



ANNEX

of the Commission Implementing Decision on the Annual Action Programme 2018 in favour
of the Republic of Azerbaijan

Action Document for Education for Employment in Azerbaijan

ANNUAL¹ PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Education for Employment in Azerbaijan CRIS number: ENI/2018/041-537 financed under European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Azerbaijan The action shall be carried out at the following location: Azerbaijan	
3. Programming document	Single Support Framework for EU support to Azerbaijan 2018-2020	
4. SDGs	4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
5. Sector of intervention/ thematic area	Education	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 14.4 million Total amount of EU contribution EUR 13.5 million	
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: - Grants - Procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 5.4.4	

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budget years subject to the availability of the commitment appropriations.

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

8 a) DAC code(s)	Main DAC code 110 Education 114 Post-Secondary Education 150 Government and Civil Society 430 Other Multi-sector			
b) Main Delivery Channel	Channel ³ 10000 – Public sector institutions			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Global Public Goods and Challenges (GPGC) thematic flagships	Flagship 9. Migrant domestic workers' labour and human rights Enhance knowledge and capacity, Strengthen governance Support multi-regional and/or cross cutting action Build alliances of relevant stakeholders		

³ <http://www.oecd.org/dac/stats/annex2.htm>

SUMMARY

The EU and Azerbaijan share an ambitious and comprehensive agenda focused on shared goals of respect for human rights, democracy, rule of law, peace and security and economic stabilisation. The action reflects the tenor of the recently agreed EU-Azerbaijan Partnership Priorities and testifies to the joint commitment to foster regional stability, prosperity, resilience as well as support the economic diversification agenda currently being implemented in the country. Supporting the education sector will enhance people-to-people contacts, promote investments in human capital, increase employability of particularly the country's young population and ultimately support economic diversification while also ensuring inclusion of vulnerable groups and gender equality.

With 38% of Azerbaijan's population below 25 years, investment in human capital development is a key factor in promoting the country's stability and long-term socio-economic resilience. As reported in the EU - Azerbaijan Business Climate Report, Azerbaijan faces a particular problem of mismatch between skills supplied by the education system and those demanded by the economy. Smart and sustainable economic development requires the establishment of stronger and more inclusive ties between the labour market and the education system.

EU+ partners already work together to modernise the vocational education and training (VET) sector in line with EU best practice and standards, but more is needed to effectively address the skills mismatch.

This action aims to support the creation of employment opportunities, especially within small to medium sized enterprises (SMEs). It will do so by strengthening labour market oriented education and training systems, helping VET stakeholders in Azerbaijan to better work together and maintain the activities beyond the lifetime of the action. Through the student career guidance the action will support gender equality which is challenged by the stereotypical choices of education to counter the gender division and gender pay gap on the labour market.

The action will seek in particular to: i) develop the legal and institutional basis at all levels of education according to the requirements of an Outcomes-Based Qualification System (OBS) for Lifelong Learning (LLL); ii) design a credit system and improve quality-assurance in VET; iii) modernise selected VET institutions for delivering competence-based training; and iv) improve the system for skill needs/anticipation and development and develop mechanisms for assessment of competences to minimise skills mismatch.

1 CONTEXT ANALYSIS

1.1 Context Description

In more than 25 years since its independence Azerbaijan has made significant progress in terms of socio-economic development. In the period 2004-2014, annual GDP growth averaged 10%, income of the population increased by 5.2 times and the poverty rate decreased from close to 50% to 4.9%. However, the Azerbaijani economy remained vulnerable to fluctuations in oil prices that came to the fore in 2015 when global oil prices heavily dropped. The country currently faces the challenges of reducing unemployment and creating conditions that support economic growth while structurally enhancing its global competitiveness.

The total **employment** rate in 2016 was 62.7% while the official unemployment rate was 5% (4.2% for males; 6% for females)⁴. Between 2010 and 2016 unemployment decreased slightly while youth unemployment (15-29 years) remains high at 9.4% (7.7% for males and 11.1% for females). The gender gap in labour supply is steadily above 20% for those aged 20 years of age or above. Only 32.5% (30.4% for female) in employment have vocational qualifications, while every year, around 40% of secondary school graduates enter the labour market with no vocational qualifications⁵. The proportion of youth (aged 15-24 years) not in education, employment or training was around 23% in 2016. The rate for **self-employment** has seen an increase in recent years, especially in agriculture and services. Only 32% of the workforce worked with labour contracts in 2016 indicating a high informality of the economy.

Addressing the lack of available skilled workers is a key issue for economic diversification of the country. Indeed, in the 2018 EU-Azerbaijan Business Climate Report only 32% of EU companies doing business in Azerbaijan states to be satisfied with availability of skilled workers.

