

## Annex 1

of the Commission Implementing Decision on the Annual Action Programme 2014 in favour of the Republic of Azerbaijan

### Action Document for Education Support Programme in Azerbaijan

#### 1. IDENTIFICATION

Title/Number	Education Support Programme in Azerbaijan CRIS number: ENI/2014/033-774		
Total cost	Total estimated cost: EUR 21.4 million Total amount of EU budget contribution: EUR 19 million Estimated co-financing by potential grant beneficiaries: EUR 2.4 million		
Aid method / Management mode and type of financing	Project Approach Direct management – grants (calls for proposal) and procurement of services		
DAC-code	11110 11330	Sector	Education policy and administrative management Vocational training

#### 2. RATIONALE AND CONTEXT

##### 2.1. Summary of the action and its objectives

Azerbaijan is a fast developing economy that has achieved a transition from a low-income to a middle-income country within a historically brief time period. However, one of the main challenges for Azerbaijan is to develop the human capital.

The education sector faces today significant challenges in Azerbaijan. While the net enrolment rate is comparable with that of high income countries (95% for secondary and 99% for primary), the enrolment rate in pre-school education (15%) and in high education (30%) is relatively low. Quality of education is also a problem: in PISA 2009 results Azerbaijan scores poorly, ranking 74 out of 75 participating countries. In the case of vocational education and training (VET), the enrolment rate is low at around 11.2%, with more than 40% of young people in Azerbaijan entering the labour market with no additional or specialized job related education. As such, non-oil sector development is depending to a large extent on a workforce with a secondary school education.

Issues such as equality, access and inclusiveness are also problematic in the current system. Pre-school education is totally underdeveloped especially in the regions and for the poorest layers of the population. As a national average, only 15% of children under the age of 6 receive any kind of education. Likewise, 75% of children with disabilities do not receive any education and those who do are educated in isolation from society, at home or in special boarding schools.

The government acknowledges the magnitude of the challenges and has declared education as one of the main priority areas for state policy.

The "State Strategy on Development of Education in the Republic of Azerbaijan" approved by Presidential Decree in October 2013 sets the government's priority for the reform of the sector, mainly related to quality, socio-economic relevance, human resources capacity, governance and overall participation/access to education. In the strategy, the government has clearly expressed its will to approximate the education and training system of Azerbaijan to the EU policies and practices in this area, which grants a clear comparative advantage for the EU engagement.

The proposed action will assist the country in its consolidated efforts to reform and modernize the education sector, with the overall objective of enhancing the relevance, quality and inclusiveness of the system.

The main objectives pursued by the programme are:

- (1) Enhancement of quality and relevance of the education system through the development of a national qualification framework (NQF) and quality assurance system in line with EU best practices and consistent with European Qualification Framework (EQF) and Bologna Process.
- (2) Increase the attractiveness and labour market relevance of all levels of VET, through the improvement of the policy framework, governance and quality of service provision promoting lifelong learning opportunities and participation of employers and social partners.
- (3) Strengthening civic participation, governance and inclusiveness of the education system.

The action is designed in response to urgent needs in different sub-sectors. Individual components are devised as complementary and mutually supportive measures in the wider context of the action, jointly enhancing capacities related to policymaking, strategic planning, coordination, management, development and delivery of education, and – at the level of higher education (HE) – research.

The linkages with and between VET, higher education and science are evident in the context of a modern education system based on competences and relevance of the education content. Transversal aspects such as quality assurance, governance, and civil society participation will impact in all components of the programme.

And last but not least, stressing inclusiveness facilitates equal access to all levels of education for future students.

## **2.2. Context**

### **2.2.1. Country context**

#### **2.2.1.1. Economic and social situation and poverty analysis**

From the macro-economic perspective, Azerbaijan performed well over the last decade, during which gross domestic product (GDP) growth rate averaged 14.5% during the period 2003-2011. As a result of this strong growth and targeted social assistance programmes, the poverty rate has dropped significantly, from 44.7% in 2003 to around 6% in 2012. Today Azerbaijan has reached the status of upper middle income country with a GDP per capita of USD 7 500 (2013).

