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AZERBAIJAN

EDUCATION, TRAINING AND EMPLOYMENT
DEVELOPMENTS 2019



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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT (SEPTEMBER 2018–AUGUST 2019)

Since the presidential election in April 2018, the Government of Azerbaijan has undergone significant changes. These include the nomination of a new prime minister and the appointment of several key ministers in charge of education, tax reforms, agriculture and rural development, the environment and energy. The new government has been tasked with strengthening the reforms in key sectors. Since the beginning of 2019, the process of dissolving several state agencies and the merging of others began, new appointments were made, and orders were signed to deepen reforms in some areas.

In October 2018 the President approved a new Employment Strategy for 2017–2030 that is aligned with the UN Global Initiative on Decent Jobs for Youth. It provides clear national targets that aim to reduce the number of young people not in employment, education or training (NEETs), to lower unemployment rates, to increase employment in small and medium-sized enterprises (SMEs) and to expand youth opportunities for vocational education and training (VET). Also in 2018, a new Law on Employment was adopted. It establishes the economic and organisational basis for state policy in the field of employment promotion and sets out the legal basis for provision of active labour market programmes (ALMPs).

In the education sector, one of the most important achievements in 2018–2019 was a fundamental upgrade of education legislation. At the initiative of the Ministry of Education (MoE), a package of proposals that includes 62 amendments to the Law on Education was adopted. Further, the Law on Vocational Education (2018) and the Law on General Education (2019) were adopted. These initiatives aim to create a favourable framework for more flexible implementation of educational reforms and to bring the education system into line with international experience.

To implement VET reforms, in 2019 the government actively worked on the development of secondary legislation covering different aspects of VET, including new rules for admission to vocational education institutions. These rules introduced a requirement to establish VET admission plans, taking into account labour market needs and directions of economic development. New attestation rules in vocational education were also formulated.

The New State Programme on Increasing the International Competitiveness of the Higher Education System in the Republic of Azerbaijan for 2019–2023 was adopted in November 2018 to ensure the sustainable development of human capital in the country. It envisages improvement of the content and quality of higher education through international dual diploma programmes, the involvement of foreign experts and the creation of a new academic environment.

To promote more transparent and accessible employment services, in 2018 the Ministry of Labour and Social Protection of Population (MLSP) established the employment subsystem (so-called MAS) as part of its centralised electronic information platform. The new employment subsystem allows the provision of employment-related services electronically, without the need for users to contact an employment centre. It also establishes a vacancy bank as an electronic information resource for jobseekers and employers.

In July 2019 a presidential decree established the National Observatory on Labour Market and Social Protection Affairs under the MLSPP. Tasked with making analyses and forecasts to guide decision-making, the observatory will make an important contribution to adapting education and training provision to the needs of the labour market.

In May 2019 Azerbaijan launched a structured policy partnership led by the Lifelong Learning Commission of the Agency for the Development of Small and Medium-sized Enterprises. It will coordinate the activities of government and non-government actors in entrepreneurial learning.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

At the beginning of 2019, the population of Azerbaijan was 9.898 million. In the period 2006–2018 the average annual population growth rate was about 1.3%, one of the highest among European countries. About 52.9% of the population live in urban areas and 47.1% in rural areas. Between 2000 and 2017 the urban population increased by 26.58% and the rural population by 17.46%, showing the acceleration of urbanisation processes in the country. However, this process is not uniform. Absheron and Baku are predominantly urban, while most other economic regions are mainly rural.

The country has a young population. In 2018, 20.7% of the total population were aged 0–14 years. The high proportion of youth in the population's overall structure is reflected in an increase in the share of young people in the working-age population, and this tendency will continue for some years. In the period 2017–2025, 125 200 people will be entering the labour market every year, which is almost 2.5 times higher than the number of jobs created annually¹.