At the same time, given the high proportion of young people entering the labour market every year, addressing the skills mismatch is equally critical to reduce (youth) unemployment in Azerbaijan. At the beginning of 2017, young people under 25 constituted 38% of the total population, while those under 35 represented 56%. More than 71% of the population is currently within the working age range of 15 to 64; a share that is estimated to remain at that level until at least 2025⁶. In such a context, investments in human capital, education and youth are key factors for the promotion of stability and long-term economic resilience.

In accordance with the Constitution of Azerbaijan and its Education Law, every citizen has the right to education, irrespective of his/her racial, national and religious affiliation, language, state of health, social-financial position, type of activity, political views, etc. All groups in society therefore have the right to access the appropriate education programme with no direct or indirect discrimination. In 2009, Azerbaijan signed up to the Optional Protocol of the Committee on the Elimination of Discrimination against Women (CEDAW).

Experience has shown that better participation of female students in VET programmes also relates to the presence of female VET teachers, sensitivity to gender disparities while teaching, training materials, and special measures in apprenticeship schemes.

The **education system** in Azerbaijan consists of several levels: pre-school education; general education; initial (IVET) and secondary VET, and higher education (HE). In theory, IVET should make education and training to meet labour demand and it can be accessed in vocational educational institutions and in various organisations including enterprises.

Secondary vocational (specialised) education is generally provided in colleges and corresponding structures of HE institutions. Students are admitted to HE based on the results of a national admission test. Students who entered secondary specialized education on the basis of basic education acquire also secondary education. Graduates of secondary vocational education have the right to enrol in a HE institution.

Tertiary education provides three cycles - Bachelor's and Master's degrees as well as Doctor of Philosophy and of Science, with entry to Bachelor degrees based upon the results of a national admission test. The total number of VET students was around 75,000 in 2016/2017, a decrease of almost 25,000 since 2013/2014 while enrolment in HE experienced a 17% increase since 2010 to almost 170,740 in 2016/2017.

⁴ Labour Force Survey {LFS}, State Statistical Committee {SSC}, 2017

⁵ Azerbaijan: Education, Training and Employment Developments 2016. European Training Foundation, 2017. Available at: [http://www.etf.europa.eu/webatt.nsf/0/70A0886C718AB188C12580E6005261B8/\\$file/Azerbaijan%202016.pdf](http://www.etf.europa.eu/webatt.nsf/0/70A0886C718AB188C12580E6005261B8/$file/Azerbaijan%202016.pdf)

⁶ <http://www.worldbank.org/en/news/feature/2015/01/06/jobs-challenge-in-the-south-caucasus-azerbaijan>

In 2016, the average state education expenditure amounted to 2.9% of the GDP, which is lower than the EU average (5%). The State education budget increased by 6.5% during the last five years and amounts to two billion 44 million AZN in 2018.

1.2 Policy Framework (Global, EU)

The President of Azerbaijan approved in December 2016 a Decree adopting the “Strategic Roadmaps on National Economy and Main Sectors of the Economy”, with the main objective to define the country’s development goals and priorities and ensure their implementation. The Roadmaps cover the 2016-2020 economic development strategy: long-term outlook up to 2025 and target vision after 2025. One of the 11 Roadmaps, relating to VET states: *“development of vocational education is characterised as one of the important steps in meeting the country’s demand for a qualified workforce”*. Furthermore, VET is seen as a transversal issue within the social sector where the long-term vision is to form a VET system that: trains a qualified workforce of women and men based on occupational standards (OS) and educational programmes to meet labour market need; enjoys close cooperation with employers in every sector; and has functional VET institutions.

To support the objectives of the Strategic Roadmap for VET, the Government is currently undertaking some major reforms in the system: i) the establishment of ten modernised VET centres of excellence across the country (one in each economic region) to improve quality in all levels of VET; ii) VET teachers seeing their salaries doubled and their teaching hours increased, supporting improved quality and more flexible delivery of programmes and iii) a recently (April 2018) adopted legislative framework for VET will improve the employability of graduates with the delivery of training adapted to labour market needs within an economic model of new funding mechanisms involving increasingly the private sector. The new VET Law introduces a multilayer vocational education system (initial, technical, higher vocational); defines additional incentives for employers’ cooperation with VET schools as well as incentives for involvement of highly qualified subject teachers and industry training masters and trainers to VET sector; foresees an opportunity to local and international legal entities to establish Vocational education centers; and defines various financial sources to VET institutions. These important steps in VET reform, together with the establishment of the national State Agency for Vocational Education demonstrate Azerbaijan’s commitment to VET as a priority sector, high on the national agenda and helping to deliver lifelong learning supporting the country’s economic growth.