However, it has to be noted that the strong growth rate was fuelled mainly by oil and gas revenues, which on the other hand make the Azerbaijani economy vulnerable to potential oil prices fluctuation. In general, the economy of Azerbaijan is highly dependent on natural resources considering that oil and gas account for about 93% of total export and over 41% of GDP, but employs only 2% of the population.

Real GDP in 2013 showed 5.8% growth year-on-year reflecting strong non-oil growth and a successful stabilization of oil output. According to the last International Monetary Fund (IMF) reports, the near-term growth prospects are generally favourable, forecasting overall GDP growth above 5% also for 2014 and inflation stabilizing at around 3%.

According to official statistics the unemployment rate dropped to around 5%, but it is probably higher especially in the regions and for certain age groups. Average monthly wages grew in 2013 to AZN 423, or by over 6% compared to the same period of 2012. Discrepancies between different economic sectors remain high, with high average salaries in the oil sector and disproportionately smaller wages in the non-oil sectors.

#### 2.2.1.2. National development policy

The main strategic document providing the overall priority-setting and development framework of the country is the Concept "Azerbaijan 2020: Look into the Future" (Concept 2020) approved on 29 December 2012. The main policy goal is to diversify the economy and to redistribute the oil wealth for a long-term sustainable and more balanced development.

In the Concept 2020 the development of human capital has been identified as one of the key priority goals for unblocking the full growth potential and to sustain the pace of the socio-economic development in Azerbaijan.

With reference to the education sector reform, the Concept 2020 includes the following main programmatic objectives: Modern management in all areas of education; increased independence for education institutions; an increase in pre-school education; inclusive education programmes for children with disabilities; universities developing into centres of education, research and innovation; the expansion of international relations of Azerbaijani institutions through deepening of the Bologna Process; the provision of gender equality and the development of family; increased involvement of the public (parents, pupils, students and the local community) in school decision making and development of civil society.

To achieve the above, the government is committed to increasing its education budget in GDP, each year until 2020 to reach the appropriate indicator for developed countries (currently is at 2.8% of GDP).

### 2.2.2. *Sector context: policies and challenges*

#### Problem Analysis

The rapid development of the non-oil economy in Azerbaijan requires a transition from a traditional economy to a "knowledge-based economy" with the development of human capital – and hence an improved, modern education system for the whole population as one of the main challenge for the government.

Currently, Azerbaijan lacks a qualified workforce with the adequate skills and knowledge to meet the growing demands of the labour market. While the net enrolment rate is comparable with that of high income countries (95% for secondary and 99% for primary), the enrolment rate in pre-school education and in high education is relatively low. Quality of education is

also a problem: in PISA 2009 results<sup>7</sup> Azerbaijan scores poorly, ranking 74 out of 75 participating countries.

Inclusive education in Azerbaijan is underdeveloped. The state strategy recognises the need to further develop education provision for children with disabilities. But so far 75% of children with disabilities in Azerbaijan are left out of education, and those who do are educated in isolation from society.<sup>8</sup> Misunderstanding and fear of disability result in the marginalization of children with disabilities within their family, community, and wider society. There is a general lack of quality trained teachers and assistants as well as facilities in schools.

The number of graduates of vocational schools is significantly below the demand the economy requires. Over the recent years only 11% of general schools' graduates choose to go to vocational schools; showing a low interest in and attractiveness of VET. Access to higher education is also low, at around 30%. As such, around 40% of graduates from secondary education enter the workforce market without any work-specific qualifications. This is reflected in the World Economic Forum's Competitiveness Index, which shows that low skill levels in Azerbaijan have resulted in a shortage of administrative and managerial skills necessary for a modern market economy.

Across the system problems are widespread in terms of quality and relevance of education, out-dated curricula, lack of staff development opportunities for teachers and administrative staff, lack of language and research skills, out-of-date premises, low interaction with social partners and an input-oriented financing and resourcing system.

Since joining the Bologna Process in 2005 Azerbaijan has progressed with the implementation of certain tools, notions and objectives of the European Higher Education Area (EHEA), however an EHEA compatible quality assurance system for higher education is not in place.

As a consequence of the traditional separation of science and research from higher education there is a substantial lack of research activities, skills and infrastructure at universities, in particular in the third cycle (PhD degrees). Hence there is also a low participation in international research programmes (FP7, Marie Curie etc.).

