



European Training Foundation

# COUNTRY STRATEGY PAPER 2020 UPDATE: AZERBAIJAN



# A BRIEF SUMMARY OF KEY DEVELOPMENTS IN VET AND SKILLS AND EU AND DONOR COOPERATION DURING 2018–19

In April 2018, the Azerbaijan parliament adopted a VET law defining state policy on vocational education and the VET system's legal, organisational and economic basis. The aim is to increase the effectiveness of vocational training and ensure a skilled workforce. The strategic roadmap for VET is currently being implemented and will be fully implemented in December 2020.

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

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

The Employment Strategy of the Republic of Azerbaijan (2017–30) was developed with World Bank support and submitted in draft form to the Cabinet of Ministers in 2018. It focuses on effective employment policy, based on demographic trends, development perspectives and economic priorities.

In 2017, the government launched social security and labour market reforms, including the transition to a new pension system from mid-2017.

In 2018, Azerbaijan established the SME Agency. In 2019, a formal policy partnership, led by the SME Agency's Lifelong Learning Commission was established. It focuses on the coordination activities of various government and non-government actors.

A compulsory unemployment insurance law came into force in January 2018. Its aim was to improve social protection for unemployed people; introduce an unemployment insurance fund; and move from passive to active labour market programmes. In August 2018, Azerbaijan's President signed a social protection order that establishes an Agency for Sustainable and Operational Social Security (DOST) and allocates two million Azerbaijan manats (slightly more than EUR 1 million) to this agency, its centres and employment, labour and social protection services.

Skills mismatch is a growing concern in Azerbaijan. According to the EU Business Climate Survey Azerbaijan 2019<sup>1</sup>, skilled labour shortages hamper investment. Despite a positive shift in perceptions of vocational education, much remains to be done.

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



Negotiations on an EU agreement to replace the Partnership and Cooperation Agreement started in February 2017. Partnership priorities were endorsed on 28 September 2018 by the Cooperation Council, and signature of new agreement is foreseen in 2020.

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

- technical assistance with the implementation of VET reform (EUR 3.2 million)
- technical assistance with the development and implementation of the NQF (EUR 2.8 million)
- a grant scheme for multifunctional training centres to support the education development strategy (EUR 6.2 million)

Support for workforce planning and skills anticipation (EUR 1.2 million) is financed under AAP 2016. It should begin in Q1 of 2020. A new Education for Employment programme (AAP 2018) of about EUR 14.4 million is about to be formally signed. The expected outputs are: the development of a legal and institutional basis for all levels of education (including formal, informal and non-formal) based on the requirements of an outcome-based qualifications system (OBS) for lifelong learning; the development of a credit system; the improvement of quality assurance in VET; the modernisation of selected VET institutions to enable them to deliver competence-based training; an improved skills needs, skills anticipation and skills development system; and the development of mechanisms to assess competences.

While the European Commission is the main donor for human capital development, others are also active in the sector, e.g. GIZ, the British Council and Korea Eximbank. An estimated EUR 100 million has been invested in the five-year framework. GIZ and the UNDP support country-based social interventions and implement European Commission grants for multifunctional training centres.

## AN ASSESSMENT OF MID-TERM PROGRESS TOWARDS THE ETF'S 2020 OBJECTIVES

The aim of the ETF's mid-term intervention strategy 2017–20 is to support a sustainable approach to policy objectives. The expected long-term impact is a stronger education and training sector. In 2019, Azerbaijan reviewed VET policy within the framework of the Torino Process to complement national monitoring of the strategic roadmap for VET.

### Specific objective 1: Support the EU delegation in the EU external assistance project cycle for VET and employment in Azerbaijan

In 2018 and 2019, the ETF supported the EU delegation in Baku. It drafted terms of reference for European Commission intervention in relation to skills matching in AAP 2016. It also monitored content for the EU delegation and national stakeholders in the AAP 2014 programme. The ETF participated in the EU-Azerbaijan Business Forum, an EU flagship event, and focused on the VET and



skills sector in the Business Climate Survey. The ETF supported the EU-Azerbaijan bilateral policy dialogue by preparing the annual Country Fiche for the Directorate-General for Employment, Social Affairs and Inclusion, providing input for bilateral subcommittees and continuing to work on the Mobility Partnership. The ETF also participated in the People-to-People meeting, providing input relating to VET and skills issues for the EU-Azerbaijan dialogue.

### **Specific objective 2: Support national stakeholders in improving cooperation and coordination in the NQF reform process, as part of overall VET reform**

The ETF provided regular content inputs for the EU delegation, the Ministry of Education, the VET Agency and the Ministry of Labour and Social Protection to ensure a coordinated approach to the implementation of the AzQF. In 2019, this objective was gradually integrated with Specific objective 1.

### **Specific objective 3: Support national stakeholders in developing a sustainable labour market and a skills dynamics observatory**

The concept of a national skills observatory was developed with ETF support and validated in November 2017. The observatory is part of the Ministry of Labour and Social Protection's work programme (2018). Over the course of 2019, the ministry has been working on preparing all the formal documents needed by the government to formally establish the observatory. This objective is currently being integrated with Specific objective 1.

## **ACTIONS PLANNED FOR 2020**

In 2020, the ETF will continue to focus on EU support programmes, delivering policy advice for bridging different European Commission projects in the VET sector. AAP 2014 projects will come to an end; AAP 2016, which will focus on the national skills observatory, will be fully operational in Q1 of 2020, while AAP 2018 and its various components will have to be designed and implemented. Torino Process results will be disseminated and discussed with donors.

### **Specific objective 1: Support the EU delegation in the EU external assistance project cycle for VET and employment in Azerbaijan**

In 2020, the ETF will participate in at least two steering committee meetings for the European Commission project. It will monitor project progress to enhance the impact on national policies; support the European Commission's skills matching project during its inception and introduction; and participate in capacity building events organised by EU projects as part of the 2020 work plan. The ETF will support the EU-Azerbaijan bilateral policy dialogue by preparing annual Country Fiches for the Directorate-General for Employment, Social Affairs and Inclusion, providing input for bilateral subcommittees and continuing to work on the Mobility Partnership.



## Specific objective 2: Support national stakeholders in improving cooperation and coordination in the NQF reform process, as part of overall VET reform

The ETF has been addressing this topic in Azerbaijan for a number of years, creating a good basis for NQF reform. Recently, with EU funding of about EUR 3 million for NQF development, a way forward has been paved to further address policy needs in the country. Therefore, this objective will be pursued and integrated further with the implementation of Specific objective 1.

## Specific objective 3: Support national stakeholders in developing a sustainable labour market and skills dynamics observatory

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

