



## 1. GENERAL GOVERNANCE

Azerbaijan is a democratic, constitutional, secular and unitary republic. Power is divided into legislative, executive and judicial, defined by the constitution and legislation. The president is head of state and exercises executive power. The Parliament (Milli Meclis) is the legislative branch of government and the courts hold judicial power. Within Azerbaijan is the autonomous republic of Nakhichevan, which has its own assembly, cabinet of ministers and judiciary. Azerbaijan has another 63 districts, divided into municipalities, and 78 cities. There are also nine economic regions, with the Nakhichevan Autonomous Republic as a tenth.

Trade unions are governed under the Act on Trade Unions (1994) and the Labour Code (1999). Trade Unions are forbidden in military service or management positions. There is a constitutional right to strike, though not for essential services. Trade unions are prohibited from political activities and may not associate with, or receive finances from, political parties. They have only formal independence, and are semi-public organisations. This is why the mechanism of tripartite collective agreements between government, employers, and employees is mostly a regular formality. Experts therefore suggest a legal framework covering laws on social partnership, employers' unions, and authorised bodies of employees. Educational measures are also proposed for employees and employers on social dialogue, along with measures to develop a system of collective agreements.

The Cabinet of Ministers, the Azerbaijan Trade Union Confederation and the Azerbaijan National Confederation of Employers' Organisations have agreed to strengthen links between employers and educational institutions and implement joint projects by developing occupational standards. A new General Collective Agreement was signed in April 2016. This will help to meet labour market needs and involve employers across all sectors. According to the General Collective Agreement signed in April 2016, the parties undertake the following responsibilities concerning VET in 2016-2017:

- Improving quality of the workforce in the labour market in line with the needs of developing

economy, developing competitive workforce, improving vocational education system, developing occupational and training standards;

- Support activities in the sphere of social protection of students and young workers;
- Undertaking necessary measures for forecasting staff training in line with labour market requirements;
- Organising lectures on basic of labour legislation for students and pupils of higher, secondary specialised, initial vocational and general secondary education institutions;
- Developing proposals for providing students and pupils of higher, secondary specialised, initial vocational and general secondary education institutions with dormitories.

## 2. VET GOVERNANCE

### Key roles and functions

The Ministry of Education (MoE), the Ministry of Labour and Social Protection of Population (MoLSPP) and the Ministry of Economy and Industry (MoEI) as well as large-scale public and private stakeholders are the main coordinating bodies for VET strategy. The Cabinet of Ministers coordinates implementation of state programmes, with involvement from several ministries or other agencies.

The MoE and local administrations share managerial control of the TVET system. A VET Agency was established attached to the MoE, which will deal with VET coordination and management, public-private partnerships, career guidelines, and recognition of non-formal and informal learning. Surely, there will be public-private partnerships with employers to make vocational training at initial VET institutions more efficient. Some of the tasks include: to develop competency-based, results-oriented education standards and curricula for initial VET; to take part in elaboration and forecasting specialist training at initial VET institutions according to labour market needs; to cooperate with entrepreneurs, their unions, and associations in order to develop education standards and curricula



on relevant professions; to promote innovation in learning using modern technology; and to drive and extend implementation of best practice in initial VET.

Nationally, wider stakeholder participation is organised through sector skills councils (called Sector Committees) focussing mainly on development of occupational standards.

### Financing

The state budget is the main source of financing, which is based mainly on the previous year's budget. There are no review mechanisms for funding criteria, so formal initiatives to assess the effectiveness of education funding are limited except to funding sources by State Oil Company of Azerbaijan Republic (since 2005) and BP. The MoE collects some statistical data from schools, but it is limited and not used for analysing budget allocation. State Employment Service of MoLSPP requests budget based on the results of a survey of employers, even though general funding criteria from the state budget are not revised. But, as part of the new State Strategy for the Development of Education, the Government is considering per-capita funding in vocational education. It would mean performance-based financing for schools and stimulate competition among them, as well as offering skills-based and results-oriented pay for relevant teachers. Budget for VET has increased, with a focus on infrastructure and renovation. Number of applications is growing, and more applicants are interested in new programmes at the renovated schools rather than in those at VET institutions lacking basic equipment. Renovations and curriculum updates in some schools are often financed by employers under the project of "Modern Azerbaijani Craftsmen." This also creates job opportunities for students, so increasing interest in those VET providers.

