



TORINO PROCESS 2016-17

AZERBAIJAN

EXECUTIVE SUMMARY

Executive summary of the Torino Process 2016–17 Azerbaijan report.

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Acronyms

AZN	Azerbaijani manat
AzQF	Azerbaijan Qualifications Framework
CVET	Continuing vocational education and training
ETF	European Training Foundation
EU	European Union
EUR	Euro
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)
IVET	Initial vocational education and training
USD	United States dollar
VET	Vocational education and training

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1. Introduction

This is the fourth round of the Torino Process in which Azerbaijan has participated. The Torino Process 2016–17 was launched in Azerbaijan in April 2016 under the leadership of the Ministry of Education. The launch brought together stakeholders from the Ministry of Education, the Ministry of Labour and Social Protection of Population, the Ministry of Economy, the Ministry of Agriculture, the State Statistical Committee, the Education Institute and the National Confederation of Entrepreneurs. The four principles of the Torino Process were ensured: national ownership, broad participation of multiple stakeholders, a holistic approach and an evidence- or knowledge-based assessment.

The current report discusses progress made in vocational education and training (VET) development since the preceding round of the Torino Process (2014). It provides a concise, documented analysis of VET policies, reforms, challenges, opportunities and good practices in the period from 2014 to 2016. The report answers questions asked within the context of the five sections in the 2016–17 Analytical Framework. The first section (A) provides an overview of the VET system and its socioeconomic context. It describes social, political and economic developments in the country, as well as the legislative framework that determines VET progress. Section B analyses progress in addressing economic and labour market demand and looks at VET graduates' access to employment. Section C discusses developments in addressing demographic, social and inclusion demand, provides information on learners' access to the formal VET system and on causes of exclusion of vulnerable groups from training and access to the labour market. Section D covers the internal efficiency of the VET system. It describes the teaching and learning environment for students and teachers, including work-based learning. It also addresses the availability and adequacy of quality assurance arrangements at both central and local level. Section E assesses the effectiveness of governance arrangements, the degree of involvement of non-state actors and VET financing mechanisms.

2. Main findings

The education system in Azerbaijan has been undergoing changes in recent years. The driving force has been the fast-changing labour market and socioeconomic situation. Many strategic initiatives have been proposed at state level for strengthening the VET system so that it can contribute to the development of the economy and its diversification. The potential for having effective VET is becoming clear: since 2014, VET has been recognised as an important driver of socioeconomic development. However, hard work will be required to make the necessary systemic changes and the involvement of all stakeholders will be needed to fully realise the benefits of all strategic decisions.

In 2016, VET became one of the top priorities for the government, and the leadership role played by the Ministry of Education is becoming more important in this new context.

Overview of VET and vision for VET

The development concept, Azerbaijan 2020: Look into the Future, aims to improve the conditions for the emergence of a knowledge-based economy. In order to form a modern education system, the concept envisages the reinforced integration of Azerbaijan's education system into global and European environments. It prioritises the development of the non-oil sector, the establishment of an innovative and competitive national economy, the development of human resources and the establishment of a world-class education system.

The National Strategy for the Development of Education, approved by Presidential Decree on 24 October 2013, established a long-term vision for education development, including VET. It focuses on the development of competence-based education; new management mechanisms based on state-society partnerships and public-private partnerships; lifelong learning; modern infrastructure; and the development of new financing mechanisms, which are economically sustainable and meet the necessary standards.

The Action Plan on the Implementation of the National Strategy for the Development of Education in the Republic of Azerbaijan was approved by Presidential Decree in January 2015. The step-by-step transition to 12-year general education has started in line with the action plan. The 12-year education system is designed to include specialisation in soft skills in the last two years of schooling. This will help students to progress more effectively to vocational education. The action plan also provides for the creation of a legislative framework to recognise competences acquired through non-formal and informal learning.

