



# AZERBAIJAN

EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2016



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## KEY EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS IN AZERBAIJAN

The Development Concept 'Azerbaijan – 2020: The vision of the future' specifies the creation of favourable conditions for the emergence of a knowledge-based economy. In March 2016, the President issued a further decree for the development of strategic roadmaps up to 2025 for eight priority sectors that are critical for diversifying the economy. The areas concerned are four manufacturing sectors (oil/gas; agriculture; the production of consumable goods; heavy and engineering industries), two service sectors (specialised tourism; logistics and trade), plus the social sector (affordable housing) and vocational training as a transversal issue.

The Ministry of Education is in the process of establishing a vocational education and training (VET) agency, which will deal with initial VET (IVET) coordination and management, public-private partnership, career guidance and recognition of non-formal and informal learning. The Presidential Decree on the Establishment of the State Agency for Vocational Education under the Ministry of Education was signed in April 2016.

The Ministry of Labour and Social Protection of the Population is currently in the process of drafting the law on compulsory insurance of unemployment. The Ministry estimates that contributions will amount to AZN 80 million per year and plans to spend AZN 50 million on unemployment benefits and AZN 30 million on active labour market measures including training. At present, spending on active labour market measures is AZN 1.7 million per year.

The Ministry of Labour and Social Protection, with the support of the World Bank, is currently working on the development of the Employment Strategy of the Republic of Azerbaijan for 2016–2025. The objectives of the new Strategy are to ensure full employment and decent jobs for all and to raise labour productivity.

In June 2016, the government approved the areas for cooperation with the European Union (EU) under the 2016 Annual Action Programme for Azerbaijan. Among other initiatives, targeted support will be given to the Ministry of Labour and Social Protection of the Population to strengthen capacity for skills anticipation and workforce planning and provide training and skills development to meet the human resource needs of small and medium-sized enterprises (SMEs) and other actors in the labour market.

### 1. Key demographic and economic characteristics

The total population of Azerbaijan at the beginning of 2016 was 9.706 million. The proportion of the population resident in urban areas is 53.1%, with 46.9% living in rural areas. Almost one quarter (22.5%) of the population are children (0–14 years). Young people aged 14–29 make up 27% of the total population and over half of them live in urban areas<sup>1</sup>.

GDP growth slowed significantly in 2015 due to the plunge in oil prices, and a recession was expected in 2016. The non-oil sector performed strongly in the first half of 2015, fuelled by large government investment, but decelerated markedly in the second half, as the government cut back on capital outlays. The overall economy grew by 1.1% in 2015 compared to 2.8% in 2014. The construction sector, which had been the main driver of growth, shrank by 13.4% in 2015. Low oil prices and declining oil output are expected to drive a recession, with a 1.9% economic contraction projected for 2016<sup>2</sup>.

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<sup>1</sup> State Statistical Committee of the Republic of Azerbaijan, Population of Azerbaijan 2016, Statistical Bulletin 2016, 2016.

<sup>2</sup> World Bank, Azerbaijan Snapshot Programme, April 2016. Last accessed 4 August 2016 at: <http://pubdocs.worldbank.org/en/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf>

Inflation accelerated to double digits in January 2016 as imported goods became more expensive after the December devaluation. The consumer price index (CPI) in January 2016 was 5.8% higher than in December 2015, and year-on-year inflation was 13.6% in January 2016. The cost of food increased by 18.3% (year-on-year), while non-food prices recorded a 17.2% (year-on-year) growth in the same month. In 2015, Azerbaijan's external public debt increased sharply, from 8.6% to 19.8% of GDP, mainly attributable to the devaluations<sup>3</sup>.