The National Qualification Framework for Lifelong Learning (AzQF) conceptually developed in compliance with the criteria of the Qualifications Framework of the European Higher Education Area (QF-EHEA) and the European Qualifications Framework for Lifelong Learning (EQF) was approved in July 2018. The AzQF will serve as a tool for systematizing national qualifications, developed for learners, education providers and employers, facilitating the comparability between national and international qualifications.

Other important policy documents of Azerbaijan relevant to this action include the Education Strategy (2013) and Action Plan (2015) and the draft Employment Strategy for 2018-2030. Common to these different strategies is to make the world of education closer to the world of work.

By improving employment prospects of notably the young people of Azerbaijan, the action is in line with the stabilisation objective of the revised ENP and the EU's approach therein to *“comprehensively address sources of instability such as inequality, weak economic and social development and lack of opportunity, particularly for young people”*. The action is also fully aligned with the EU Eastern Partnership (EaP) key priority on *“Mobility and people-to-people contacts”* including the *“20 deliverables for 2020”*, and notably deliverable 18 to *“improve the quality and effectiveness of vocational education and training, in particular its responsiveness*

to labour market needs". Furthermore, "Mobility and people-to-people contacts" is one of the priorities under the EU-Azerbaijan Partnership Priorities.

The action also corresponds to this priority under the Single Support Framework (SSF) for EU support to Azerbaijan (2018-2020) and notably the overall objective of EU support for this sector "*to make lifelong learning opportunities better responsive and adapted to labour market trends and skills*" as well as with the specific objective, "*to contribute to the modernisation and quality assurance of the education system including the vocational education and training*".

1.3 Public Policy Analysis of the partner country

The proposed support is in line with the Azerbaijani government policy and with the EU Cohesion Policy thematic objective 10 on "Investing in education, training and lifelong learning". Alignment with global policy objectives is also ensured, in particular the UN Sustainable Development Goals (SDGs) and the EU Gender Action Plan II, which emphasises equal access for girls and women to all levels of quality education and VET free from discrimination. By addressing the needs of VET institutions, the action will provide the basis for modernisation and adoption of new EU technologies and best practices while opening opportunities for EU-based institutions to enter into partnerships.

Azerbaijan is working on adjustment of SDGs into its local context and in this regard a high level National Coordination Council was established under Cabinet of Ministers in 2016. This action is in line with SDGs 4 and 8.

Finally, the proposed action is fully grounded in the recently (2018) conducted Political Economy Analysis of the VET sector carried out by EU+ partners as part of EU+ joint programming in VET⁷.

1.4 Stakeholder analysis

Key government stakeholders are:

- a) **at national level** - the main stakeholder is the Ministry of Education (MoED), the central Government body responsible for state policy and regulation in the field of education and the Ministry of Labour and Social Protection of the Population (MLSPP), which is responsible for employment and labour market policies, development of system for skills needs and anticipation including occupational standards (OS). Other involved ministries include the Ministry of Economy, the Ministry of Agriculture, the Tourism Agency and other line ministries involved in education and training;
- b) **at regional level** - rayons' executive powers (ExComs) and the regional offices of the ministries who will be beneficiaries of the various results;
- c) **at local level** - educational institutions in general education, HE and, in particular in VET.

Private sector stakeholders include all employer partners in Public-Private Partnerships (PPPs) and/or benefiting from improved recruitment potential as a result of a strengthened

⁷ In addition to the EU, which is the main donor in VET, other EU+ partners involved in the sector are GIZ, the British Council, the European Training Foundation, Norway and the Swiss Economic Cooperation Office (SECO). These EU+ partners work together in EU+ joint programming in VET. Through an EU+ Joint Programming Roadmap, EU+ partners have committed to work more closely together, including the development of a joint political economy analysis, joint missions and frequent exchange of experiences/messaging and by increasingly speaking with one voice with the authorities.

labour market oriented education system. Cooperation therefore with non-public sector organisations will be of prime importance in the design and implementation of the action. Business support organisation such as the National Confederation of Entrepreneurs and the German Chamber of Commerce will be addressed directly as well as individual employers.

This action's objectives, expected results and activities described hereunder constitute the outcome of direct **consultations** held with the key partners of the EU's assistance in Azerbaijan, EU+ partners (including ETF) and with the targeted groups of potential beneficiaries. The process of consultations – including with NGOs active in the education sector in Azerbaijan - involved a series of group meetings or individual one-on-one expert inquiries and validation sessions with institutional partners and employer associations as well as fact-finding field visits to relevant educational institutions.

1.5 Problem analysis/priority areas for support

1.5.1 Priority support for sector

In 2016, VET, recognised as an important element of lifelong learning and driver of socioeconomic development, 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.⁸ By 2025 it is expected that all VET programmes will be tailored to the needs of the labour market and will be updated regularly to respond rapidly to the requirements of changes in government strategy and an evolving labour market.

