Twinning Project "Support to strengthening the higher education system in Azerbaijan"
Twinning ref. AZ/14/ENI/OT/01/17 (AZ/49)

Mission Report

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Date: 15/06/2018

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Date of assignment: from 11th to 15th June 2018
Location: Ministry of Education, Baku, Azerbaijan
Name(s) of expert(s): Mr. Gerard Gasquet, Mr. Gintautas Jakštas

TWINNING   AZƏRBAYCAN RESPUBLIKASI   C1eP   esfa   AID
Təhsil Nazirliyi   EUROPEAN SOCIAL

2. Objective and Tasks of the Mission:

The mission is carried out within the framework of:

COMPONENT 1: **SELECTED NATIONAL EDUCATION STANDARDS ARE ALIGNED TO INCLUDE A COMPETENCE-BASED FOCUS**

Activity 1.3. Assess and review the current system for using labour market data and skills forecasting within the Ministry of Education and other related bodies

Benchmarks for this activity are:
● Report on current situation for using labour market intelligence and skills forecasting within the Ministry of Education and other relevant ministries/ institutions in BC

3. <u>Time schedule of mission:</u>

Date and Time	Activity
Monday 11 June 2018	**09:30-13:00** MEETING WITH THE TWINNING TEAM TO DISCUSS THE AGENDA OF THE MISSION **13:00 – 14:00** LUNCH **14:15 – 17:30** WORKSHOP ON EUROPEAN PRACTICES OF USING LABOUR MARKET INTELLIGENCE AND ANALYSIS OF STRENGTHS AND WEAKNESS OF CURRENT SYSTEM IN AZERBAIJAN
Tuesday 12 June 2018	**10:00 – 13:00** MEETING AT THE MINISTRY OF LABOUR AND SOCIAL PROTECTION OF AZERBAIJAN **13:00 – 14:00** LUNCH **14:30 – 18:00** MEETING AT THE MINISTRY OF ECONOMY
Wednesday 13 June 2018	**10:00 – 12:00** WORK IN THE MOE PREMISES **12:00 – 13:00** Meeting with Statistics department in the MOE **13:00 – 14:00** LUNCH **14:30 – 18:00** MEETING AT THE STATE PEDAGOGICAL UNIVERSITY OF AZERBAIJAN
Thursday 14 June 2018	**10:00 – 13:00** MEETING AT STATE ECONOMY UNIVERSITY OF AZERBAIJAN **13:00 – 14:00** LUNCH **14:00 – 15:30** WORK IN THE MOE PREMISES **15:30 – 17:00** MEETING WITH SCIENCE, HIGHER EDUCATION, SECONDARY PROFESSIONAL EDUCATION DEPARTMENT OF MOE **17:00 – 18:00** WORK IN THE MOE PREMISES

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Friday 15 June 2018	**9:00 – 13:00**
	DRAFT THE MISSION REPORT
	13:00 – 14:00
	LUNCH
	14:00 – 18:00
	DRAFT THE MISSION REPORT

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4. <u>Mission report:</u>

Diagnostic of current situation in Azerbaijan

Introduction
The aim of the report is to identify the main strengths and weaknesses of using labour market intelligence (LMI) and skills forecasting within the Ministry of Education (MoE) and other relevant ministries / institutions for their decision making. Experts had focus group discussions involving the Ministry of Education, Ministry of Economics, Ministry of Labour and Social Protection and two higher education institutions (HEIs) – Azerbaijan State Pedagogical University and State Economy University of Azerbaijan. The experts found out that there is a high demand to use LMI in respective ministries' decision making, however there are no legal documents related. Based on the needs discussed with representatives of the ministries experts drew remarks and recommendations of possible further steps.

Legal document analysis

Experts didn't find legal documents related to using LMI in decision making in the ministries or HEIs. There are many ongoing related activities, however none of them are in legal documents. Therefore, the draft proposals submitted to the Government were not shown to them. There is no confirmed action plan involving all the changes related to using LMI for evidence-based policy making.