Poverty indicators have improved significantly. The percentage of the population living below the national poverty line fell from 13.2% in 2008 to 5.3% in 2013. Although poverty has declined, the national averages mask important welfare disparities between rural and urban areas as well as across regions. The majority of poor people (61%) live in rural areas. In 2012, the rate of poverty in rural areas was nearly twice that of urban areas (8% compared with 4.5%). At the same time, poverty varies widely across regions: from over 14% in Lankaran to 2% or less in Baku and Nakhchivan. Indeed, Lankaran is the only region where poverty increased in the period<sup>4</sup>. Continuing this pattern of poverty reduction into 2015 appears unlikely. The sharp rise in inflation is likely to have affected household consumption, and household income is also expected to be adversely impacted. A buoyant labour market, self-employment and pension income, which have been key sources of poverty reduction in Azerbaijan, are to a large extent rooted in budgetary support for pensions and public investment, and therefore are reliant on oil revenues<sup>5</sup>.

Azerbaijan has been proactive in reforming its business environment, introducing, for example, one-stop-shop company registration and a best practice e-government portal. The country ranks 63rd out of 189 countries in the 2016 Doing Business report. Azerbaijan faces two main challenges to further development. First, corruption is still the biggest barrier to conducting business in the country, and, second, its financial sector remains underdeveloped. This is particularly problematic for a country that needs private investment to diversify its economy. The Global Competitiveness Report 2015–2016 ranks Azerbaijan's economy as 40th in the world, and it has weathered the recent crisis better than neighbouring economies<sup>6</sup>.

The government's Development Concept Azerbaijan 2020 provides a framework for the country's accelerated economic diversification and transition to a knowledge-based economy. The framework's key objective is to achieve rapid and sustainable development of the non-oil economy. This will entail improving the country's infrastructure, making social development more inclusive by reducing regional economic disparities, promoting good governance, and improving the climate for private sector growth. Azerbaijan needs new technologies and innovative solutions to sustain investment in the country. Capacity building and skills training are critical to ensuring the sustainability of new developments<sup>7</sup>.

## 2. Education and training

### 2.1 Trends and challenges

Azerbaijan needs to move up the ranks of upper middle-income countries in education outcomes, which requires effecting long-term reforms in the system. Primary enrolment levels are comparable to those found in high-income countries and indicate wide access to basic education. However, enrolments in pre-school and higher education remain low. In addition, the quality of educational

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<sup>3</sup> Ibid.

<sup>4</sup> World Bank, World Development Indicators database, 2016.

<sup>5</sup> World Bank, Azerbaijan Snapshot Programme, April 2016. Last accessed 4 August 2016 at: <http://pubdocs.worldbank.org/en/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf>

<sup>6</sup> World Economic Forum, Global Competitiveness Report 2015–2016, Insight Report. Last accessed 14 September 2016 at: [www.weforum.org/gcr](http://www.weforum.org/gcr)

<sup>7</sup> Asian Development Bank, Member Fact Sheet, April 2016.

outcomes at all levels shows room for improvement. Ongoing reforms to improve quality include the continuous implementation of national assessments and a new curriculum in general education. A nationwide in-service teacher training programme is also being implemented to support the roll-out of the revised curriculum<sup>8</sup>. In VET provision the main problems relate to questions of quality and relevance. There is a further issue in terms of the ageing of VET professionals, managers, teachers and trainers.

In 2014, the education attainment levels of the working-age population indicated that 15.0% had received only primary education or lower, 70.3% had attained the secondary education level, while 14.6% had completed higher education. The gross enrolment rate for secondary education stood at 102.8% in 2014, compared to 99.52% in 2011. The share of VET students in secondary education represented 19.7% (in 2014), rising from 17.4% in 2011. The persistently low levels of enrolment in VET is evidence of its lack of appeal due to the many problems that remain within the system. The number of graduates of vocational schools falls significantly below the level of demand in the economy. As a result, the country lacks a qualified workforce with the skills and knowledge required by the evolving labour market. Every year, around 40% of graduates from secondary education enter the labour market without a specific qualification.