Teacher motivation and remuneration is another crucial factor in the quality of service provision. The majority of teachers are above 45 years old, trained in the soviet system and potentially more resistant to reforms.

Lifelong learning opportunities and policy are lacking. Azerbaijan National Qualifications Framework (AzQF) has been elaborated with the support of the European Training Foundation (ETF) and it is currently awaiting approval. It will however require substantial further attention to embed reform and ensure that real changes take place.

To shoulder the required reforms, substantial capacity building is required for education providers - teachers, administrators, directors/managers, trainers/masters and the responsible administration/management in Azerbaijan. Major refurbishing is also urgently required in many educational institutes.

At the same time the steering and coordination at system level provide formidable challenges. The current institutional set-up foresees a number of institutions with related responsibilities but with a very low level of coordination between them. One example is the development of occupational standards (OS) within the Ministry of Labour and Social Protection of

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<sup>7</sup> <http://www.oecd.org/pisa/46643496.pdf>

<sup>8</sup> According to UNICEF statistics there are 62 000 children with disabilities of which some 16 000 receive education at home or in special boarding school.

Population (MLSPP) and the need within the Ministry of Education (MoE) to develop educational qualification and standards which match the OS.

Beside the institutional set up the education system lacks effective occupational and qualification standards and systematic consultation and cooperation mechanisms between education, training sectors, employers, enterprises and other relevant social partners (students, parents, society at large).

### Government Policies

Recognizing the challenges facing the education sector, the government has undertaken initial steps for the reform of the country's education system, through the implementation of a number of state programmes: [State programme on reforms in the higher education system of the Republic of Azerbaijan](#) (2009-2013), [State Programme for the development of vocational education in the Republic of Azerbaijan](#) (2007-2012), [State Programme on education abroad](#) (2007-2015), and [State Programme for the placement of children living in state-owned child institutions in families \(deinstitutionalization\) and alternative care in the Republic of Azerbaijan](#) (2006-2015)

However, the focus so far has been mainly in improving the infrastructure, whereas additional efforts should be devoted to improving the quality and relevance of the education system and the actual delivery of education.

In order to put into practice the political objectives included in the Concept 2020, a sector education strategy was developed and adopted by the President in October 2013<sup>9</sup>. The strategy envisages large-scale actions in five strategic directions for creating a modern education system in terms of quality results and coverage. These are 1) competence based education content, 2) higher education and research, 3) management system, 4) infrastructure and 5) financing mechanisms.

MoE has prepared a draft action plan for the state strategy's implementation. The action plan's formal adoption is expected by the end of 2014. Upon adoption the action plan will be realised through a number of state programmes, which attribute concrete measures and allocate corresponding funds.

In the case of higher education, Azerbaijan joined the Bologna Process in 2005, which entails a clear commitment of the country to adhere to the EHEA by reforming its higher education system in compliance with the EHEA's reform tools and joint objectives. The country has been following up its 2005 commitment with concrete action, such as a special Action Plan (January 2006), a presidential decree "On some measures for the integration of the Republic of Azerbaijan into the European Higher Education Area" (2008), a new Education Law (2009) and a range of decrees further elaborating the three cycle system and the European Credit Transfer System (ECTS).

The State Programme for developing a system of vocational education in the Republic of Azerbaijan (2007-2012) started a process of strengthening the logistics and infrastructure in a number of VET institutions, establishing new partnership and economic relations, and updating the content of the VET system at pilot scale. However, further substantial action is still required to bring VET in Azerbaijan to the level and standard of VET in European countries. Azerbaijan joined the Torino Process in 2010 with the aim of promoting a joint vision for VET policies, objectives and tools, and mutual learning with the EU partner countries. MoE volunteered for a self-assessment within the Torino Process Report 2012.

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<sup>9</sup> The State Strategy for the Development of Education in the Republic of Azerbaijan (the State Strategy for Education).