Discussions with focus groups
The purpose of these interactions was to explore the present situation regarding the development of LMI in the decision-making process.

Discussions with the Ministry of Education (MoE) and Ministry of Economy (MoEc) and Labour and Social Protection of Azerbaijan (MoLSP) helped experts to understand the current situation, as well as the ongoing changes and expectations of using LMI for evidence-based policy making. Mentioned ministries have high expectations and an urgent need for using LMI. Strong pressure is being applied to the State with 100000 newcomers arriving in the labour market every year. The economy of Azerbaijan will face an increasing difficulty to offer new jobs. Thus, an analysis of qualifications and skills is essential. The main problems described by representatives from the ministries where LMI is expected to make a huge positive impact are:

- Determining the exact number of graduates in different disciplines and professional sectors;
- Determining the state funded place for different study fields;
- Preparing a database about job vacancies (due to start in early 2019);
- Recognizing informally acquired skills;
- Putting in place specific programs for unemployed people with requalification courses.

There are many ongoing activities related to the implementation of labour market intelligence, however experts didn't find any Action Plan (when it was mentioned that it has been adopted in 2013) Comments from the Ministry of Education of Azerbaijan : We have such Action Plan. Please, see article 3.4.3. of the Action Plan on implementation of the "State Strategy for the Development of Education in the Republic of Azerbaijan" approved by the Decree of the President of the Republic of Azerbaijan dated January 19, 2015. So far, all activities seem to be mostly limited to interpersonal contacts without specific deadlines and relations between each other. Ongoing activities implicate:

- Establishing National Observatory of Skills with the assistance of ETF;
- Establishing the Board which will observe the operation of the Observatory, develop plans, analyse relevant information and prepare proposals for the government;

- Developing an electronic System of Labour contracts;
- Creating a National Students Registry;
- Developing occupational standards, fundamental to elaborate curricula, and within the EU Framework;
- Developing a National Framework of Qualifications;
- Establishing 11 Industry Councils to discuss job needs and new skills and qualifications expected by industry and companies.

The National Observatory of Skills is critically needed now. All 3 major ministries concerned by its creation should cooperate closely: MoEc, MoLSP and MoE with a permanent structure allowing an efficient and regular exchange of information. To ensure a better and smoother functioning of the Observatory, it should be independent as is the case in many countries.

Visits to two State universities gave experts a clear evidence that use of LMI is not systematic in HEIs. Development level of student registries and career centres varies between universities, while some universities have experienced dynamic career centres, others are recently established. Universities understand the need of using LMI to develop competence-based curricula.
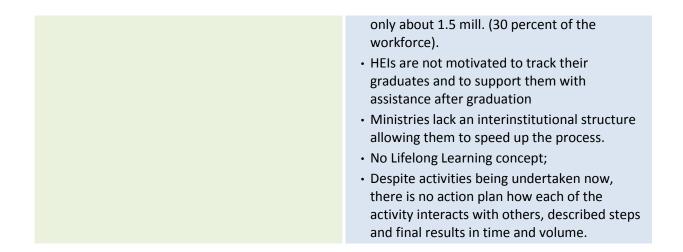
Moreover, it is essential for universities to strengthen their links with companies to get a clearer picture of the labour market needs. The University of Economics is therefore able to update the content within the official template of a training course. One original point is that a former graduate from this university, when lacking some skills, within 3 years, can go back to study and get proper training and then comes back to their job ("3 years warranty").

Finally, an agenda of specific events is necessary to maintain a close contact with the economic world: job fairs, open days, conferences, visits to companies, incubators and even a Social Business centre.