Azerbaijan continues to host a large number of Internally Displaced Persons (IDPs) due to the ongoing conflict with Armenia over Nagorno-Karabakh (now 30 years old). According to the Internal Displacement Monitoring Centre (IDMC), at the end of 2018 there were 344 000 IDPs². Many IDPs in rural areas remain dependent on governmental assistance or remittances from relatives abroad. The government continues to dedicate substantial resources and attention to improving the situation of IDPs and, in 2017, a new IDP policy was introduced. In 2018 the IDMC reported that 301 000 IDPs have made some progress towards finding durable solutions to their situation³.

Azerbaijan has made rapid economic progress over the past decade and has become a higher middle-income country according to the World Bank classification. Supported by stable oil production and a modest acceleration in domestic demand, real gross domestic product (GDP) grew by 1.4% in 2018. While oil production plateaued, the hydrocarbons sector overall posted growth of 1.1% thanks to higher exports of natural gas. The non-energy economy grew by 1.8%, reflecting greater dynamism in most economic sectors. Higher oil revenues helped boost fiscal spending in 2018 (up by 29%), mainly through higher public investment. The financial sector showed signs of a fragile recovery⁴.

The primary goal of the government is to speed up economic diversification, maintain rapid growth in the non-oil sector regardless of the level of oil revenues, increase competitiveness and expand export opportunities. The development concept Azerbaijan 2020: a look into the future (2012) underlines the country's aspiration to become a knowledge-based economy, to increase its competitiveness and to diversify its economic structure. In 2016 the President signed a presidential decree endorsing the Strategic Road Maps for the National Economy and Main Economic Sectors. This set out objectives for different sectors for the period 2016–2025 and an action plan with timelines for achieving them. There are road maps on the general prospects for the national economy, for the oil and gas industry,

¹ <https://www.azernews.az/nation/124292.html>

² <http://www.internal-displacement.org/sites/default/files/2018-05/GRID%202018%20-%20Figure%20Analysis%20-%20AZERBAIJAN.pdf>

³ <http://www.internal-displacement.org/sites/default/files/2018-05/GRID%202018%20-%20Figure%20Analysis%20-%20AZERBAIJAN.pdf>

⁴ World Bank, The World Bank in Azerbaijan: Country Snapshot, April 2019: <http://pubdocs.worldbank.org/en/225491554988621449/Azerbaijan-Snapshot-Apr2019.pdf>

for the manufacturing and processing of agricultural products, for the stimulation of the SME sector, and for heavy industry and mechanical engineering. Further road maps cover the development of a specialised tourism industry, logistics and trade, the construction of affordable housing, the development of VET, financial services, telecommunications and information technologies, and public services (supply of electrical and thermal energy, water and gas)⁵. The country also pays great attention to the development of traditional industries, such as carpet weaving and silk production: the government has implemented the State Programme for the Protection and Development of Carpet Art 2018–2022 and the State Programme for the Development of Cocoon and Silk Production 2018–2025.

Digital transformation is an integral part of the country's economic and growth policy, and a number of important steps have been taken in this area. For example, the services to citizens provided by the Azerbaijani Service and Assessment Network (ASAN), a one-stop-shop e-government portal, are being continuously expanded and improved. To ensure transparency in admission to vocational education institutions, in 2016 'ASAN Profession' was launched and piloted in Baku and Ganja. As of 2018, the VET admission process is organised through the ASAN service centres throughout the entire country. In May 2019 the Innovation Agency was launched under the Ministry of Transport, Communications and High Technologies to support the development of innovations in the non-oil sector. The agency will support scientific research, support innovative projects (including start-ups) by providing finance, and promote innovation initiatives.

Azerbaijan has been proactive in reforming its business environment. The government's efforts were reflected in the 2019 edition of the World Bank's Doing Business report, which lists Azerbaijan as one of the top 10 reformers among 190 economies; the country improved its position to 25th, up from 57th in 2018⁶. The World Economic Forum Global Competitiveness Report 2017–2018 ranks Azerbaijan's economy as 35th out of 137 economies in the world⁷.