The Government seeks to build an internationally recognised, competitive system where potential VET programmes can be selected at an early age, a system that also provides opportunities for all competences acquired through informal and non-formal learning to be recognised. As a full member of the Bologna process since 2005, the education sector in Azerbaijan, including HE, is considered a field of activity of strategic significance and priority development and a pre-requisite for development of society and the state.

Therefore, EU support is required primarily at the VET sector, the sector that encompasses education and training to meet labour demand, where public-private partnerships can support the flexibility to meet changing labour demands

1.5.2 Problem analysis

The government – supported by the EU – has started to take steps (as outlined in section 1.1.1) to ensure better labour market relevance of the VET sector. However, this requires longer-term reform commitments, and key challenges at the policy and VET school levels remain.

At policy level challenges include: i) a lack of strategic coordination with other government institutions; ii) no systematic approach to gathering labour market intelligence; iii) limited management capacity with frequent turnover of staff and iv) no data management system for VET. Additionally, there needs to be closer ties between the education sector and the business community. The major reason behind these challenges is a VET sector that lacked the necessary investment for some years/decades, the result of which is an out-of-date sector that lacks credibility in the eyes of its stakeholders.

Since the beginning of 2017, the VET Agency started the process of rationalisation and optimisation of vocational education institutions as one way to address the overarching challenge of limited investments in/financial resources for the sector. By mid-2018, 15 State

⁸ ETF Torino Process 2016-17

Vocational Education Centres have been established on the basis of 36 primary vocational-professional education institutes allowing the government to spread resources less thinly.

On a local level: i) many schools still lack up-to-date management skills; ii) the infrastructure is out-dated and lacks the necessary equipment and learning materials for effective learning; iii) teaching skills are lacking, in part due to an ageing teacher population and salary levels that are insufficient to attract quality teachers (the latter currently being addressed by the MoED with some salaries now doubled) and iv) young people lack the necessary transferable key skills that are in demand today;) in addition, in rural areas, some girls are taken out of school at an early age or discouraged from pursuing higher education due to traditional beliefs regarding the importance of women’s role in the household. Moreover, an effective career guidance system that can inform students of the employment needs on the labour market and challenge students to make study and career choices that are not limited by their gender is lacking. The latter can help to decrease the persistent gender division on the labour market, reduce the gender pay gap and enhance the number of women in the labour market. Women work primarily in low-wage, traditional sectors of employment, such as education, healthcare, agriculture and the social sector. This pattern contributes to the high gender pay gap (46%), which is among the highest in the region. A more equal distribution of male and female workers across sectors of the economy will also increase competitiveness of these sectors. Together with a student tracking system this could further support this link between education and employment.

With infrastructure support from the MoED and major policy reforms to strengthen the VET sector, much has been/will be achieved, but much remains to be done. Ongoing reform and modernisation activities need to be further strengthened and developed as Azerbaijan works towards improved, high-quality, outcomes-based VET provision that supports economic growth in a diversified economy, and meets labour market and social needs, including the needs of those in rural communities, with the development of the right skills that improve productivity while also recognising other forms of learning and providing opportunities for lifelong learning.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
1. Limited institutional capacity: (A) at ministerial level (B) at school/centre level	M H	Recruitment of new staff underway in the VET sector; the programme will emphasise capacity building; VET financing mechanisms are currently under review; due to the recently adopted VET law, VET schools can become public legal entities, able to generate non-public sector funds. The action may support VET schools that are experimenting with newly available financing mechanisms.
2. Inadequate coordination among stakeholders (public and private) involved in the development and delivery of VET and HE	M	Coordinating committee of relevant ministries has been established and will be consulted/involved throughout the action; An ongoing EU-funded VET project and upcoming National Qualifications Framework (NQF) project

		will further develop public-public and public-private dialogue. The action will benefit and possibly extend this work.
3. Limited budget resources for improving VET infrastructure	M	Roadmap on VET, Policy dialogue and PPP initiatives – including those supported through this action - will ensure access to additional financial resources.
4. Lack of cooperation from labour market	H	New financing measures under discussion in Government to encourage/support businesses to cooperate with the VET sector. The action may support this process.
5. Lack of sustainability of actions	L	The design of the action prioritises capacity building including through cascading of training and continuous dissemination of good practices.
Assumptions		
Government will continue to be committed to reform in education, including the provision of support for lifelong learning; The Government is interested to support innovative approaches in delivery of VET; The Government will continue its policy on macro-economic stability.		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The recently concluded Evaluation of the EU's cooperation with Azerbaijan in the period 2011-2016 concludes that EU assistance in the area of education and VET benefitted from the Ministry of Education's strong reform orientation. Also, results were found to be positive; both because of the added-value of EU projects in this sector, but also because of continuous policy dialogue and the stimulating role the EU has been playing in relation to other donors, which the EU intends to continue with this action.