In March 2016, the President issued a further decree for the development of strategic roadmaps for 11 priority sectors that are critical for diversifying the economy. The aim was to improve export competitiveness, increase the efficiency of domestic markets and substitute imports with local production. The sectors concerned are four manufacturing sectors (oil and gas, agriculture, manufacture of consumable products in small and medium-sized enterprises (SMEs), and heavy and engineering industries), three service sectors (specialised tourism, logistics and trade), a social sector (affordable housing), and auxiliary sectors (financial services, and telecommunication and information). Vocational training is a transversal issue affecting all these sectors. The roadmaps will focus on short-, medium- and long-term development stages until 2025 and will require a well-qualified human resource base.

Until recently, the VET sector operated in the absence of a strategic development framework for VET, and the lack of a coordination mechanism or platform (council) for the stakeholders significantly affected the efficiency of the system. It was impossible to move forward and to use the potential of skilled citizens without a common operational framework for the VET system. It operated in a non-systematic way: the Ministry of Labour and Social Protection of Population dealt with its part of continuing VET (CVET), involving the adult population, usually jobseekers and unemployed people, including active labour market policies; the departments within the Ministry of Education each managed their parts of the VET system; and the Ministry of Economy and line ministries also had their own approaches. The random participation of non-state actors in VET also has significantly affected the image of VET.

The Strategic Roadmap for VET Development adopted in December 2016 and Presidential Decree No 1897 of 16 March 2016 set out the short-, medium- and long-term vision for VET development.

Important opportunities now exist to change the system for the better. The strategic roadmap sets the following objectives for the VET sector.

- Ensure improved normative, legal, economic and information bases for VET.
- Create a new positive image for VET.
- Establish a management structure for VET providers based on an improved public-private partnership.
- Create a rationalised and optimised network of public VET providers.
- Increase the attractiveness of the VET system to the private sector.
- Establish VET providers that have a modern infrastructure and a material, technical and training basis.
- Finance the VET system on the basis of a new economic model.
- Ensure that VET providers have updated content in line with modern requirements.
- Train engineering and pedagogical staff in the VET system to meet the requirements of the labour market.
- Increase the level of employment of VET graduates.
- Reduce poverty, crime and other negative issues by increasing employment.
- Create and establish 10 VET schools that will be equipped with high-end technology in their VET profiles.

The measures outlined in the strategic roadmap will be implemented with the support of the state budget; funds from the National Fund for Entrepreneurship Support; local budgets; funds from local offices, enterprises and organisations regardless of the form of ownership; foreign direct investment; loans and grants from the country's banking system; loans from international organisations and foreign states; and technical and financial assistance. Most of the funds will be provided through budget restructuring, co-financing by the private sector and various investors. A total of AZN 200 million (about EUR 109 million¹) have been allocated for implementation.

Changes in short-, medium- and long-term development are also linked to the establishment of the VET Agency, the key body responsible for initial VET (IVET) policy, in April 2016. The new vision for VET development triggered the efforts focused on drafting a law on VET for the first time in Azerbaijan's education history.

Important efforts made by the government in the VET sector are supported by the European Union (EU) and donors. The Single Support Framework for Azerbaijan 2014–17, which will be implemented beyond 2019, focuses EU assistance on a limited number of sectors, which are also on the government's list of priorities. The education and skills sector is part of this. The Annual Action Programme 2014 allocated EUR 19 million for education and skills. Specific objectives include enhancing the quality and relevance of the education system by focusing on higher education and VET; increasing the attractiveness and labour market relevance of all levels of VET; and strengthening civic participation, governance and inclusiveness of the education system. The programme includes

¹ Based on the official exchange rate of the Central Bank of the Republic of Azerbaijan (AZN 1.8399/EUR) on 22 February 2017.

twinning, for further adherence of the higher education system to the European higher education area, focusing on quality assurance processes for higher education and the use of learning outcomes; providing technical assistance to support the implementation of VET reform; providing technical assistance for the development and implementation of the national qualifications framework; and initiating a grant scheme for multifunctional training centres to support the five strategic directions of the national strategy for education development.