There are 112 IVET institutions currently operating within the VET secondary education system in Azerbaijan. Of these, 108 are public institutions under the control of the Ministry of Education, two are private institutions and two are public institutions subordinated to other bodies. Sixty-one institutions operate in the post-secondary system. Of these, 47 colleges are overseen by the Ministry of Education, one is a private college and another 13 institutions are run by bodies other than the Ministry of Education.

Public expenditure on education represented 3.0% of GDP in 2015, which is a significant increase compared to 2.4% in 2011. Still, this is much lower than the average of 4.5% in other Eastern European countries and the averages of most upper middle-income countries. As a percentage of total expenditure, public expenditure on education stood at 9% in 2015, which is a slight increase from 8.2% in 2011<sup>9</sup>.

Education quality, as reflected in the performance of Azeri students in international assessments, is not satisfactory. In the 2009 Programme for International Student Assessment (PISA), Azeri students' results in reading, mathematics and science represented on average 72.8%, 45.3% and 70.0%, respectively, of the OECD average. The PISA results confirm the need for education provision to focus more on improving students' abilities to apply their knowledge. Azerbaijan did not take part in the last round of PISA in 2012.

## 2.2 Education and training policy and institutional setting

The education system in Azerbaijan has undergone considerable changes in recent years. The driving force for this has been the fast-changing labour market. Improving VET is a top priority for the government.

The National Strategy for the Development of Education, approved by Presidential Decree on 24 October 2013, establishes 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; the creation of lifelong learning; establishing a modern infrastructure; and the development of new financing mechanisms that are economically

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<sup>8</sup> World Bank, Azerbaijan Snapshot Programme, April 2016. Last accessed 4 August 2016 at: <http://pubdocs.worldbank.org/en/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf>

<sup>9</sup> See statistical annex.

sustainable and meet the required standards. In January 2015, the action plan for implementing the strategy was approved by the Cabinet of Ministers.

The Ministry of Education, the Ministry of Labour and Social Protection of the Population and, to some extent, the Ministry of Economy and Industry are the main bodies responsible for the country's VET strategy, whereas the Cabinet of Ministers coordinates the implementation of state programmes. The Ministry of Education and local administrations share managerial control over the VET system.

The Ministry of Education is in the process of establishing a VET agency, which will deal with IVET coordination and management, public-private partnership, career guidelines, and recognition of informal learning. The agency will ensure the preparation and implementation of programmes within the framework of the joint public-private partnership initiatives with employers in order to improve the efficiency of vocational training in IVET institutions.

A number of initiatives, inspired by the Bologna Process and the European Qualifications Framework for lifelong learning, are starting to reform processes for gaining qualifications. The draft national qualifications framework, which is consistent with the Qualifications Framework of the European Higher Education Area and the European Qualifications Framework for lifelong learning, has been developed and submitted to the Cabinet of Ministers for approval (expected 2016).

Links between schools and enterprises are emerging but need to be developed further. Most schools limit this cooperation to the placement of interns in industry, allowing them to gain exposure to large, medium or small enterprises. Two large enterprises in the country (Azersun and Socar) have signed a memorandum of cooperation with the Ministry of Education. A few pilot projects, such as the Modern Azerbaijan Craftsmen Project, include cooperation with stakeholders or provide international experience (in Switzerland, Germany, the UK and Norway) in different areas of the economy. Other projects are planned to strengthen education and business links and involve enterprises in the VET process, including through the provision of employment.

The Cabinet of Ministers, the Azerbaijan Trade Union Confederation and the Azerbaijan National Confederation of Employers concluded a general collective agreement for 2014 (Decision No 227 of 10 July 2014, amended in 2015), with a view to strengthening links between employers and educational institutions and implementing joint projects. According to this agreement, several activities will be implemented: developing occupational standards; preparing public-private joint proposals on reforms in TVET based on international practice; teaching labour legislation at educational institutions at all levels; teaching new occupations to young people and women (especially in the 20–30 age group); and adding new specialisations to the classification of occupations. This will help to meet labour market requirements, and employers across all sectors will be involved in the process.