Lessons can also be learnt from the EU experience, particularly in the delivery of competence-based VET programmes, in quality assurance and in public-private partnerships (PPPs) in VET. The EU can offer policy advice and assistance on integrated approaches towards social and economic cohesion based on its experience with, and management of the EU Cohesion Policy. Lessons learnt that will be incorporated into the action will include:

- **Ownership and sustainability of beneficiary** - ensured through planned capacity building, involving training of trainers so that training delivered can be cascaded beyond the project;
- **Active involvement and coordination among stakeholders** - a focal point of the action with the proposed strengthening of partnerships and the development of PPPs so that employers play an active role in development of educational programmes that meet labour market requirements;
- **Capacity/competence and willingness for improving existing policies and legal acts** - proposed through the planned reform and system changes in legislative framework and the institutional system;
- **Dissemination strategy for sharing good practices** - ensured through the wide dissemination of good practice developed within the selected VET institutions.

Lessons learnt from on-going EU grants to modernise selected VET centres in Ganja, Jalilabad, Barda, Qabala, Ismaily and Qakh, while strengthening their labour market relevance, can also be taken into account while developing follow-up support to selected VET centres.

Other donors have also supported the VET sector, mainly through pilot initiatives at local level. However, experience to date shows that while raising locally awareness on international best practices, a more systematic approach is needed to sustain the results and to disseminate these experiences at country level.

3.2 Complementarity, synergy and donor coordination

A number of commitments have been made by the EU+ joint programming group (in addition to the EU Delegation, this involves the British Council, GIZ, Swiss Cooperation Office, Norway and the European Training Foundation (ETF)) to support the VET sector and strengthen policy dialogue on VET reform acting as key enablers of future success, notably: i) the joint analysis of key VET challenges; ii) joint messaging to the authorities on VET reforms; and iii) the gradual move towards a division of labour in the VET sector between EU+ partners.

The envisaged support through AAP 2018 is aligned with the EU+ Joint Programming Roadmap, and notably its recently conducted Political Economy Analysis, and complementary to all past, on-going and planned activities, particularly in improving links between VET and employment policy, including notably:

EU Support to vocational Education and Training in Azerbaijan which seeks to improve VET policy and regulatory framework, improve VET multi-level management systems, develop VET qualifications and curricula and support the MoED in monitoring VET sector reform. The proposed action will complement well the activities of this project, especially the development of PPPs leading to an effective VET system that more precisely targets needs in the labour market. The proposed modernisation of selected VET institutes will provide opportunities for further implementation of the management systems developed within this project while quality measures will allow more precise monitoring of the new curricula developed.

EU Support to Implementation of National Qualifications Framework in Azerbaijan assists in the effective implementation of NQF. The proposed action provides complementarity to this project through strengthened partnerships between VET and the employment sector, the establishment of a credit system and the increased capacity of stakeholders.

The action will also complement the forthcoming EU-supported National Labour Market Observatory which aims to develop a comprehensive and flexible labour market monitoring and forecasting system, as well as seek close coordination with the newly established (2018) SME Agency for which a capacity building project is currently being designed.

Through the development of further centres of excellence, the action seeks to **consolidate and add to the range of VET reform projects targeting individual VET schools**, including those supported by other donors, such as a modern VET centre in Baku established by the Korea International Cooperation Agency. Also, the British Council is supporting curriculum development in selected occupations with the involvement of employers, which will be further developed through the establishment of PPPs, and GIZ is emphasising the link between VET and the business/private sector again complementing PPP activities and the ETF.

The action will also complement the objectives of the **EU4Youth programme** which are to: i) increase the employability and participation of young people in society and the economy; ii)

support them to become active citizens and entrepreneurs, and to **develop skills**. Recently EU4Youth programme published a new call for Armenia, **Azerbaijan**, Belarus, Georgia, Moldova and Ukraine with an available indicative fund of EUR 8.5 million.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

4.1.1 Overall objective

The **overall objective** is to contribute to the modernisation and quality of the education system including the vocational education and training.

4.1.2 Specific objectives

The specific objectives are i) to enhance education and training sector, relevant to the needs of the labour market; ii) to align competency-based education standards with occupational standards of strategic economic sectors; and iii) to develop, pilot and implement curricula and teaching/training materials.