The MoE, the MoLSPP, the State Employment Service and other ministries get annual VET funding via the state budget. There are no formal indicators to revise funding for particular schools. General budget categories for school funding change slightly from year to year. But, depending on the priority economic areas, some schools may get more or less financing.

The MoE can request funding from the Ministry of Finance or the Ministry of Economy for VET capital investments. The MoE, like all other ministries, requests a budget from the Ministry of Finance for priority areas. But the Ministry of Economy decides

on investments from the state budget, based on economic development priorities as per agreement with the Ministry of Finance.

### Coordination mechanisms for VET policymaking

According to the Law on Education of the Republic of Azerbaijan and the National Strategy for the Development of Education, the purpose of initial vocational and specialised secondary education is to deliver education and training to meet society needs and train personnel and specialists who have had initial and specialised secondary education.

VET is a government priority. Many initiatives were proposed by state authorities to strengthen the existing system, thus it can contribute to developing and diversifying the economy. Azerbaijan 2020: Vision of the Future, a development concept, highlights the importance of GDP diversifying beyond oil, while the National Strategy for the Development of Education sets out a long-term vision of competence-based education; management mechanisms based on public-private partnerships; lifelong learning; modern educational infrastructure; and sustainable financing mechanisms. The MoE and the MoLSPP and the State Employment Service are legally defined by their statutes.

Through institutionalised and policy advice mechanisms, the MoE supervises educational institutions; develops educational standards; organises education in line with such standards; and provides training for the non-working population. The MoLSPP organises VET and extra education for jobseekers and the unemployed, implemented by State Employment Service .

Knowledge creation-oriented mechanisms include administrative data collected by training providers, though their reports aren't made public. Similarly, information on graduates labour market outcomes is not reported publicly. The reporting system is not monitored, but observed in an unplanned manner. The MoE is responsible for setting standards for learning environments, teaching, and providers' accreditation as well as for monitoring and assessment. It has sole decision-making responsibility, though consultation is required with several bodies. Initiatives to reform qualifications system have led to a framework (NQF) document that has been submitted to the Cabinet of Ministers for approval. It is seen as a tool to systematise national qualifications, making them more

transparent and comparable. It will also facilitate communication between education and training providers and the labour market.

## Country typology

VET governance is centralised, though there has been progress towards a more participatory approach to consultation and policy advice. Nationally, the MoE is mainly responsible for educational issues and the overall process. The MoLSPP is in charge of employment and social issues, while the Ministry of Economy is responsible for economic issues and the MoF is committed to deal with financial issues. Several ministries coordinate VET providers (the Ministry of Tourism and Culture and the Ministry of Health). Regulation and management of VET is the core responsibility of the Division of IVET within the MoE. It introduces VET at only secondary level.

Regionally, executive committees play a role in coordinating administrative issues like infrastructure. But new legislation relating to the structure of the MoE will take this to another level, establishing regional education departments and a new mechanism for the effective administrative and operational management of VET.

At provider level, a board (Pedagogical Council) in IVET schools takes part in decision-making and disputes. It also works on methodological activities and assigns responsibilities for improving institutions' performance. Coordination of workforce development measures is generally institutionalised, but not systematic and planned.