The EU is currently investing EUR 19 million in education-related projects. The EU assists a range of initiatives, including projects to upgrade standards in higher education and improve the regulatory and policy framework for VET. Other projects support work to increase the institutional capacities of the VET Agency and the MoE to ensure that the national qualifications framework is implemented effectively. These programmes also operate in several of the country's regions (Ganja, Jalilabad, Barda, Gakh, Gabala, Ismayilli) to enhance the impact of VET and its relevance to the private sector.

Future EU–Azerbaijan cooperation will focus on modernising the education system from pre-school to tertiary education. Efforts will focus on developing the skills and training of teachers and enhancing the public image and quality of vocational training. Cooperation on research and innovation will be promoted⁸. A new Education for Employment programme (AAP 2018) of about EUR 14.4 million is at the final stage of being formally signed.

⁵ <https://www2.deloitte.com/content/dam/Deloitte/az/Documents/legal/aze/7%20December%202016-%20Legal%20News%20-%20Deloitte%20Azerbaijan.pdf>

⁶ World Bank, Doing Business 2019: Training for Reform – Azerbaijan (English), World Bank Group, Washington, DC: <http://documents.worldbank.org/curated/en/646971541075679728/Doing-Business-2019-Training-for-Reform-Azerbaijan>

⁷ World Economic Forum, The Global Competitiveness Report 2017–2018: <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

⁸ 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

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Azerbaijan's public expenditure on education remained at 2.5% of GDP in 2018. Overall, this figure is much lower than the average of 4.5% in Eastern European countries and the average for higher middle-income countries. However, there is a notable increase in the 2019 budget allocations for education (up by almost 13%) that confirms the government's commitment to continue the improvement of the country's human capital. In general, VET expenditure as a share of total education expenditure is very low and has decreased during the past five years from 2.1% to 1.4%. In 2019 AZN 39.6 million will be allocated to initial VET, AZN 11.7 million more than in 2018.

Azerbaijan has moderate levels of educational attainment among its adult population. In 2018 the majority of adults (aged 25–64) had medium-level education (76.4%), 16.6% had completed higher education, and 7.1% had primary education or lower.

According to the Law on Education (2009), the education system consists of the following levels: pre-school education; general education, including primary, general secondary and complete secondary education; vocational education, including primary vocational, technical vocational and higher technical education; secondary special and higher education, including bachelor's degree, master's degree and doctoral degree.

The total number of students in the country has been increasing, reaching 1.97 million in the 2018/19 academic year. Most of these (1.52 million) were enrolled in the general education system. There were 171 154 vocational education students and 51 806 specialised secondary education students. In the same academic year, the number of students in higher education was 184 211, an increase of 38 000 since 2010⁹. The country has a relatively small share of students in upper secondary education at International Standard Classification of Education (ISCED) level 3: it decreased from 15.8% in 2013 to 14.2% in 2017, but increased slightly to 14.5% in 2018. The gross enrolment rate in tertiary education is also relatively low (27.24% in 2017)¹⁰, especially when compared with the average of 33.4% for higher middle-income countries, although it has been steadily increasing.

In recent years important reforms have been initiated to improve the quality of education. New regulations have been adopted to improve the school-based assessment system, in both general and vocational education. Azerbaijan participated in the Programme for International Student Assessment (PISA) 2018 survey, although the results are not yet known. The findings should provide some indication of whether the reforms have led to better learning outcomes.