4.1.3 Expected outputs

Output 1: Legal and institutional basis developed at all levels of education (including formal, informal and non-formal) according to the requirements of an Outcome-Based Qualification System (OBS) for LLL

Output 2: Credit system designed and quality assurance improved in VET

Output 3: Selected VET institutions modernised for delivering competence-based training

Output 4: Skill needs/anticipation and development system improved and mechanisms developed for assessment of competences

4.1.4 Main indicative activities

Output 1: Legal and institutional basis developed at all levels of education (including formal, informal and non-formal) according to the requirements of an Outcome-Based Qualification System (OBS) for LLL:

- Developing legislative and normative documents according to OBS for LLL requirements including state education standards and classifications on VET and HE, the legal basis on validation of informal and non-formal learning, adult education etc;
- Improvement of an institutional structure to support the establishment of an OBS for LLL (sharing best practice, conducting research, delivering training) and ensuring a link to the European Qualifications Framework (EQF);
- Improving the registration, monitoring and evaluation systems and providing capacity building for stakeholders to support a functioning OBS for LLL in VET and HE;
- Support to early specialisation in general education (grade 6-9) with the inclusion of basic soft skills into the curricula, and improving professional orientation services (student guidance, including through counselling their parents).

Output 2: Credit system designed and quality assurance improved in VET:

- Support to the introduction of a credit system in VET ensuring links with HE for improved student articulation between VET programmes and HE courses;
- Working with staff in the VET Agency and in both VET and HE sectors, the development of internal and external quality assurance systems according to the requirements of the OBS for LLL and, with TA support, disseminating best practice and thus ensuring that VET in Azerbaijan meets the quality of VET systems elsewhere, particularly in European countries.

Output 3: Selected VET institutions modernised for delivering competence-based training:

Activities will include the identification and piloting of an integrated approach for modernising selected VET institutions, in partnership with the private sector, including the concept, design and management of the institutions, the development, delivery and assessment of VET programmes and capacity building measures for both VET institution and private sector stakeholder staff. This may take into account:

- Strategy and management mechanisms, including Public-Private Partnerships (PPPs);
- Dual learning with PPP partners; digital learning;
- Internal quality assurance system;
- Content development (standards, curricula and training materials, taking into account the skills needed on the labour market and the intention to enhance an inclusive and equitable, quality VET education, free from gender stereotypes in all curricula, training materials and learning) and assessment with involvement of business;
- Training of teachers/ masters/ instructors/ management and administrative staff, ensuring no gender discrimination in selection of staff undergoing training;
- Career guidance and student tracking, while taking steps to also counter the gender-division in the labour market;
- Improvement of physical infrastructure and provision of equipment and materials.

Logistics and transport, tourism and agriculture may be envisaged as possible priority sectors for support under this result.

Output 4: Skill needs/anticipation and development system improved and mechanisms developed for assessment of competences:

- Improving the system on skills needs anticipation including enhancing the capacity of main stakeholders to better identify skill needs;
- Improving management, development, digitalisation and use of occupational standards including awareness raising and close cooperation with business/Sector Committees, establishing links between these standards and European Skills, Competences, Qualifications and Occupations (ESCO), as well as integration of relevant classifications, databases and information systems;
- Developing mechanisms for assessment of competences of unemployed before and after training including development of materials, delivery of training and carry out of pilot tests with involvement of business.

4.2 Intervention Logic

The action aims to take an integrated approach in addressing the key challenges affecting the quality of VET and HE. The action will be performed through a comprehensive set of activities addressing the establishment of an enabling environment for a functioning OBS for LLL (output 1), providing the VET system with more expertise and resources for delivering qualitative services (outputs 2 and 3) and to bring closer the world of education and the world of work (output 4). The action will support public and private actors at national and regional level using a combination of EU expertise and grant assistance to support the establishment of a labour market oriented education and training system in a comprehensive and sustainable manner.

The implementation modality selected – a mix of TA and grants (including Twinning) - will be that which best addresses the outputs identified, while also supporting the long-term sustainability of the action, in part through ensuring the capacity building of staff.

4.3 Mainstreaming

All activities under this action will address important crosscutting issues such as gender, governance, social inclusion and the environment. One of the underlying objectives of the action is to support a rights-based approach, ensuring equal access to all levels of education and training in Azerbaijan, free of any discrimination.

To support lifelong learning, offering equal access to a high quality, fully inclusive and affordable education system will be addressed in all activities of the action. This will be applied in the selection of staff for capacity building and for programme management, development and delivery; in the selection of students for the pilot programmes in the newly modernised VET institutions.

Student guidance supported under the action will also foster a more inclusive VET system with pre-course guidance to challenge traditional course selection and post-course to challenge career choice based upon gender stereotyping. Gender equality will be addressed in all activities of the action, focussing on reducing the gender pay gap and enhancing the number of women in higher management of VET at central and school level, to ensure better participation of female students in VET programmes as well as in the selection of employer representatives in the various committees to be established under the action.

Furthermore, the action will take into account the rights-based approach, including the development of inclusive education systems, which avoid discrimination and set minimum education standards within a quality education system that will have a short and long-term impact on employment levels for all students at any stage of their life. This will include currently disadvantaged groups such as those from rural or from poor communities and students with special needs, female students wishing to enter traditionally male dominated programmes or adults seeking to retrain for career development, helping them better integrate and participate into the mainstream society and contributing to inclusive economic development, creating good conditions for poverty reduction and further socio-economic development of the country especially in rural regions.