The government is motivated to address the issue of inclusive education for children with disabilities. The United Nations Convention on the Rights of the Child was ratified in 1992, which prohibits discrimination against children on the basis of disability. And the Convention on the Rights of Persons with Disabilities (CRPD) was ratified in 2008. More recently, the “State Programme on development of inclusive education in Azerbaijan Republic for 2014-2020” has been developed and is awaiting the approval by the President.

The Concept 2020 acknowledges likewise the importance of cooperation with civil society and encouraging non-governmental organisations (NGO) activities in the context of rapid socioeconomic development and public service delivery. The State Strategy for Education also foresees a stronger involvement of parents, students and other participants of education process. In November 2013 a new law "On public participation" was approved by the Parliament with the aim of creating guarantees and tools for the government to conduct consultations with citizens, such as public councils, public discussions, public hearings, etc.

### **2.3. Lessons learnt**

The EU has been involved in the past years in a numbers of actions related to the education sector, especially in the field of VET reform and higher education through the Tempus and Erasmus Mundus Programmes.

Innovations in VET curricula and VET system development were elaborated by the EU-funded project "Vocational Education and Training Reform Strategy and Pilot Implementation in a selected region in Azerbaijan" (TVET) implemented in 2009-2011. The pilot curricula developed with the support of the project (for five tourism profiles) have been tested and show there is still a lack of a consolidated approach to curriculum development across the three policy areas for Initial VET (IVET), postsecondary college education and continuing education and training. The connections between these different policy areas has improved in 2014 due to the merging of the IVET and postsecondary VET and further strengthening of the links should be achieved through the implementation of AzQF. The Tourism Vocational School in Ismayilli developed through this project is an example of VET centre developed in cooperation with local and regional authorities and businesses.

The EU twinning project "Strengthening the Initial Vocational Education in the field of agriculture" (2011-2013) which elaborated a concept of a modern, multi-service VET centre in the field of agriculture, entailed successful ideas of the best EU practices in terms of technology and methodology; vocational education standards for seven agricultural profiles taking a broader outcome-based approach to education were developed as well. However, the concept developed by the twinning project were not tested and implemented because the government failed to secure the funding for rehabilitation of the identified VET school.

ETF provided support for Azerbaijan towards an evidenced based analysis of its VET policies through the Torino Process, carried out in order to monitor progress in the reform agenda and to build consensus on the possible ways forward in VET policy and system development. ETF was also commissioned to carry out an evaluation of the [State Programme for the development of vocational education in the Republic of Azerbaijan](#) (2007-2012). The evaluation has shown that since 2007 some improvements had been made in terms of better educational infrastructure in targeted VET schools. However, overall VET is seen by stakeholders to offer low quality education and training, often in out-of-date premises with school managers lacking the skills to offer the level of quality required by the labour market.

Other donors have been also supporting the VET system developing curricula and training of teachers. The experience so far has shown that these pilot initiatives have contributed to raise

awareness about international best practices, but the results so far have been noticeable in a fragmented way and mainly at the local level. A more systematic approach is necessary in order to sustain the results and to roll-out those experiences at country level.

Since 1995 the EU Tempus programme has been assisting the development of higher education in Azerbaijan, mainly through supporting bottom-up initiatives with universities. Between 1995 and 2013, over EUR 17 million were invested (46 Tempus projects). Field-monitoring reports confirm the programme's relevance and considerable effect at individual and institutional level in developing local capacities and share best practices.

However, at system level the programme has had a limited impact. Even though the [mid-term evaluation of Tempus IV](#) confirms the programme is supporting reforms at institutional as well as at system level but also acknowledges a general trend towards weakening impact from individual to institutional to sector/national level, and considers sustainability to be one of the more vulnerable aspects of the programme. This underpins the need for complementary, consolidated top-down support for comprehensive and sustainable system changes in line with the country's commitments to adhere to the EHEA.

Since joining the Bologna Process in 2005 Azerbaijan has progressed with the implementation of certain tools, notions and objectives of EHEA. However, in many areas this does not go far beyond formal compliance and seemingly lacks a vision of the potential value of Bologna tools. An EHEA compatible quality assurance system for higher education is not in place. Important elements for meaningful reforms with regards to student-centred learning, employability and quality enhancement are yet missing, e.g. the inter-linkage of ECTS and student workload with learning outcomes. The establishment of an operational 'Bologna' framework will require substantial and comprehensive spadework at macro- and micro level. Concerning research, Azerbaijan's participation in the 7<sup>th</sup> Framework Programme (FP7) has been low, showing the problems facing the science and research within higher education institutions.