In addition to a significant EU presence in the sector, other donors are also active. Based on information available from the Ministry of Education, it is estimated that donors will contribute about EUR 50 million to education and training in the next three years. German development agency GIZ works in the VET sector to create bridges between the private sector and the education system. GIZ is involved in vocational qualification development and in the development of the VET system, providing leadership training and policy advice. The United Nations Development Programme developed competence-based pilot curricula in agriculture sector profiles (husbandry). The British Council has been active with two initiatives to target student and teacher competences (2015–16) and develop an apprenticeship system in the hospitality sector (2015–17). The Rogaland Education and Training Centre, funded by the Norwegian Ministry of Foreign Affairs, implements a project entitled ‘Developing and strengthening VET in Azerbaijan’. The project supports the Ministry of Education in developing a policy matrix for monitoring VET priorities. In April 2014, an agreement was signed between the governments of South Korea and Azerbaijan for a loan from the Economic Development Cooperation Fund for a project to establish a vocational training centre. This is one of the biggest projects to be executed by the Ministry of Education and it will be implemented jointly with the Korean Exim Bank with a budget of USD 39.28 million. A high-tech complex will be created with new classrooms, a library and a resource centre to train professionals in relevant industry trades. These trades are prioritised to develop the non-oil sector and meet the requirements of the labour market. It is also expected that education and training programmes for administrative specialists and trainers will be improved and consulting services will be provided.

All donors’ actions, which are discussed and shaped together with the beneficiaries, are expected to contribute significantly to strengthening the leadership role of the Ministry of Education in VET. These actions will also help the ministry to develop its capacity to lead the process and ensure that policies developed and adopted for the VET sector will be implemented.

Effectiveness and efficiency in addressing economic and labour market demand

Azerbaijan’s economy was classified in 2015 as a higher middle-income country with a gross domestic product (GDP) per capita of 17 740 (current international dollars at purchasing power parity) up from 15 754 in 2011 (World Bank). The growth rate was positive even during the world economic downturn. The economy has slowed down significantly over the past two years due to the drop in oil prices. GDP grew by 1% only in 2015, down from 5.8% in 2013, and reached a negative growth rate of -3.8% in 2016. The increase in GDP in 2014–15 was due to the non-oil sector (growth of 7.5%), which also turned into a negative growth rate in 2016 (-5.4%). The development of the oil and gas sector has had a direct influence on activity in the non-oil sector, in line with the national oil strategy.

The main priority of current economic policy is the further diversification of economic development – shaping the structure of the country’s economy, making progress in the non-oil sector, creating an innovative economy, and increasing competitive product manufacturing and exports. Investments have been made in several areas of the economy in an effort to replace imports. These investments include support for the agrarian industry, water reserves, new large technology parks, cement plants, shipyards and metallurgy.

Azerbaijan’s workforce has a medium level of skills (nearly 70% hold at least an upper secondary qualification). Low-skilled employees (completing compulsory education or less) account for less than

10% of the workforce (one of the lowest figure in the region). Good progress has been made in upskilling the workforce and the share of high-skilled workers now represents more than a quarter of the workforce.

The situation in the labour market in 2015 was characterised by a slight increase in the activity rate to 65.4% (up from 64.4% in 2011) with minor differences between men and women (68.5% for men and 62.4% for women). The country has a relatively high employment rate (73.1% in 2015). The employment rate is high for both men and women: 76.8% for men and 69.5% for women in 2015. The overall unemployment rate in 2015 was 5.0% (down from 5.4% in 2011) and was higher for women (5.9%) than for men (4.1%). The youth unemployment rate (for those aged 15 to 24) reached 13.4% in 2015, down slightly from 14.7% in 2011; it is higher for women (15.8%) than for men (11.4%) in 2015, and shows a decreasing trend for men (down from 14.2% in 2011) and a slight increase for women (up from 15.2%).