The EU provides substantial support to the education sector in terms of training and skills issues. The Annual Action Programme 2014 contributes a total budget of EUR 19 million to the sector. The objectives of the programme are to enhance the quality and relevance of the education system, with a focus on higher education and VET; to increase the attractiveness and labour market relevance of all levels of VET; and to strengthen the civic participation, governance and inclusiveness of the education system. Within this programme, the EU technical assistance project 'EU Support to Vocational Education and Training in Azerbaijan' is expected to start in 2017.

In April 2015, an arrangement was finalised between the governments of the Republic of Korea and the Republic of Azerbaijan regarding a loan from the Economic Development Cooperation Fund for a project to establish a vocational training centre. Implemented jointly with Korea EximBank, and with a budget of USD 39.28 million, this is one of the biggest projects to be carried out by the Ministry of Education. A high-tech complex will be created with new classrooms, a library and a resource centre to train professionals in eight 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 offered. The implementation started in the first quarter of 2016.

GIZ has been working in the VET sector for the past three years, originally looking at creating bridges between the private sector and the education system. GIZ is involved in vocational qualifications as well as in the development of the VET system through leadership training and policy advice.

The British Council has also been active in this area, with two initiatives: one targeting the competences of students and teachers (2015–2016) and the other developing an apprenticeship system in the hospitality sector (2015–2017).

The Rogaland Education and Training Centre, funded by the Norwegian Ministry of Foreign Affairs, is responsible for a project titled 'Development and Strengthening of VET in Azerbaijan'. The project proposes supporting the Ministry of Education in the development of a policy matrix to monitor VET priorities. It will also develop curricula for three pilot regional vocational schools and arrange appropriate training for education providers at these schools. The implementation of the project began in the first quarter of 2016.

### 3. Labour market and employment

#### 3.1 Trends and challenges

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% and 62.4% respectively). The country has a relatively high employment rate, recorded as 73.1% in 2015, which remains high for both genders, with rates of 76.8% for men and 69.5% for women. The figures on employment are good by EU standards, but they are not directly comparable due to the fact that, by law, landowners are also taken into account and the employment rate includes people up to the age of 75.

The agriculture sector accounts for only 6.8% of GDP (as measured in 2015) but provides employment for about 36.8% of the workforce. It also generates two-fifths of household income in rural areas. The service sector is the largest source of employment. In 2014 it accounted for 48.9% of employment, while its contribution to the country's GDP is growing (29% in 2011, 56.2% in 2015). The proportion of those employed in the public sector stood at 25.2% in 2015. The incidence of self-employment in 2015 was 67.8%. The industrial sector accounts for the lowest share of employment at 14.3%, and its contribution to GDP is decreasing (37% in 2015 compared to 65.6% in 2011).

The overall unemployment rate in 2015 was 5.0% (a fall from 5.4% in 2011) and was higher for women (5.9%) than men (4.1%). The youth unemployment rate (for those aged 15–24) reached 13.4% in 2015, a slight decrease from 14.7% in 2011. In 2015 the youth unemployment rate was higher for women (15.8%) than for men (11.4%) and exhibited a decreasing trend compared to 2011 (15.2% and 14.2%, respectively).

More than 40% of young people in Azerbaijan enter the labour market with no additional or specialised job-related education. The unemployment rate of people by educational attainment shows that the highest unemployment rate is registered for people with only compulsory education (10%). The next highest rate is for people with secondary specialised education (5.8%), followed by those with higher education (4.7%), secondary education (4.4%) and vocational education (3.9%)<sup>10</sup>.

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<sup>10</sup> State Statistical Committee of the Republic of Azerbaijan, *Labour market*, 2015.



According to Ministry of Education's data, only 37% of graduates from vocational schools were able to find jobs in 2011, while 30% started their military service. In general, the VET system fails to meet labour market demands. There are gaps between the demand for and supply of skills, and there are no effective communication channels between VET and the labour market, with formal qualifications often not reflecting the actual competences demanded by employers (Torino Process 2014 report).