New qualifications profiles are emerging for innovative occupations geared to environmental protection as well as for traditional occupations due to the adoption of eco-friendly industrial processes. Consequently, environmental awareness and willingness to learn about sustainable development can be raised and innovation skills to identify opportunities and create new strategies to respond to green challenges can be introduced in the curricula.

4.4 Contribution to SDGs

This intervention is relevant for the UN 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs Goal 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) and Goal 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)

As regards SDG Goal 4, the action especially supports target 4.3 - *By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university* and Target 4.4 - *By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.*

As regards SDG Goal 8, the action especially supports target 8.6 - *By 2020, substantially reduce the proportion of youth not in employment, education or training* and Target 8.5 - *By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.*

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Republic of Azerbaijan.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁹.

5.3.1 Grants: (direct management)

(a) Purpose of the grant(s)

Output 2: Credit system designed and quality assurance improved in VET

Output 3: Selected VET institutions modernised for delivering competence-based training

(b) Type of applicants targeted

Output 2: Credit system designed and quality assurance improved in VET:

Applicants must be EU Member State administrations or their mandated bodies.

In line with Article 4(10)(b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

Output 3: Selected VET institutions modernised for delivering competence-based training:

Potential applicants for funding will be international organisations, Member States agencies, specialised NGOs, community based organisation, business associations, public sector operators, local authorities, and universities, etc.

5.3.2 Procurement (direct management)

The procurement will contribute to achieving:

Output 1: Legal and institutional basis developed at all levels of education (including formal, informal and non-formal) according to the requirements of an Outcome-Based Qualification System (OBS) for LLL

⁹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Output 4: Skill needs/anticipation and development system improved and mechanisms developed for assessment of competences

5.3.3 *Indirect management with entrusted entities*

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria:

- be a non-profit-making legal person;
- be a specific type of organisation such as: non-governmental organisation, public sector operator, local authority, international (inter-governmental) organisation;
- have experience in the VET sector;
- past experience in implementing EU financed grants in this area;

The implementation by this entity entails activities under Output 3 which may include the identification and piloting of an integrated approach for modernising selected VET institutions, in partnership with the private sector, such as through the design and management of the institutions, the development, delivery and assessment of VET programmes and capacity building measures for both VET institution and private sector stakeholder staff.

5.3.4 *Changes from indirect to direct management mode due to exceptional circumstances*

In case of circumstances outside of the Commission's control, the action identified under section 5.3.3. Indirect management with entrusted entities may be implemented under grants (direct management) in line with the section 5.3.1 for output 3.

5.4 **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

- a) The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 **Indicative budget**

Outputs	EU contribution (amount in EUR)	Indicative third party contribution in EUR
Grants – total envelope under sections 5.3.1/5.3.4	6 000 000	900 000
Procurement – total envelope under section 5.3.2	6 700 000	0
Evaluation (cf. section 5.8)	200 000	0
Audit/ Expenditure verification (cf. section 5.9)		
Communication and visibility (c.f. section 5.10) ¹⁰	0	0

¹⁰ A dedicated communication budget to support overall EU visibility for all AAPs under SSF 2018-2020 is to be included in the AAP 2019. In addition, EU Communication and visibility at project level is included at each contract under this AAP and therefore does not require a separate financial envelope in the AAP 2018.

Contingencies ¹¹	600 000	0
Total:	13 500 000	900 000

5.6 Organisational set-up and responsibilities

A Steering Committee (SC) will be established in order to steer and monitor implementation of the programme. It will include the Ministry of Education (MoED), the Ministry of Economy (MoE) and Ministry of Labour and Social Protection of Population (MoLSPP) with the participation of other relevant national and regional stakeholders. The exact composition will be decided upon at the programme implementation stage together with the co-chairs.

The programme will be monitored according to standard procedures based on regular assessment of progress and delivery of specified programme results and the extent to which the programme objectives have been achieved. Key objectively verifiable indicators (OVIs) will be defined for this purpose.

The MoED, MoE and MoLSPP will be jointly in charge of monitoring and steering all components supported under the programme and will ensure that adequate coordination mechanisms between concerned institutions at national, regional and local level are established for all four results of the action.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a(n) ex-post evaluation(s) will be carried out for this action or its components via independent consultants.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action addresses a variety of innovative interventions on modernisation of selected VET institutions.