Half of the workforce is employed in services and one-third in agriculture. However, only around 7% of GDP is generated in agriculture, suggesting that subsistence farming is the norm. All these numbers suggest good employability of the workforce. Nevertheless, the continuing crisis in the economy has led to a reduction in total employment. The most significant reductions in employment were observed in power, gas and steam production and distribution; construction; mining; and manufacturing (16.1%, 12.4%, 8.3% and 7.6% respectively) in the period from 2013 to 2015. In addition, employment decreased by 2.6% in the finance and insurance sector during 2015. In contrast, there was a considerable increase in employment in property operations (19.8%); tourism and catering (11.2%); and agriculture (5.9%) in the period between 2013 and 2015.

A large mismatch of skills supply and demand is observed in the labour market, due to the fact that the existing formal education is knowledge- rather than competence-based². Holders of different levels and types of diplomas (graduates of vocational, secondary specialised and higher education institutions) still face problems entering the labour market and using their skills. Companies require predominantly vocational skills, whereas people rarely choose IVET as a route to specialisation. The higher education path is still attractive to young people, leading to over-qualification. Moreover, according to official statistics, about 50 000 people enter the labour market each year without having any qualifications, which also leads to a skills deficit³.

A recent study⁴ confirms that there is a particular lack of qualifications in production, quality, procurement and sales and also human resource management and development, innovation management and resource efficiency. The current vocational training systems cannot meet these needs. This poses a serious challenge when starting up new, competitive SMEs or developing existing companies, as the shortage of qualified skilled labour hampers positive development. Although a number of important initiatives have been implemented to promote vocational training, the VET system is still a government-planned, underfunded system. It is dominated by school-type training and geared too little to private sector needs. Non-formal training is only provided sporadically. The private sector still has too little involvement in planning and carrying out vocational training. In many cases, both sides still need to gain an awareness of this issue and establish the requisite formal framework and conditions for cooperation.

² See Allahveranov, A. and Huseynov, E., *Costs and benefits of labour mobility between the EU and the Eastern Partnership partner countries – Country report: Azerbaijan*, 15 February 2013; and Nurmammadov, E., *Reforming vocational education in Azerbaijan: Back to future?*, [online], 26 June 2013.

³ See Feiler, L., *Skills needs identification and anticipation policies and practices in the Eastern Partnership region*, Cross-country report, 2014.

⁴ GIZ, *Future-oriented dual vocational qualification in South Caucasus: The potential for dual vocational education and training in Azerbaijan*, November 2016.

With the recent positive developments in the economy and attempts at diversification, VET is trying to catch up with these positive labour market developments. The share of vocational students in secondary education represented 19.7% in 2014, rising from 17.38% in 2011. Enrolment in VET is still relatively low, but its attractiveness is clearly improving. More than half of upper secondary students followed a vocational programme in 2014, up by 4% on 2011. Overall, skills monitoring and forecasting in Azerbaijan has a long way to go to help match supply and demand on the labour market and support economic growth in the country. International good practice needs to be studied in this respect and new methods must be developed using relevant experience. The Ministry of Labour and Social Protection of Population plans to implement a relevant project with the technical support of the EU. The development of competence-based qualification standards at various levels could be seen as one of the actions expected to lead to better matching of skills.

The Azerbaijan National Employment Strategy 2006–2015 and the State Programme for Implementation of the Employment Strategy 2011–2015 contain numerous references to the need to bring the skills supply in line with labour market demand. With the support of the World Bank, the Ministry of Labour and Social Protection of Population has drafted a new employment strategy for 2016–2020. In June 2016, the Occupational Standards Division was set up in the ministry in order to establish the legal framework to formulate and implement the state policy in this area, prepare for the approval and application of occupational standards, and increase the effectiveness in developing occupational standards.