2.2 Education and training policy and institutional setting

Over the past decade, human capital development has been high on the policy agenda. Numerous conceptual papers and decrees have been adopted, including Azerbaijan 2020: a look into the future (2012) and the National Strategy for the Development of Education (2013). Both documents formulate the state's policy on achieving higher levels of human capital development, increasing the quality of the education system and strengthening the competitiveness of knowledge-based industries in Azerbaijan. The education strategy further establishes objectives and mechanisms for education

⁹ <https://www.stat.gov.az/source/education/?lang=en>

¹⁰ <http://uis.unesco.org/country/AZ>

system reforms at all levels, and sets up a long-term vision for the development of education. It focuses on the development of competence-based education, new management mechanisms based on partnerships, lifelong learning, modern infrastructure, and the development of economically sustainable financing mechanisms.

One of the most important achievements in the education sector in 2018–2019 was a fundamental upgrade of education legislation. At the initiative of the MoE, a package of proposals that includes 62 amendments to the Law on Education was adopted. The new legislation aims to create a favourable framework for more flexible implementation of educational reforms and to bring the education system into line with international experience. The focus should now turn to the actual implementation of the envisaged reforms.

The Decree on National Qualifications Framework for Lifelong Learning of the Republic of Azerbaijan (AzQF) was adopted in July 2018. This supports Azerbaijan's convergence to the European Higher Education Area and is aligned with the European Qualifications Framework for lifelong learning. The AzQF aims to improve the relevance, quality and transparency of qualifications and widen access to learning. It strengthens links between the labour market and the education system, and encourages the creation of a system for the recognition of competences acquired through non-formal and informal learning. The AzQF is closely linked to other policy initiatives, including the reduction of informal employment, employment promotion and labour mobility.

The expected diversification of the economy requires a modernised VET system, and the MoE has declared VET a medium-term priority for the period 2016–2020. The Strategic Road Map for the Development of Vocational Education and Training, one of the 12 Strategic Road Maps for the National Economy and Main Economic Sectors (2016), sets out the short-, medium- and long-term visions for VET development. It includes five strategic goals and nine priorities, and aims to create a positive new image of VET, increase the attractiveness of the VET system, establish a management structure for VET providers based on an improved public–private partnership, create a rationalised and optimised network of public VET providers, and develop a strong results-based financing system.

In April 2018, for the first time in the country's history, a Law on Vocational Education was adopted. The law defines principles of state policy in the field of vocational education and provides an organisational, legal and economic basis for the VET system. To implement the VET reforms envisaged, in 2019 the government actively worked on the development of secondary legislation that covers different aspects of VET, such as the development of occupational standards, rules of admission to vocational education institutions, the assessment of students and the transition from different levels of study.

By means of Decree No. 102, dated 15 March 2019, the Cabinet of Ministers approved new rules for admission to vocational education institutions. The rules require an admission plan to be formulated, taking into account labour market needs and the directions of economic development. In March 2019 new attestation rules on vocational education were approved by the Cabinet of Ministers to regulate assessment and examination processes in VET institutions. According to the new rules, assessments are carried out based on the learning outcomes indicated in curricula, and the professionals assigned by the employers' organisations conduct the modular and final examinations. By means of a decree dated 6 April 2019, the Cabinet of Ministers established new transition provisions from one level of vocational education to the next.

The reform agenda also affects VET schools. In February 2019 the Cabinet of Ministers approved a new statute on VET institutions that transforms vocational institutions into public legal entities and

allows them greater freedom in providing services, including financial management. In order to increase participation and to ensure access to education and training, in February 2019 the President signed a decree that increases scholarships for higher, secondary and vocational education students.

The New State Programme on Increasing the International Competitiveness of the Higher Education System in the Republic of Azerbaijan for 2019–2023 was adopted by the President in November 2018 to ensure the sustainable development of human capital in the country. The main purpose of the programme is to develop a new generation of professionals utilising the latest scientific and innovative educational technology, and to modernise the content by introducing dual diploma programmes. Although the main focus of the programme is higher education, vocational education will benefit from the supply of highly trained teachers and engineers. In September 2019 the MoE finalised the draft Law on Higher Education and submitted it to Parliament for adoption.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Azerbaijan's labour market has some positive characteristics, but it also faces a number of challenges. The positive characteristics are a relatively high economic activity rate, a low unemployment rate, and a high level of flexibility. The activity rate reached 70.5% in 2018 (up from 68.4% in 2013), with differences between the rates for men and women (78.2% and 63.8%, respectively). The employment rate was 67.0% in 2018, much higher for men (75.0%) than for women (60.1%). The overall unemployment rate is low, at 4.9% in 2018, with a minor decrease from 5.0% in 2017. It is higher for women (5.8%) than for men (4.1%).