The informal economy remains a challenge for the authorities, with 'practices of the informal sector' identified as the biggest obstacle to doing business by 30.7% of the 390 respondents to BEEPS V (EBRD, 2015). However, as in many other Eastern Partnership (EaP) countries, there is no comprehensive approach to addressing this phenomenon beyond general business climate reforms. Nor are there targeted measures in state programmes explicitly aimed at stimulating the transition to the formal sector.

### 3.2 Employment policy and institutional setting

The Government of Azerbaijan has made a great effort to strengthen labour market development, given its importance for growth, competitiveness and poverty reduction. Minimising unemployment and developing human capital are two of the main elements of the Strategic View and Main Priorities of the Development Concept 'Azerbaijan – 2020: The vision of the future'. The key components of state policy in this field are creating a national labour and employment information system, including the means of monitoring and analysing the labour market, and taking measures to prevent unofficial employment, in addition to ensuring equal employment opportunities for men and women.

The key strategic documents 'Azerbaijan National Employment Strategy 2006–2015' and 'State Programme of Implementation of the Employment Strategy 2011–2015' contain numerous references to the need to bring the skills supply into line with labour market demand. Currently, with the support of the World Bank, the Ministry of Labour and Social Protection of the Population (MLSPP) is developing a new employment strategy for 2016–2020.

In the first half of 2016, the Ministry of Labour drafted a law on compulsory insurance for unemployment, which has been submitted for further consultations. The Ministry estimates that the collection of contributions will bring in an annual revenue of AZN 80 million. The objective is to use AZN 50 million for paying unemployment benefits and AZN 30 million for financing active labour market measures, including training. At present, spending on active labour market measures stands at AZN 1.7 million.

In 2014, the MLSPP established a labour contracts database, and registration of labour contracts in the database is compulsory for all employers. The database contains broad information about employees, including information about occupation and education level. The database is also integrated with databases in the Ministry of Justice and the tax authorities. The MLSPP intends to create a parallel vacancy database and, at some point in the future, establish an electronic system for the registration of job seekers and vacancies to help the unemployed, employers and education and training providers communicate online.

The State Employment Service (SES), under the MLSPP, consists of the central office in Baku, 83 regional employment centres and three vocational training centres (Baku, Goychay and Nakhchivan). It has a mandate to deliver the most common forms of employment services and active labour market measures, including career counselling; vocational training and additional education; quota employment placements; services and programmes for vulnerable job seekers; the organisation of paid public works, labour fairs and labour exchange; granting unemployed status to job seekers and assigning unemployment benefits. In general, the employment services do not reach a large number of the unemployed, as only a limited number of job seekers are registered with the State Employment Service. At the end of 2013, there were 36 200 registered unemployed in the regional employment



centres, constituting 15.3% of the 236 600 unemployed people recorded in the labour force survey (LFS).

Regional SES offices also perform regional labour force surveys using as data sources reports from enterprises. Based on the collected data and the LFS, regional SES offices produce the so-called balance of labour resources and prepare one-year forecasts of employment by economic sector. In accordance with the legislation, these forecasts form the basis of national and local employment programmes. In general, the capacities of the SES and its regional offices are weak in terms of resources, staff and competences.

Azerbaijan has a clearly identifiable range of organisations supporting training for SMEs. These include the Baku Business Training Centre (BBTC) and its seven regional offices, the National Fund for Entrepreneurship, the Export and Investment Promotion Foundation and the National Confederation of Entrepreneurs Organisations of Azerbaijan Republic (AEC). Surveys of SMEs administered through the BBTC's regional network help to identify training needs, while financial support from the Ministry of Economy and Industry aids in the design and delivery of training. The National Fund for Entrepreneurship supports training for enterprises with growth potential. The BBTC has a well-developed online training facility. This allows SMEs across the seven administrative regions to access online training in areas such as business planning, start-ups and e-trade. An effective monitoring system allows policy makers and the BBTC's network to track training developments, including e-training activity, by region and gender participation (approximately 25% of those using the online training services are women) (SME Policy Index, 2016).