The problem of underdeveloped inclusive education is acknowledged by the government as one of the biggest concerns requiring immediate action. It is therefore necessary to support the work initiated by MoE to expand access and introducing new modern approaches of inclusive education through making the education viable to be able to reach universal coverage, which particularly requires inclusion of children with disabilities.

#### **2.4. Complementary actions**

There are many complementarities and synergies between the different components of the programme, as well as between the proposed programme and other interventions supported by the EU (Erasmus+, Regional Development) and/or by other donors.

The linkages between VET, higher education and science are evident in the context of a modern education system based on competences and relevance of the education content. Aspects such as quality assurance, governance and civil society participation are transversal by nature and will impact in all components of the programme. And last but not least, the emphasis on inclusive education will pave the ways for future learners, promote equal access and better starting for the otherwise disadvantaged and indirectly, enhance opportunities for young mothers for their individual and professional development.

The proposed programme will also complement the initiatives to be supported under the new Erasmus+ programme. Erasmus+ is the EU programme 2014-2020 for Education, Training, Youth, and Sport. Azerbaijan is eligible to take part as a Partner country in higher education

and youth actions of the programme. Erasmus+ replaces Erasmus Mundus, Tempus and Youth in Action.

The actions promoted by Erasmus+ take a bottom-up approach and will be complementary to the top-down assistance provided to the Ministry to guide and monitor the reform at institutional and system level.

ETF has been providing support to Azerbaijan towards an evidence-based analysis of its VET policies through the Torino Process, carried out in order to build consensus on the possible ways forward in VET policy and system development. ETF has already expressed its intention to cooperate with the future EU action by providing in-house expertise for monitoring the implementation of the reforms through the Torino process. The MLSPP has developed 200 occupational standards and 130 training (or qualification) standards, but the trainings provided are of only 2-4 months in length. There is a need to create links between the occupational standards and the national qualification framework in order to adapt the content of the formal training programmes with the requirements of the labour market. In this sense, the programme will facilitate sector coordination and dialogue.

The proposed action will be also complementary to other interventions in the field of regional and rural development, which is one of the priority sectors under the programming period 2014-2017. The action through the pilot projects will act as a catalyst for private sector involvement and social dialogue in the development of education and training programmes which will be tailored to the socioeconomic needs of the regions.

This complementarity between education and regional development is also evident in the case of inclusive education, considering the specific competence of local authorities in this field. Also the objectives to promote more civil society participation and the social dialogue at the local level are mutually supportive.

## **2.5. Donor coordination**

The main donors involved in the education sectors are the World Bank (WB), UNICEF, the German cooperation through the Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the British Council, the Swiss State Secretariat for Economic Affairs (SECO) and the United Nations Development Programme (UNDP).

The WB since 2009 has supported the government of Azerbaijan's education reforms through the development of subject curricula for secondary education levels. The support is foreseen until early 2016. The WB is also negotiating a new project on higher education addressing capacity building of the MoE and other relevant organisations, the establishment of a quality assurance system and body, the implementation of the AzQF, a Competitive Innovation Grant Programme (CIGP), university autonomy, equal access, a diversification and increase of HE financing. Complementarity between the WB and the EU will be ensured by the fact that EU assistance will be limited to provide specific expertise related to the approximation and compliance of Azerbaijan to the EHEA/Bologna process.

The WB has also supported a project in MLSPP which has contributed to the development of 200 occupational standards for which qualifications' standards are currently being developed.

UNICEF has been working in close cooperation with the MoE supporting the reform of the preschool education as well as the general schooling system, with a "child friendly schools" concept. In 2012 UNICEF produced a report "Expanding preschool education in Azerbaijan" aimed to develop an understanding of the opportunities, constraints, bottlenecks and barriers with respect to early childhood development in Azerbaijan. UNICEF supported MoE in

development of the State Programme for the development of inclusive education, which has been submitted to the Cabinet of Ministers for adoption. The proposed EU action intends to build from the UNICEF experience.