The negative features of the country's labour market include relatively high youth unemployment, a large shift towards low-skilled occupations, a high percentage of self-employed people, and higher growth in wages than in labour productivity.

Although the youth unemployment rate has been steadily decreasing over recent years, it is still much higher than the overall unemployment rate. The youth unemployment rate fell from 13.7% in 2013 to 12.7% in 2018, which is 2.6 times more than the total unemployment rate. Youth unemployment is higher among females than males (14.7% and 11.0%, respectively, in 2018), and young women are more likely than men to be affected by vulnerable and marginal work. The high unemployment rate among youth compared to general unemployment can be explained by limited job opportunities, lack of work experience, and relatively high reservation wages. The percentage of NEETs is also high, reaching 23.0% in 2017.

The service sector is the largest source of employment, providing jobs for almost half of the workforce (49.1% in 2018). The agricultural sector accounts for the smallest share of GDP but provides employment for 36.3% of the workforce, suggesting subsistence-type farming. It also generates about two-fifths of household income in rural areas. The industrial sector accounts for the lowest share of employment (14.6% in 2018), but the highest share of GDP.

As a result of recent market-oriented reforms and structural changes in Azerbaijan's economy, the share of people employed in the private sector has been increasing. An important characteristic of the employment structure is a high level of self-employment, which has risen noticeably since 2000, reaching 68.3% in 2018. Self-employment has increased across all sectors, particularly in agriculture

and construction. In addition, the proportion of informality is high, mainly in agriculture but also in other sectors such as transport, manufacturing, trade and construction. The incidence of vulnerable employment is also high, at 55.2% in 2018, with a minor decrease from 56.4% in 2013.

Skills mismatch is becoming a growing concern: businesses report that an inadequately educated workforce is an obstacle to their business performance. For the fourth successive year, Azerbaijan's EU Business Climate Survey¹¹ reported in 2019 that the shortage of skilled workers is an increasingly significant bottleneck for EU businesses active in Azerbaijan. The number of respondents grading the availability of skilled workers as satisfactory declined from 31% in 2018 to 21% in 2019. Many EU companies remain critical of the quality of academic education and vocational training; 45% deem vocational training to be unsatisfactory. The most frequently cited concerns are the lack of practical and modern methods and the low level of digitalisation in the education system¹². Employers seek not only technical, job-specific skills but also cognitive skills (such as literacy, numeracy and problem solving) and adequate sociobehavioural soft skills (such as communication, teamwork, leadership and the ability to work independently). The development of these skills represents the main challenge for the education system in Azerbaijan and is critical for addressing the skills gap.

3.2 Employment policy and institutional setting

One of the main priorities of Azerbaijan's social and economic policy is to create full and productive employment opportunities for all in the context of implementing the UN Sustainable Development Goals. In 2016 the Government of Azerbaijan and the International Labour Organization (ILO) signed a Decent Work Country Programme for 2016–2020. The first priority of the programme is to promote decent employment opportunities and quality jobs for inclusive growth.

The development concept Azerbaijan 2020: a look into the future, the Strategic Road Maps for the National Economy and Main Economic Sectors, and social state programmes approved by presidential decrees all set targets, such as improving the quality of the workforce, developing highly qualified staff based on economic diversification, and improving the institutional infrastructure for strengthening dynamic coordination between demand and supply in the labour market.