¹¹ Consider that contracts where no financing agreement is concluded, contingencies have to be covered by individual and legal commitments by 31 December of N+1.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

A dedicated communication budget to support overall EU visibility for all AAPs under SSF 2018-2020 is to be included in the AAP 2019. In addition, EU communication and visibility at project level is included at each contract under this AAP.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹²

	Results chain	Indicators	Sources of data	Assumptions
Impact (Overall Objective)	The overall objective is to contribute to the modernisation and quality of the education system including the vocational education and training	Proportion of economically active population with vocational qualifications (VET and HE) disaggregated by sex: 32.5% (30.4% female) (2016) * Youth (15-29 years) unemployment disaggregated by sex: 9.4% (11.1% female) (2016) * Proportion of youth (aged 15-24 years) not in education, employment or training: 23% (2016) *	State Statistical Committee of Azerbaijan	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<i>The specific objectives are:</i> i) to enhance education and training sector, relevant to the needs of the labour market; ii) to align competency-based education standards with occupational standards for all defined occupations of	Revisions and amendments to the legislative documents in place: Existing legislative documents (2017) * Institutional changes in place: Existing institutional system (2017) Number of occupational standards by main sectors of economy: 300 (2017) * Skills anticipation system in place: NA (2017) * Number of competency-based qualification/education/training standards: 63 qualification standards for non-formal and informal learning (2017) * Number of competency-based teaching/training materials by occupations/professions: 20 (2017) * Share of VET institutions delivering competence-based education and training: NA (2017) * Rate of employment among graduates (one year post graduation): NA (2017) *	Reports and statistics of the Ministry of Education, including Quantitative and Qualitative data	Share of state education expenditure in GDP will increase; The share of IVET expenditure in the total state education expenditure will increase; Coverage of IVET education will increase; NQF is effectively implemented prior to start of new action; Full commitment on the part of all relevant stakeholders

¹² Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	Results chain	Indicators	Sources of data	Assumptions
	strategic economic sectors; and iii) to develop, pilot and implement teaching/training materials	The share of labour market actors that contributions to IVET public expenditures: NA (2017) * Number of students in apprenticeship in IVET: 0% (2017) *		
Outputs:	Output 1: Legal and institutional basis developed at all levels of education according to the requirements of an Outcome-Based Qualification System (OBS) for LLL	Revisions and amendments on education standards and classifications legal documents on validation of non-formal learning and adult education in place: NA (2017) Legislative documents for functioning OBS on levels of education in place: NA (2017) Number of institutions competent in dealing with the OBS for LLL: NA (2017) Number of trainees trained for regulation, management and implementation of the OBS for LLL: NA (2017) Availability of documents and capacity building activities on early specialisation: NA (2017) Basic vocational skills and integration to the general education curricula in place: NA (2017)	Decrees, Orders, Resolutions Reports and documents of the Ministry of Education and Projects	Stable political and economic climate; Full Government understanding of needs /benefits of OBS; Government willingness to adopt legislation changes needed; OBS effectively implemented prior to start of new action; Full commitment on the part of all relevant stakeholders
	Output 2: Credit system designed and quality assurance improved in VET	Availability of guidelines to transfer credit: NA (2017) Revisions to the State Education Standard in VET in place: NA (2017) Number of curricula linked to credits: 0 (2017) Availability of Guidelines on Quality Assurance in VET: NA (2017) Number of accredited VET courses: 0 (2017) Number of accredited VET institutions: 0 (2017)	Reports and documents of the Ministry of Education and Projects	Coordination with/building on activities and results of ETF and previous projects; Stable political and economic climate; Commitment and ownership of relevant institutions;

	Results chain	Indicators	Sources of data	Assumptions
				Willingness of labour market to support educational funding
	Output 3: Selected VET institutions modernised for delivering competence-based training	Availability of concept and strategy for management of pilot VET institutions: NA (2017)	Reports of the Ministry of Education and Projects	Sufficient funding available to implement change New/renovated VET institutions ready to accept students; Full commitment on the part of all relevant staff
		Availability of Strategy/guidelines on development of PPP in VET: NA (2017)		
		Number of VET institutions modernised (infrastructure, QA, PPP and career guidance, which provide information on labour market opportunities and challenge choice of education based on gender norms, improved/established): 0 (2017)		
		Number of teachers and other staff trained: 0 (2017)		
		Number of curricula and learning materials developed: 0 (2017)		
	Output 4: Skill needs/anticipation and development system improved and mechanisms developed for assessment of competences	Number of Sector Committees functioning in permanent status: 0 (2017)	Reports of the MoLSPP and Projects	Full commitment to collaboration of all relevant stakeholders; Sufficient funding available to implement change
		Number of occupational standards linked to ESCO: 0 (2017)		
		Availability of digital/online database on occupational standards and skills anticipation: NA (2017)		
		Number of participants participated in capacity building activities including training on skill needs, anticipation and development: 0 (2017)		
		Number of curricula, training materials and assessment tools for validation of competences by occupations: 0 (2017)		
		Number of participants involved to the assessment of competences of unemployed: 0 (2017)		