Effectiveness and efficiency in addressing demographic, social and inclusion demand

One of the main goals of the country's socioeconomic policy is to establish the necessary conditions that will exploit the potential capacities of young people, increase their employment and create a flexible young workforce that meets the requirements of the modern labour market. The demographic situation and development trends in the country are key factors affecting the formation and placement of the country's workforce, including the production sector. From a demographic point of view, Azerbaijan is currently one of the few countries in Europe and the Commonwealth of Independent States with a young population. As of the end of 2015, 26% of the total population was composed of young people (15 to 29 years). This number of young people on the labour market raises serious issues regarding their employment, as job creation is challenging. The stereotypical views held by employers regarding the qualifications, skills and competences of young specialists who fail to meet their requirements are another issue faced by young people on the labour market. Other challenges are linked to young people's labour market integration and their preferences for studying humanities rather than production-specific specialisations. This requires improved career guidance and counselling and awareness raising.

Actions are being implemented to increase youth employment; facilitate young people's adaptation to the labour market; increase their skills and capabilities through training programmes that use modern learning methods and are relevant to the labour market; build up the necessary competences; improve the career guidance system; and increase employers' interest and involvement. In 2015, 22 898 young people applied to the State Employment Service and 11 604 of them were provided with jobs. A further 2 964 were involved in vocational training. As a result of such actions, the level of unemployment was reduced from 11.0% in 2011 to 9.6% in 2015 among young people aged 15 to 29 years, and from 14.7% to 13.4% among those aged 15 to 24 years.

One of the main labour market policies is aimed at increasing the employment of socially vulnerable individuals, especially those with disabilities, people without any occupation or specialisation, people starting their working life and those released from penitentiaries. These actions have supported the social inclusion of persons with disabilities to ensure their integration into society, increase their employability and provide them with equal access to the labour market and social protection. The

recently adopted active labour market policy focuses on creating conditions for self-employment and also focuses on developing the skills of these groups.

An efficient and inclusive VET system is based on how well VET meets the aspirations of individual learners in facilitating their transition to higher levels of education or to the labour market and how successful VET is at the state or regional and local level in providing learning opportunities for citizens so that they can enhance their labour market prospects or upgrade their skills. Recent strategic and policy developments in Azerbaijan indicate that important steps have been taken in the country. The current high population growth (1.2% annually) will exacerbate problems relating to skills mismatch in the labour market and youth unemployment in the future. However, with a properly designed policy, problems caused by economic crises can be turned into favourable opportunities for expanding domestic production and export in the non-oil sectors. The VET sector can be active in reskilling and upgrading the workforce to make it more flexible in the new economic realities and can help to prevent a certain proportion of potential unemployment.

Internal efficiency of the VET system

At present, the formal VET system has low capacity – outdated infrastructure and training materials, a shortage of highly qualified trainers, few modern training methods, poor management of VET institutions – and cannot meet the skills needs of the labour market. Furthermore, the VET system in Azerbaijan is focused more on actual knowledge and the labour force therefore lacks soft skills and various kinds of practical competences, which also contributes to the labour market mismatch of skills supply and demand. The higher education path, which leads to over-qualification, is still more attractive to young people than VET. Skills monitoring and forecasting in Azerbaijan has a long way to go to contribute to matching supply and demand in the labour market.

More than half of young people currently do not specialise. According to official statistics, more than 60% of general education graduates enter the labour market each year without any specialisation, i.e. they do not continue their formal education after general (and full) secondary education.