# ANNEXES

## Statistical annex

This annex reports annual data from 2011 and 2015 or the last available year.

Indicator		2011	2015
1	Total population (000)	9 111	9 705 (2016)
2	Relative size of youth population (age group 15–24) (%)	27.8	22.6 (2016)
3	Youth dependency ratio (%)	31.0	30.5
4	Old-age dependency ratio (%)	8.2	7.8
5	Global Competitiveness Index	Rank	55
		Score	4.3
6	GDP growth rate (%)	0.1	1.1
7	GDP per capita (PPP) (current international \$)	15 754.2	17 740.0
8	GDP by sector (%)	Agriculture added value	5.4
		Industry added value	65.6
		Services added value	29.0
9	Poverty headcount ratio at \$2 a day (PPP) (%)	M.D.	M.D.
10	Gini index (%)	M.D.	M.D.
11	Educational attainment of adult population (aged 15+) (%) <sup>(1)</sup>	Low <sup>(3)</sup>	M.D.
		Medium	M.D.
		High	M.D.
12	Gross enrolment rates in secondary education (%) <sup>(2)</sup>	99.5	102.8 (2014)
13	Share of VET students in secondary education (%)	17.4	19.7 (2014)
14	Gross enrolment rates in upper secondary education (%) <sup>(2)</sup>	115.2	135.0 (2014)
15	Share of VET students in upper secondary education (%)	46.2	50.3 (2014)
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	72.7 (2009)
		Mathematics	45.3 (2009)
		Science	70.0 (2009)
17	Participation in training/lifelong learning (age group 25–64) by sex (%) <sup>(5)</sup>	Total	M.D.
		Male	M.D.
		Female	M.D.
18	Early leavers from education and training (age group 18–24) by sex (%)	Total	6.5 (2014)
		Male	7.6 (2014)
		Female	5.3 (2014)
18	Early leavers from education and training (age group 18–24) by sex (%)	Total	M.D.
		Male	M.D.
		Female	M.D.

Indicator		2011	2015	
19	Activity rates (aged 15+) by sex (%)	Total	64.4	65.4
		Male	67.5	68.5
		Female	61.5	62.4
20	Employment rates (aged 20–64) by sex (%)	Total	73.0	73.1
		Male	77.0	76.8
		Female	69.3	69.5
21	Unemployment rates (aged 15+) by sex (%) <sup>(4)</sup>	Total	5.4	5.0
		Male	4.4	4.1
		Female	6.4	5.9
22	Unemployment rates (aged 15+) by educational attainment (%) <sup>(1)</sup>	Low <sup>(3)</sup>	M.D.	4.7 (2014)
		Medium	M.D.	4.5 (2014)
		High	M.D.	9.2 (2014)
23	Youth unemployment rates (aged 15–24) by sex (%)	Total	14.7	13.4
		Male	14.2	11.4
		Female	15.2	15.8
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	67.6	67.0 (2013)	
25	Long-term unemployment rate (aged 15+) (%) <sup>(1)</sup>	3.7	3.3 (2013)	
26	Incidence of self-employment (%) <sup>(6)</sup>	68.3	67.8	
27	Share of the employed in the public sector (%) <sup>(1)</sup>	26.1	25.2	
28	Employment by sector (%) <sup>(1)</sup>	Agriculture	37.9	36.8 (2014)
		Industry	14.1	14.3 (2014)
		Services	48.0	48.9 (2014)
29	Employment in the informal sector (%)	M.D.	M.D.	
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) by sex (%)	Total	M.D.	M.D.
		Male	M.D.	M.D.
		Female	M.D.	M.D.
31	Public expenditure on education (as % of GDP)	2.4	3.0	
32	Public expenditure on education (as % of total public expenditure)	8.2	9.0	
33	Skill gaps (%)	N.A.	0.5 (2013)	
34	Contribution of SMEs to GDP (%)	M.D.	M.D.	
35	Share of SMEs in employment (%)	M.D.	M.D.	