The state programme Azerbaijani Youth 2016–2021, which focuses on youth education and employment, includes skills development, career guidance and entrepreneurship. However, the programme is a framework document that provides neither concrete activities nor indicators.

In October 2018 the President approved a new Employment Strategy for 2017–2030 that is fully aligned with the UN Global Initiative on Decent Jobs for Youth. It provides clear national targets that aim to reduce the number of NEETs, to lower unemployment rates, to increase employment in SMEs and to expand youth opportunities in VET. In recent years two important laws on employment have been adopted. The Law on Compulsory Insurance against Unemployment (2017) introduced a new financing system by establishing an Unemployment Insurance Fund and supported a shift from passive to active labour market programmes. The Law on Employment (2018) introduced an

¹¹ Annual business climate survey reflecting the views of EU companies operating in Azerbaijan. It is carried out by the German–Azerbaijani Chamber of Commerce (AHK Azerbaijan), with financial and technical support from the EU Delegation to Azerbaijan. In 2019, 130 completed responses were selected to represent a valid and statistically significant sample; respondents were from 16 sectors; 20 in-person interviews were organised with EU businesses representing 10 sectors.

¹² EU Business Climate report, Azerbaijan 2019, June 2019:
https://eeas.europa.eu/sites/eeas/files/eu_business_climate_report_2019.pdf

economic and organisational basis for state policy in the field of employment promotion and established the legal basis for the provision of ALMPs. The MLSPP is actively working on the development of secondary legislation to ensure effective implementation of the new law.

The MLSPP is responsible for employment and social policy issues. The State Employment Service (SES) under the MLSPP provides employment services. It consists of a central office in Baku, 83 regional employment centres, and 3 vocational training centres (Baku, Goychay and Nakhchivan). In 2018 the president's order on Additional Policy Measures in the Field of Social Protection of the Population introduced important structural changes in the employment and social sectors. In 2019 the new Agency for Sustainable and Operational Social Security (DOST) was established under the MLSPP and the first DOST centre was opened in Baku. There are plans to create 31 DOST centres by 2025; it is envisaged that these will provide a wide range of services, including employment services.

Since 2018 ALMPs have been financed from the Unemployment Insurance Fund and include job search assistance; career guidance and counselling services; organisation of job fairs and labour exchanges; provision of vocational training, retraining and skills development courses; paid public works; self-employment and small business advisory services; and support to entrepreneurship and start-ups. In 2018, 20 000 individuals had official unemployment status, around a half the number in 2017. The number of people who obtained a job through the SES reached 51 774 in 2018¹³.

The MLSPP is continuously working on improving employment services. In 2018 the MLSPP established the employment subsystem, MAS, as part of its centralised electronic information unified platform for promoting more transparent and accessible employment services. MAS allows employment-related services to be provided electronically, without the need for users to contact an employment centre. It has also established a vacancy bank as an electronic information resource for jobseekers and employers. Under the new Law on Employment, employers are required to submit information about new vacancies within five business days from the date a new job is created.

In October 2019 the Cabinet of Ministers adopted a decision on Establishment of State Foundation on Labour Protection and approval of its Charter, with the objective of providing financial and technical support for labour protection measures. The foundation is managed by the MLSPP.

Implementation of the large-scale self-employment programme covering all regions of the country began in 2016. The self-employment programme creates a qualitatively new stage in state employment policy by providing opportunities for unemployed people to increase their income through self-employment and to develop their own businesses, which are crucial for the economy. In 2018, 7 267 unemployed individuals were involved in the self-employment programme, including 1 174 young people. In 2019 it is envisaged that more than 8 500 people will be involved. In June 2019 the MLSPP, SES and United Nations Development Programme (UNDP) announced the start of the self-employment programme for persons with disabilities. The aim is to support 500 unemployed individuals with disabilities who have the desire and vision to start their own business. The programme will provide free training in entrepreneurship, advice and financial support in the form of equipment and materials.