Strengths and weaknesses of using labour market intelligence in Azerbaijan

Strengths	Weaknesses
• Ministries are aware of the need of collaboration to establish LMI based policy making. • Ministries have a plan to establish a National Observatory of Skills to conduct analysis related to the use of LMI. • Some employers' unions already exist and work with the concerned ministries. • Some universities have established career centres helping students to develop skills for a successful start in a LM.	No national student and diploma registry. Comments from the MoE : At national level we have Student-Alumni Database, where all students and diplomas of graduates are registered there. This portal was established by State Examination Center of the Republic of Azerbaijan. Moreover, citizens of Azerbaijan (those who graduate from the university since 2011) may check the authenticity of their diplomas at the state web-site e-gov.az. Besides, at the MoE we have diplom.edu.az portal, where we register all our students and diplomas. • • The Labour Contracts Registry doesn't include information about freelancers who are very common in Azerbaijan. Available information

	only about 1.5 mill. (30 percent of the workforce).
	• HEIs are not motivated to track their graduates and to support them with assistance after graduation
	• Ministries lack an interinstitutional structure allowing them to speed up the process.
	• No Lifelong Learning concept;
	• Despite activities being undertaken now, there is no action plan how each of the activity interacts with others, described steps and final results in time and volume.

Recommendations

● An official action plan with all related activities, deadlines, interlinks and responsible institutions should be made.
● Audit of available data should be made.
● National registries should be established and/or developed: National Student Registry (See previous comments from MoE), National Diploma Registry (See previous comments from MoE), Labour Contracts Registry. (Taxation Registry, Migration Registry, Registry of Residence, Registry of Qualifications Gained Abroad, Unemployment Registry, Registry of Military Service, Social Insurance Registry and others were not explored by the STEs).
● A board for cooperation of stakeholders, including non-government stakeholders, should be created.
● Establish an independent analytical centre.
● Investments in sustainable capacity building should be made (infrastructure for collection, analysis and dissemination of the data as well as trained and experienced analysts who can work with them).
● Regular Tracer Studies should be made.
● Before starting, the aims (policy questions) should be formulated and discussed with all stakeholders.
● Development of regular communication channels.
● Train specialists to use the results in formulation of evidence-based policies, strategies of education and so on.
● Make public information so individuals can use it for their decisions.

Suggested steps for improving the use of labour market intelligence in Azerbaijan

To describe the process of development and use of LMI, experts currently use the 5 steps methodology described in paper ETF, CEDEFOP and ILO "*Using Labour market information. Guide to anticipating and matching skills and jobs. Volume 1*". The whole process of using LMI should be planned and developed as a sustainable activity. However, it can be complemented by one-time surveys to answer very specific needs but only a regular LMI system can contribute to better skills matching.

In **the first step** the main role of the national body is to establish a platform for stakeholders (government, including Ministry of Education and Ministry of Economy and Labour and Social Protection of Azerbaijan, industry and companies associated structures, education and training providers) collaboration. This group would be responsible for formulating the analysis aims of the analysis which can be divided into three main types: employment-related (support information for design of labour market policies: identification of vulnerable groups, prospective fields of retraining, influence of

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demographic changes on labour market; provision of information on labour market prospects in different occupations for career guidance and counselling and for job brokers), education-related (support information for formulation of broader education policies: impact of demographic changes, prospects of graduates in different levels and fields of education, development or change of curricula, formulation of strategy of an individual education and training institution) and economy-related (contribution to assessment of country global competitiveness; support of industrial and trade policies: identification of priority sectors, identification of skill gaps in sectors; identification of potential for investments: availability of human resources and their preparedness).

Azerbaijan is about to create a board of stakeholders, however from what was said to the experts it does not include all necessary stakeholders. In Lithuania there is National Human Resources monitoring Commission led by the advisor of the Prime Minister with vice ministers as members from the Ministry of Education and Science, Ministry of Economy, Ministry of Social Security and Labour, members representing national analytical centre (MOSTA) and the Office of the Government of Lithuania. Other stakeholders such HEIs, employers' associations participate in the meetings, but they do not have decisive vote. The aim of this Commission is to ensure cooperation among stakeholders, share their visions and develop strategies for mismatch prevention, oversees formulation and implementation of national priorities. Analysis, which comprises formulation of the research questions, choice of relevant method, data analysis, and interpretation and validation of the results skills and human resource development is conducted by MOSTA.