**Sources:** *Indicators 1, 2, 11, 17, 19, 20, 21, 22, 23, 26, 31, 32* – State Statistical Committee of the Republic of Azerbaijan; *3, 4, 6, 7, 8* – World Bank, World Development Indicators database; *5* – World Economic Forum; *12, 13, 14, 15* – UNESCO Institute for Statistics; *16, 33* – OECD statistical database; *24, 25, 27, 28* – ILOSTAT

**Legend:** N.A. = not applicable; M.D. = missing data

**Notes:** <sup>(1)</sup> ETF calculation. <sup>(2)</sup> National estimate. <sup>(3)</sup> Low = primary education; Medium = secondary education, vocational education, secondary specialised education; High = higher education. <sup>(4)</sup> Male (15–62); Female (15–59). <sup>(5)</sup> Result of the specific survey conducted in 2014. Formal and non-formal education is included in the information. <sup>(6)</sup> Based on data from the Establishment Survey.

## Definition of indicators

	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, legal or registered residents can be considered.
2	Relative size of youth population (age group 15–24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth dependency ratio (%)	The ratio of younger dependents (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old-age dependency ratio (%)	The ratio of older dependents (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape, providing insight into the drivers of countries' productivity and prosperity. It is expressed as a score on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population and converted into international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from agriculture, industry and services.
9	Poverty headcount ratio at \$2 a day (PPP) (%)	The percentage of the population living on less than \$2.00 a day at 2005 international prices.
10	Gini index (%)	A Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (aged 25–64 or 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	The 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.
13	Share of VET students in secondary education (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET).
14	Gross enrolment rates in upper secondary education (%)	The 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.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET).
16	Low achievement in reading, mathematics and science – PISA (%)	The share of 15-year-olds failing to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25–64) by sex (%)	The share of persons aged 25–64 who stated that they had received education or training in the four weeks preceding the (LFS) survey.

Description	Definition
18 Early leavers from education and training (age group 18–24) by sex (%)	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 (LFS) survey. Lower secondary education refers to ISCED 1997 levels 0–3C short for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
19 Activity rates (aged 15+) by sex (%)	Activity rates represent the labour force as a percentage of the working-age population.
20 Employment rates (aged 15+) by sex (%)	Employment rates represent persons in employment as a percentage of the working-age population.
21 Unemployment rates (aged 15+) by sex (%)	Unemployment rates represent unemployed persons as a percentage of the labour force.
22 Unemployment rates (aged 15+) by educational attainment (%)	Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED levels 0–2); medium (ISCED levels 3–4); and high (ISCED 1997 levels 5–6 and ISCED 2011 levels 5–8).
23 Youth unemployment rates (aged 15–24) by sex (%)	Youth unemployment rates represent young unemployed persons (aged 15–24) as a percentage of the labour force (15–24).
24 Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	The number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25 Long-term unemployment rate (aged 15+) (%)	The number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26 Incidence of self-employment (%)	The share of self-employed as a proportion of the total employed. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27 Share of the employed in the public sector (%)	The share of those employed in the public sector as a proportion of the total employed.
28 Employment by sector (%)	The share of those employed in agriculture, industry and services.
29 Employment in the informal sector	The share of persons employed in the informal sector in total non-agricultural employment.
30 Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group who are not employed and not involved in further education or training.
31 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. Both types of transactions together are reported as total public expenditure on education.
32 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. Both types of transactions together are reported as total public expenditure on education.
33 Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34 Contribution of SMEs to GDP (%)	The share of value added from small and medium-sized businesses.
35 Share of SMEs in employment (%)	The share of persons employed in small and medium-sized businesses.

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