In April 2019 the SES and the Youth Fund of the MLSPP launched a new Youth Employment Programme. It aims to assist young people in successful career development (finding a job), to create additional jobs (especially in the regions) and to increase competition in the labour market. Vocational

¹³ <https://www.stat.gov.az/source/labour/?lang=en>

and higher education graduates under the age of 29 will be able to participate in the programme. They will be awarded a minimum one-year employment contract and will be funded by the Youth Fund for a specific period of time. They will also have an opportunity to participate in career planning activities and vocational training organised by the Youth Fund and the SES. The programme will give preference to young people from socially vulnerable groups (persons with disabilities, IDPs, etc.), those living in the regions and those who have no work experience.

The VET roadmap sets out the task of identifying strategic employment areas and forecasting labour market demand. Further, the new rules for admission to vocational education institutions provide that admission plans should be established, taking into account labour market needs and the direction of economic development. To strengthen the labour market information system, in July 2019 the President adopted a decree that establishes the National Observatory on Labour Market and Social Protection Affairs under the MLSPP. It is envisaged that the observatory will collect, analyse and publish information on the supply of and demand for occupations and skills, will support evidence-based policy making and will make an important contribution to adapting education and training provision to the needs of the labour market.

To strengthen the development of SMEs' skills, the newly established Agency for the Development of Small and Medium-sized Enterprises was assigned the task of coordinating various stakeholders involved in the collection and analysis of skills intelligence, including relevant ministries, business associations, business incubators, non-governmental organisations, consulting companies and international organisations. The agency is expected to establish a systematic approach to analysing SMEs' training needs that will form a basis for the development of training programmes, inter alia through conducting training needs analysis surveys.

In May 2019 Azerbaijan established a structured policy partnership led by the Lifelong Learning Commission of the Agency for the Development of Small and Medium-sized Enterprises. It will coordinate the activities of government and non-government actors in entrepreneurial learning.

STATISTICAL ANNEX - AZERBAIJAN*

Annex includes annual data from 2013, 2017 and 2018 or the last available year.

	Indicator	2013	2017	2018	
1	Total Population (,000)	9,356.5	9,810.0	9,898.1	
2	Relative size of youth population (age group 15-24, %)	25.8	21.6	20.7	
3	GDP growth rate (%)	5.8	-0.3	1.4	
4	GDP by sector (%)	Agriculture added value	5.4	5.6	5.3
		Industry added value	57.1	49.7	52.2
		Services added value	31.5	38.1	35.2
5	Public expenditure on education (as % of GDP)	2.5	2.5	2.5	
6	Public expenditure on education (as % of total public expenditure)	7.5	9.9	8.7	
7	Adult literacy (%)	99.8 ^(e)	99.8 (2016)	M.D.	
8	Educational attainment of adult population (aged 25-64 or 15+) (%) ^{(1) (5)}	Low ⁽²⁾	7.0	7.7	7.1
		Medium ⁽³⁾	76.7	75.9	76.4
		High ⁽⁴⁾	16.2	16.4	16.6
9	Early leavers from education and training (aged 18-24) (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	M.D.	M.D.	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	15.8	14.2	14.5	
12	Tertiary education attainment (aged 30-34) (%)	M.D.	M.D.	M.D.	
13	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	6.5 (2014)	M.D.	M.D.
		Male	7.6 (2014)	M.D.	M.D.
		Female	5.3 (2014)	M.D.	M.D.
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.
15	Activity rate (aged 15+) (%)	Total	68.4	70.3	70.5