The Azerbaijan Qualifications Framework (AzQF) was developed in 2011–12, based on the new Law on Education (2009). The Ministry of Education and the Ministry of Labour and Social Protection of Population, supported by the European Training Foundation and the World Bank, developed the AzQF concept. The AzQF is also directly linked to the country's efforts to prepare for integration into the Bologna Process. So far, the decree governing the AzQF has not been adopted. The Ministry of Education wants to increase the engagement of stakeholders in the implementation process before it is formally adopted. In August 2016, therefore, the ministry formally established a secretariat to coordinate activities to finalise the draft AzQF and to review the action plan for its implementation (2016–2022). In June 2016, a new division for occupational standards was established in the Ministry of Labour. It is focused on the establishment of a legal framework to formulate and implement the state policy in this area; skills needs assessment and anticipation to tackle unemployment issues; and the establishment of a skills forecasting system. The draft AzQF is designed to recognise lifelong learning and is consistent with the provisions of the two overarching European qualifications frameworks: the Framework for Qualifications of the European Higher Education Area (QF-EHEA) and the European Qualifications Framework for Lifelong Learning.

The Ministry of Education dedicates resources to improve the governance of the system. Optimisation of the network of public VET providers in the country is ongoing and is expected to ensure the effective use of available resources to improve quality of education and training. The decision made by the Cabinet of Ministers in October 2016 puts forward clear objectives to optimise the network of IVET schools. Eleven state VET centres specialising in specific VET profiles have been established in Baku and Ganja. Post-secondary VET institutions (colleges) are also being optimised. One state regional college was established under the auspices of the Ministry of Education in 2014; three colleges were

assigned to universities specialising in the same areas in 2015; and in 2016 14 colleges were merged to create a total of seven colleges, and three colleges (including one of the merged ones) were assigned to universities specialising in the same areas.

Quality assurance mechanisms are mostly a formality. The Ministry of Education conducts quality assurance of IVET institutions, most of which are under its control.

The Ministry of Education plans to conduct a diagnostic assessment of the knowledge and skills of teachers at IVET institutions in the same way that it did in general schools. The workload (teaching hours) and wages of teachers will be increased based on this evaluation.

The Ministry of Education is currently drafting a new state standard template for IVET. The validity period of the previous standard has expired, as it was approved in April 2010 for a five-year period. The fact that the draft AzQF has not been approved makes it difficult to use as a reference tool for new qualifications (state educational standards), but it is clear that the new standards should give much more importance to learning outcomes, and where possible draw upon occupational standards.

Career guidance is missing at IVET level. In the case of CVET, career guidance and professional orientation services are usually conducted by local employment offices of the State Employment Service.

The regulations do not specify any limit on who can access VET. The only requirement is that participants must have at least completed compulsory education. There is, however, a shortage of incentives for adult training.

Key competences like literacy, numeracy, IT and entrepreneurship are included in the national curriculum for lyceums and technical and vocational education schools. However, the learning methods and pedagogy that are needed to develop them have not been sufficiently adapted. There is not enough student-centred and problem-based learning.

One of the key issues in IVET is the level of teacher training and the overall quality of human resources. Most subject teachers and industry training masters working in IVET institutions are not familiar with modern educational methodology, which is as important as their qualifications for teaching. Teachers start working in IVET institutions without getting the initial education and training designed to suit the needs of vocational education. The result is a low level of education provided for learners and teachers facing difficulties in establishing a connection with learners. In the IVET system, teachers should complete training courses every five years, but this does not happen. The absence of training programmes for VET teachers and VET administrators is a big impediment to developing a high-quality workforce.

Governance and policy practices in the VET system

VET governance is centralised, although progress has been made towards a more participatory approach to consultation and policy advice. At national level, the Ministry of Education is mainly responsible for educational issues and the overall process. The Ministry of Education, the Ministry of Labour and Social Protection of Population and the Ministry of Economy are the main coordinating bodies for VET policy.

The Cabinet of Ministers, with the involvement of several ministries and other agencies, coordinates the implementation of state programmes. Several ministries coordinate VET providers (colleges, i.e. post-secondary VET institutions under the auspices of the Ministry of Health, the Ministry of Youth and Sports and one IVET school under the Ministry of Culture and Tourism). Regionally, executive committees play a role in coordinating administrative issues like infrastructure. The new legislation relating to the structure of the Ministry of Education will take this to another level, establishing regional

education departments and a new mechanism for the effective administrative and operational management of VET.