In France, a similar role is given to the National Council for Employment, Training and Professional Development. Reformed in 2014, it is a consultative body facilitating a real dialogue between public institutions and the social partners. It can provide advice on ongoing legislative projects concerning employment, training, career orientation. Its aim is to contribute efficiently to a coordination between all stakeholders: State services and social partners as well as regional communities and specialized agencies. Its role is to evaluate all employment policies being developed and, in particular, the newly created Personal Training Account. It eventually contributes to the work done by all Regional Committees concerning employment, training and career development.

Such practices could be implemented by Azerbaijan.

Countries which regularly monitor their labour markets and skills mismatch usually combine several different data sources. The level of development of each data source varies in different countries and **the second step** - a data audit - should be conducted. Data sources can be divided into three main groups. First group – standard statistics includes labour force survey, PES statistics on vacancies and job seekers, enterprise statistics, education statistics, censuses, tax and social security registries, migration department and other administrative data. In some countries e.g. Lithuania and Poland, administrative data from the registries are merged in a personal level which allows to perform more in-depth analysis. A second group of data is skill-specific data sources such as establishment skills surveys, tracer studies, qualitative data on skills. And the last type of data for analysis of skills supply, demand and mismatch is secondary data sources: projections of labour supply and demand (e.g. CEDEFOP projections) and international databases (such as World Bank, Eurostat, OECD, CEDEFOP, UNESCO). In Lithuania MOSTA receives all necessary data and makes surveys if needed, merges it and uses for analysis to provide necessary information for evidence-based policy making. Similar data are exploited in France by the National Institute for Statistics and Economic Analysis (INSEE) and by the National Employment Agency (Pôle Emploi).

The experts noticed that the Ministry of Education does not have national registries with administrative data on individual level. HEIs have their own student registries and make regular reports with statistical information for the MoE, however the level of the registries in different HEIS varies. Experts recommend MoE to establish national students and diploma registries which would be under the supervision of MoE

and would have all the information about pupils and students from their entry to the education sector until their graduation.

Experts notice that The EUROGRADUATE Pilot Survey was launched with the intention to promote European graduate research. As the preceding feasibility study confirmed in 2016, there is a strong demand for a EU-wide graduate study. Aiming at high quality data and high comparability across the participating European countries, the project's consortium set up the idea of a pilot survey to prepare and test-run in 2018-2019 and a full roll-out in the future. Azerbaijan could adopt this methodology from the EUROGRADUATE tracer study to get international comparable results.

The use of LMI requires the infrastructure for collecting and analysing the data as well as trained and experienced analysts who can work with them. Capacity building is **the third step**, in transition countries, activities related using LMI for skills matching and forecasting are often developed with the assistance of international or foreign experienced agencies and experts. At this stage, the support from ETF was a very sensible initiative taken by the BC.

Analysis in **the 4th step** includes formulation of the research questions, choice of relevant method, data analysis, interpretation and validation of the results. Since Azerbaijan is about to start using LMI for evidence-based policy making, experts recommend using assistance from the experts who successfully developed methodology for other countries. Building of trust in the data and analysis is a necessary precondition for their acquisition and further use.

Step 5 focuses on the use of LMI for reduction of skills mismatch. The main purpose of data collection and analysis is to provide information which can be used in the decision-making process to solve mismatch problems. These decisions may include implementation of policies for better matching in the labour market by policymakers, the offer of education and career guidance to individuals by educational providers or the national employment services. Legal documents revision must be made to ensure a use of LMI in decision making process. Step 5 can be successfully achieved only after first 4 steps are implemented.