	Indicator		2013	2017	2018
		Male	73.9	78.0	78.2
		Female	63.5	63.5	63.8
16	Inactivity rate (aged 15+) (%)	Total	31.6	29.7	29.5
		Male	26.1	22.0	21.8
		Female	36.5	36.5	36.2
17	Employment rate (aged 15+) (%)	Total	65.0	66.8	67.0
		Male	70.9	73.8	75.0
		Female	59.8	59.8	60.1
18	Employment rate by educational attainment (% aged 15+)	Low ⁽²⁾	28.9	34.1	M.D.
		Medium ⁽³⁾	66.5	67.1	M.D.
		High ⁽⁴⁾	74.7	75.4	M.D.
19	Employment by sector (%)	Agriculture	37.1	36.4	36.3
		Industry	14.3	14.4	14.6
		Services	48.6	49.2	49.1
20	Incidence of self-employment (%)		66.5	68.4	68.3
21	Incidence of vulnerable employment (%)		56.4	55.2	55.2
22	Unemployment rate (aged 15+) (%)	Total	5.0	5.0	4.9
		Male	4.0	4.1	4.1
		Female	5.9	5.9	5.8
23	Unemployment rate by educational attainment (aged 15+) (%)	Low ⁽²⁾	9.4	9.0	10.2
		Medium ⁽³⁾	4.5	4.7	4.6
		High ⁽⁴⁾	5.1	4.2	4.1
24	Long-term unemployment rate (aged 15+) (%)		3.3	3.1	3.0
25	Youth unemployment rate (aged 15-24) (%)	Total	13.7	12.9	12.7
		Male	12.0	11.1	11.0
		Female	15.6	14.9	14.7
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.

* Some of the indicators have been recalculated by AZERSTAT using the Labour Force Survey

Last update: 27 August 2019

Sources:

Indicators 1, 2, 5, 6, 8, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 – The State Statistical Committee of the Republic of Azerbaijan
Indicators 3, 4 – World Bank, World Development Indicators database
Indicator 7 – UNESCO Institute for Statistics

Notes:

- (e) National estimation
- (1) Values refer to active population
- (2) Low: main and primary education
- (3) Medium: secondary, vocational and secondary specialised education
- (4) High: higher education
- (5) Age range 15+

Legend:

NA = not applicable; MD = missing data
ISCED, International Standard Classification of Education; PISA, Programme for International Student Assessment.

Indicators' definitions

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, 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 (74)/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 U.S. 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	GDP 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.
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 population aged 15 years and over who can both read and write with understanding a short simple statement on his/her everyday life. Generally, 'literacy' also encompasses 'numeracy', the ability to make simple arithmetic calculations.
8	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured with respect to the highest educational programme successfully completed which is typically certified by a recognized qualification. Recognized intermediate qualifications are classified at a lower level than the programme itself.

	Description	Definition
9	Early leavers from education and training (age group 18-24) (%)	Early leaving from education and training is defined as the percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes with duration less than 2 years) for data up to 2013 and to ISCED 2011 levels 0-2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
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 education), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30-34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25-64) (%)	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 consists of 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.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing level 2 on the PISA scale for reading, mathematics and science.
15	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 persons. The inactive population consists of all persons who are classified as neither employed nor unemployed.
16	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 persons who are classified as neither employed nor unemployed.
17	Employment rate (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.
18	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 consider: Low (ISCED level 0-2), Medium

	Description	Definition
		(ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data is presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) which is based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	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.
21	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.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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 consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of unemployed persons since 12 months or more in the total active population, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15-24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed persons aged 15–24 by the total population of the same age group.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	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 is 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.

LIST OF ABBREVIATIONS

ASAN	Azerbaijani Service and Assessment Network
AZN	Azerbaijan manat (currency)
AzQF	Azerbaijan Qualifications Framework
GDP	Gross domestic product
IDMC	Internal Displacement Monitoring Centre
IDP	Internally displaced person
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification
MLSP	Ministry of Labour and Social Protection of Population
MoE	Ministry of Education
NEET	Young person not in education, employment or training
PISA	Programme for International Student Assessment
SES	State Employment Service
SME	Small and medium-sized enterprise
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VET	Vocational education and training

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