The Ministry of Education and the institutional framework for VET are undergoing structural changes. Secondary VET and adult education moved to the higher education department in 2014, and IVET moved to the recently established VET Agency. The Presidential Decree on the Establishment of a State Agency for Vocational Education under the Ministry of Education was signed in April 2016. The agency is taking over ministry functions relating to the development and implementation of IVET policy. The agency will have considerably bigger capacity than the IVET department in the ministry for implementing changes in the area of IVET – 42 employees compared to the six previously working in the department. The agency prepares and implements programmes within the framework of the joint public-private partnership established with employers to improve the efficiency of vocational training at IVET institutions.

The tasks of the agency include, among others:

- ensuring the development and implementation of competence-based, results-oriented education standards and curriculum (programmes) for IVET;
- taking part in the preparation and forecasting of training for specialists at IVET institutions according to the needs of the labour market for professions and specialisations;
- cooperating with entrepreneurs, their unions and sector associations to develop education standards and curricula for relevant professions;
- promoting the application of innovation in the learning process using modern education technologies;
- reviewing and driving the implementation of good practice in IVET.

Although VET management is traditionally centralised in Azerbaijan, wider stakeholder participation at national level has been signalled recently through a tripartite agreement with the national employers' association and trade union federation. The official social partner organisations exercise limited influence in VET, although there is a policy to structurally include them for consultation purposes. The challenge of strategic coordination remains with other government institutions, including the Ministry of Labour and Social Protection of Population, the Ministry of Economy and other line ministries such as the Ministry of Agriculture and the Ministry of Culture and Tourism. Efforts will be needed to gradually move to a more participatory governance in VET. The lack of holistic VET legislation has a negative impact on the development and implementation of effective policies affecting the labour market.

Social partnership is established also within sector skills councils (sector committees), which function on an ad hoc basis in 10 sectors. These committees are coordinated by the Ministry of Labour and Social Protection of Population and their major role is to develop occupational standards. Furthermore, these committees have no executive power, and exercise only an advisory role. This experience is needed in education planning and delivery. Furthermore, there is a strong need to strengthen school-enterprise cooperation. One issue that is very important in this context is the autonomy of VET providers to better adapt their offering to the needs of local companies and learners.

It is foreseen to finance the VET system on the basis of public-private partnership models. The government objective is to provide different types of incentives for the private sector, including opportunities for diversifying VET training provision. Most of the funds will be provided through budget restructuring, co-financing by the private sector and various investors. A total of AZN 200 million have been allocated for implementing the Strategic Roadmap for VET Development.

A recently implemented study provides a set of provisional recommendations for developing a model VET system for Azerbaijan based on the active participation of companies. The study also reflects on how employers can be brought closer to educators and how work-based learning can be enhanced; how capacity of in-school trainers and in-company instructors can be built; and how changes can be made in the relevant legislation and regulations. According to the study, the effectiveness of VET finance can be improved by introducing per capita financing and performance-based remuneration schemes. The use of incentives for better performance can enable VET institutions to keep good teachers and instructors in the system and attract new professionals⁵. This is something that has been forecast in a number of strategic documents, such as the Strategic Roadmap for VET Development and the National Strategy for the Development of Education.

3. Recommendations for action

In its 2014 cycle, the Torino Process identified the following priorities for the future.

- Establish a VET policy mechanism that is supported by all stakeholders in the field.
- Conduct regular labour market surveys and specify employers' criteria for occupational standards.
- Enhance the financial capabilities of VET providers.
- Improve the quality of vocational education.
- Develop and implement qualification standards.
- Improve the education infrastructure, including the infrastructure for learners with special needs.
- Improve the teaching and learning environment.
- Improve and reinforce active labour market policies.