It is very important for the Ministry of Education to motivate HEIs to track their graduates and to support them with assistance after graduation. Such a motivation can be achieved by using performance-based agreements with specific goals for good employability rates. Reliable tracer surveys should also be more used. In such a case, the university able to match as best as possible its learning and training with the needs of the labour market would receive a bonus in the funding provided by the State.

Universities and all HEIs have to get more and more used to a closer collaboration with the economic world. Future employers and professionals have to be very present in these establishments. In doing so, risks of mismatch would be drastically reduced.

In France, for example, it started being the case when a huge unemployment rate hit the country in the 80s and more recently after the financial crisis of 2008. Since the last quarter of the past century, new pathways have been designed by the Ministry of Higher Education, mostly in the VET field, to allow a better understanding between these worlds. First the BTS and the DUT degrees obtained 2 years after Secondary education were very successful and allowed many graduates to easily enter the labour market. Their model has been adopted by several foreign countries in Northern Africa, Asia (Cambodia) and even Mexico which launched from 1992 its Technological Universities throughout the country according to the French structure. The University Institutes of Technology (IUT) are chaired by a professional according to the law and directed by an academic. Jurys are composed of half professionals and half academics and teachers.

Such a system, although good, was considered insufficient at the end of the 90s and in 2000, the French government decided to raise the level of these diplomas up to 3 years, granting them the title of Professional Bachelor and according to the Bologna Process, recognizing this degree as the first

employability level. This diploma covers only the last year and includes at least a 4 months internship, so half of the study time.

The procedure is very simple: The Ministry provides a national template, approved and validated by both parties (Ministry and social partners, after a long negotiation about the qualification and salary levels), universities, according to their autonomy, can define a curriculum with the local employers to provide a more qualified labour force at the local and regional levels. They have to give evidence of the need of such a training course with figures showing the possible employment after 1 year. Employers are part of the training program and give lectures at the university for about 20% of the total timetable sending their best specialists in the considered field. Evaluation is done with these professionals being part of the jury (often half of it) and chaired by an academic or a professional.

The revision of curricula is done at the latest every 5 years. In case of decline of the job offers due to the decline of the branch or economic problems, the training can be stopped.

The dossier is then sent to the Ministry for analysis by the technical units and approval by the National Council for Higher Education and Research (CNESER). Students having achieved their training and passed their exam are granted the title of Bachelor as well as the other academic Bachelor graduates. At the moment, there are more than 2000 Professional Bachelor training courses in France, with a very high employability rate, covering all sectors of the economic activity.

Activity	Start	Duaration	Periods																						
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Establish a platform for stakeholders (described in step 1)	1	2																									
Formulate and discuss the aims (policy questions) and priorities with all stakeholders	2	2																									
Establish an independent analytical centre	1	3																									
Develop analitical centre	4	21																									
Make an official and public action plan with all related activities, deadlines, interlinks and responsiblities	2	2																									
Fill plan with more detailed actions by analytical centre	3	2																									
Develop priority registries: National Student and Diploma registries (from Education part) and Labour contract registry (from the LM part)	1	24																									
Audit quality and posibility to use other registries, such as Taxation Registry, Teachers registry, Migration Registry, Registry of Residence, Registry of Qualifications Gained Abroad, Unemployment Registry, Registry of Military Service, Social Insurance Registry, Vocancies Registry, Patients and Doctors registries. (described in step 2)	4	3																									
Develop other registries if needed	7	18																									
Provide all data from the registries to the analytical centre	3	22																									

Activity	Start	Duaration	Periods																							
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Train specialists to use the results in formulation of evidence-based policies, strategies of education and so on.	19	6																							
Make public information so individuals can use it for their decisions	19	2																							
Start regular Tracer Studies	7	18																							
Motivation scheme for universities to feel responsible for graduate employment	7	6																							

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