action 'VET for the future: development of VET providers' excellence in Azerbaijan', of approx. EUR 5.6 million. The objective is to support the Government of Azerbaijan in creating a high-quality VET system. This action is aimed at providing continuing support to the State Agency for Vocational Education (SAVE). The project 'Strengthening capacities for quality assurance and credit transfer in Vocational Education and Training (VET) in Azerbaijan', with a budget of approximately EUR 1 million, has been completed. The project focused on improving the State Agency on Vocational Education's capacity to develop and introduce the quality assurance framework and the credit transfer system in VET.

The project 'Support to the Ministry of Education in further developing NQF Level 5 qualifications and strengthening the resilience of the education system in Azerbaijan' has a budget of approx. EUR 2 million. Project design was completed in 2022 as part of the EU AAP 2018. The aims of this project, where the key beneficiary is the Ministry of Education, include: i) supporting relevant institutions in Azerbaijan to strengthen and further develop NQF Level 5 education and training as part of AzNQF; ii) supporting relevant institutions in Azerbaijan to improve the integration of graduates into the labour market; iii) strengthening the resilience of the education system in Azerbaijan through its operating model to better prepare it for a changing context.

The project 'Strengthening the Accreditation of Educational Institutions and Programmes and Quality Assurance Process at VET and higher education levels in Azerbaijan' has a budget of approx. EUR 1 million. Project design was completed in the first half of 2022 as part of the EU AAP 2018. The purpose of this project is to improve the capacities of the Education Quality Assurance Agency (TKTA).

The EU support project 'Strengthening the capacity of the MLSPP', with funding of around EUR 1.2 million in skills anticipation and workforce planning and supporting the establishment of a National Labour Observatory, started in February 2020. Implementation of this project was completed in March 2022.

In March 2020, the World Bank approved a USD 100 million loan to finance the Azerbaijan Employment Support Project. The objective is to help the most vulnerable attain employment and income by promoting self-employment opportunities in the labour market where job opportunities are currently scarce. The project is expected to be completed in December 2025.

The project 'Promoting Innovation and Employment in Azerbaijan' (PROGRO) is implemented by UNDP and the Ministry of Labour and Social Protection of the Population, funded by USAID, with a total budget of USD 1.1 million for the period of 2016-2024. The project is implemented through Youth Employment & Training Centres in Ganja, Zagatala and Sumgait (formerly known as 'SYSLAB Centres', now renamed 'PROGRO Centres'). These Centres provide a range of services to local job-

³² Recommendation No 1/2018 of the EU-Azerbaijan Cooperation Council of 28 September 2018 on the EU-Azerbaijan Partnership Priorities: https://eeas.europa.eu/sites/eeas/files/eu4business_azerbaijan_en.pdf

seeking young people, such as providing 2-month on-site training and 2-week online webinars on career development, disseminating information on vacancies and other career-building resources, fostering young people's networking with potential employers, providing professional mentorships where possible, etc. As of August 2022, the project had trained 587 unemployed young people in Ganja, Masalli, Zagatala and Sumgait through in-person training sessions on effective job searching, career planning, building the inventory of professional skills, and developing an entrepreneurial mindset. With additional funding from USAID in 2021, the project initiated the 'English for Growth' activity to increase the number of young English speakers in Ganja, Zagatala and Sumgait through intensive English language courses and to subsequently improve their employability in target areas.

ABBREVIATIONS

AAP	Annual Action Programme
APEA	Azerbaijan Public Employment Agency
ASAN	State Agency for Public Service
AZN	Azerbaijan manat (currency)
AzNQF	Azerbaijan National Qualifications Framework
DOST	Agency for Sustainable and Operational Social Security
EaP	Eastern Partnership
ETF	European Training Foundation
EU	European Union
EUR	Euro
GoA	Government of Azerbaijan
GDP	Gross domestic product
GHG	Greenhouse gas
HCD	Human capital development
HEI	Higher education institutions
ICT	Information and communications technology
IMCD	Internal Displacement Monitoring Centre
IDPs	Internally displaced persons
ILO	International Labour Organization
ISCED	International Standard Classification of Education
LFS	Labour Force Survey
LLL	Lifelong learning
LMO	Labour Market Observatory
MoSE	Ministry of Science and Education
MLSP	Ministry of Labour and Social Protection of the Population
NEET	Not in employment, education or training
NGO	Non-governmental organisation
NO	National Observatory
OECD	Organisation for Economic Co-operation and Development
PIRLS	Progress in International Reading Literacy Study
PISA	Programme for International Student Assessment
R&D	Research and development
SABER	Systems Approach for Better Education Results
SAVE	State Agency for Vocational Education
SEA	State Employment Agency
SME	Small and medium-sized enterprise

SSC	State Statistical Committee
SYSLAB	Systems Laboratory for Innovation and Employment
TKTA	Education Quality Assurance Agency
UIS	UNESCO Institute for Statistics
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USAID	United States Agency for International Development
VET	Vocational education and training
VNFIL	Validation of non-formal and informal learning
WAPES	World Association of Public Employment Services
WBL	Work-based learning

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