Since then, the context for VET has changed significantly, and although the VET reform agenda has not seen much progress, 2016 should be recognised as a year when the basic pillars for VET reform were established. Azerbaijan's integration into the global economy, the dynamic development of the economy, the widespread introduction of new techniques and technologies in every aspect of life and the emergence of new production methods have increased the demand for a highly skilled workforce. The availability of trained personnel who meet the requirements of the modern labour market is becoming one of the main conditions of economic growth.

Under these new conditions, there is a need to increase the flexibility of the VET system to deliver new skills to the workforce, to be active in reskilling and upgrading and to help the working population to adapt to new conditions. There is, therefore, a need to continue implementing the Strategic Roadmap for VET Development in order to ensure further development of VET. Increased funding for VET will be urgently needed to develop the new VET system, and the funding mechanism will need to be more efficient. Under the current conditions, where free market competition is limited due to a small economy and SME weaknesses in different sectors, market players are not in a position to understand and value the potential benefits of investing time and resources in VET. The government will therefore need to adopt a leadership role and support the process by building relationships between VET providers and employers. This will include offering opportunities and flexibility to schools to provide VET that responds better to the needs of business. It is also recommended that cost-benefit analyses are conducted and incentives introduced for businesses to participate in the management,

⁵ Ibid.

development and provision of VET and in work-based learning. The findings will then need to be presented to the government to facilitate the application of new mechanisms.

Considering the ongoing policy dialogue and recently adopted Strategic Roadmap for VET Development, discussions need to be conducted on diversifying the economy. Looking to the future, a holistic approach to VET is clearly needed. Lifelong learning is a key concept that needs a more concrete presence in the reform process. In order to facilitate efficient lifelong learning it is important to have more flexible pathways in VET and to promote mobility, permeability and progression. There should be fewer barriers between general education and VET (e.g. by allowing for mixed programmes and providing equal opportunities for progression) and between VET and higher education (e.g. to allow different access routes into higher education). A robust qualifications framework is crucial in this regard. As the new Law on VET will be drafted in the first half of 2017, the opportunity must be taken to work on a holistic approach in VET provision.

In a European and international context, VET refers to both IVET and CVET delivery systems. IVET is VET delivered in the initial education system, usually before entering working life. CVET is VET delivered after initial education and training or after entry into working life. It aims to help individuals to improve or update their knowledge and/or skills; acquire new skills for a career move or retraining; and continue their personal or professional development. There are a few key concepts that are becoming a crucial part of any VET system. They relate to lifelong learning, key competences, national qualifications frameworks and quality assurance. Azerbaijan will also need to follow these lines of development in its VET system, and the concept of VET should also be reflected in the upcoming Law on VET.

Cooperation between VET schools and the world of work can also be enhanced by establishing business units (specialising in business cooperation with the involvement of representatives of companies) wherever possible. At a central level, there is a need to make changes to the existing legislation and regulations in order to give more autonomy to schools and facilitate such a cooperation. For example, a law on entrepreneurship should be adopted, which can provide for tax concessions and incentives for companies that cooperate with VET institutions. Performance-based incentives can enable VET institutions to keep good teachers and instructors in the system, and to attract new professionals. It is also recommended that a system is established to attract good professionals by offering salaries equal to those in their last workplace.

In addition, workshops can be established at VET institutions by involving businesses and donor funds. Large and multifunctional workshops can be established at regional VET centres, while workshops with less functions can be organised at other schools and lyceums. Providers can share equipment in regional educational resource centres. Modern equipment and facilities are currently limited in the regions and they can be used by companies as well (demands of companies in the relevant workshops in each region should be studied to inform decisions). Businesses can benefit from using laboratory facilities and equipment; and schools can get additional financial resources for their budget and/or the involvement of company representatives in the training of students in return for the use of laboratories (when they are not being used for training purposes). Moreover, students will also benefit from using the facilities and from the involvement of businesses in training programmes.

MORE INFO

To find out more about the Torino Process, compile reports, and much more, visit the Torino Process dedicated website at:

www.torinoprocess.eu

Torino Process blog: **blog.torinoprocess.eu**

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