## Development assessment

Development of VET governance is structured. Organisations have good capabilities, and growth rates are apparent, however delivery process is weak and coordination and policy networks need to be strengthened. Access to information is defined though not always shared by all actors, and may be randomly used for formal negotiation on VET policy decisions. Social partners have limited influence, though there is a policy to include them in consultation. However, their capacities and networks are relatively weak. There are no permanent bodies for involvement of social partners, nevertheless employers are expected to have a growing role at district and local levels in areas like assessment regulations and procedures. There are also shortcomings in evidence-based policy making, though a binding NQF linked to

assessment tools would leave the Ministry better able to develop tailored VET policies.

## Ongoing work in policy development

The National Strategy for the Development of Education sets a long-term vision for education, including VET, and is an example of formulating a VET national policy framework. It covers several activities such as, developing competence-based training standards and curricula for initial vocational and specialised secondary education in line with needs of broad public; creating a public-private partnership system; establishing regional centres for distance education; establishing education and development services for gifted children and children with special needs; delivering adult education; delivering vocational education; setting up advisory services on education-related matters; and establishing modern vocational training centres and complexes. The strategy oversees the VET system as one of the major components for lifelong learning.

International VET projects are linked to priority sectors. For example, a project with the Swiss Government sets out to improve VET in agriculture and increase the access of rural population to training programmes. Initiatives with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) aim to improve training quality and further to skills upgrading of teachers and principals at schools. Furthermore, role of other large-scale stakeholders in this component is prominent.

The national MAP (Modern Azerbaijani Professionals) project is an example of managing public-private partnerships for VET and skills. It aims to provide pilot vocational education complexes. Cooperation between industry and VET institutions will be improved, and modernised VET will be expanded across the country. For these projects, the Ministry cooperates with local and international partners. Resource centres were established at most schools involved. The project also helped improve teaching through training, and pupils took part in some international contests. Curriculum development and certification of employees' skills was supported in this context, and 254 graduates benefited from those.

Owing to a loan from the Economic Development Cooperation Fund for USD 39.28 m vocational training centre is an example of mobilising financial resources. The project, through organizational support of the Government of South Korea, will



provide training and skills for young people, and professionals in non-oil trades.

### 3. POLICY POINTERS

These pointers are designed to promote further policy dialogue and/or implementation.

#### Overall planning and management

1. Increase the status of work-based learning (WBL) in legislation.
2. Revitalise the professional orientation and career guidance services offered by State Employment Service of MoLSPP.
3. Improve data collection on WBL by making changes to the Law on Employment and amendments to reporting forms of the employment services in order to collect data on workplaces.
4. Remove qualification requirements for providing WBL.
5. Develop and implement qualification standards.
6. Promote and further to the education infrastructure, including facilitation of environment for learners with special needs.
7. Encourage the teaching and learning environment.
8. Involve VET students more efficiently in decision-making and quality-development processes.
9. Make quality regulations and processes more innovation-friendly.

#### Finance and funding

1. Consult with VET providers and stakeholders on self-sustainability of VET providers. Use the results to draft and adopt secondary legislation and regulations giving VET providers at least partial financial sustainability.
2. Introduce a non-financial incentive in the form of state appreciation (with presentation plaques, for example) and promotion of companies who conduct WBL.
3. Build up financial capabilities of VET providers.
4. Strengthen infrastructure in VET institutions

through modern educational and laboratory equipment and educational media.

5. Enable enterprises and employers under the legislated financial incentives, such as tax exemptions, incentivising contributions to VET.
6. Further develop public-private partnerships to support the financing and governance of a continuing vocational training (CVT) sector.

#### Coordination mechanisms for VET policy making

1. Establish and arrange planned activity of a council of stakeholders (Republican Coordination Council) to strengthen social partnership in VET.
2. Improve and reinforce active labour market policies. (ALMP).
3. Conduct regular surveys within labour market and vocational schools in order to specify employers' criteria for occupational standards.
4. Develop and implement National Qualifications Framework (NQF). to support coordination of demand for qualified labour with the supply provided by the improved VET system.