GIZ has been working in the VET sector for the past 2 years, looking at creating bridges between the private sector and the public education system. GIZ is involved in vocational training as well as on the development of the VET system through leadership training and policy advice. It is currently running a matching – multi-stakeholder exercise.

The main focus of the Swiss cooperation through SDC/SECO is on economic development and employment, particularly through support of the agriculture sector.

The EU Delegation and other donors maintain an open exchange on ongoing and possible future support with each other as well as with the relevant ministries and institutions. Several donors' coordination meetings have been organized in the last few months also with the participation of the MoE.

### **3. DETAILED DESCRIPTION**

#### **3.1. Objectives**

The **overall objective** is to contribute to the modernisation of the education and training systems in Azerbaijan, enhancing quality, equality, relevance and access in line with European standards and practices.

#### **Specific Objectives are:**

1. To enhance the quality and relevance of the education system with focus on higher education and VET
2. To increase the attractiveness and labour market relevance of all levels of VET
3. To strengthen civic participation, governance and inclusiveness of the education system

#### **3.2. Expected results and main activities**

#### **Objective 1 To enhance the quality and relevance of the education system with focus on HE and VET**

**Result 1.1** NQF and the quality assurance system for education and training are aligned with good practice in the EU and consistent with the EQF Lifelong Learning (LLL)

**Result 1.2** Adherence to the EHEA and increased implementation of Bologna objectives and reference tools.

**Result 1.3** Policy and management of Research Development and Innovation (RDI) in HE strengthened

#### *Main Activities:*

Under the first result area main activities will be aimed at strengthening the capacity of MoE for aligning the NQF and the quality assurance system for education and training in Azerbaijan with good practice in the EU and consistent with the EQF LLL. Activities will also include support for developing competence-based curricula linked to NQF and rolling-out a quality assurance system with special emphasis in VET and HE. Policy advice and technical assistance will also be provided with reference to the implementation of a roll-out

plan for adherence to EHEA and Bologna process objectives and tools; as well as for strengthening policy and management of the RDI in higher education.

## **Objective 2 To increase the attractiveness and labour market relevance of all levels of VET**

- Result 2.1** VET policy and regulatory framework promoting lifelong learning opportunities and activating participation of employers and social partners improved
- Result 2.2** VET qualifications and curricula linked to occupational standards developed and introduced in priority sectors
- Result 2.3** Improved VET multi-level management system and governance including sector coordination at the central and local level.
- Result 2.4** Modern models of VET multifunctional centres in selected sectors developed and tested

### *Main Activities:*

Under the result area 2, activities will focus on supporting improvement of VET policy, and model promoting lifelong learning opportunities and activating participation of employers and social partners; Facilitate public-private business partnership systems and inter-sectoral dialogue; Assist in the establishment of a quality assurance and accreditation system in VET; Introduction of VET standards and curricula linked to occupational standards in priority sectors; Training of trainers in competence based methodologies, leadership and management for school directors and teachers; Facilitate setup of modern competence-based pilot sectoral and regional centres (multi-level/multi-functional) in selected areas.

## **Objective 3 To strengthen civic participation, governance and inclusiveness of the education system**

- Result 3.1** Capacity and participation of civil society in public advocacy, service delivery and sector governance and monitoring expanded.
- Result 3.2** Policy and management for inclusive education system reviewed and optimized, increasing access to education for all children tailored to their developmental requirements and disabilities.
- Result 3.3** Capacity of the Ministry of Education to plan, steer and monitor the reform of the education system strengthened

### *Main Activities:*

In the third result area, from one side the activities will be aimed at increasing the capacity and participation of civil society in the education sector by promoting dialogue and systematic consultation between authorities, institutions, civil society, business and social partners; In this sense the activities will be aimed at: supporting sector performance monitoring activities carried out by civil society; supporting civil society advocacy for vulnerable and minority groups; supporting initiatives establishing/strengthening democratic school governance

including parents, pupil and student representation/participation in the governance and management of education institutions.

In this result area, activities will also focus on assisting MoE in the development of a policy and regulatory framework with focus on increasing access to all children tailored to their developmental requirements and disabilities; development of various inclusive education models; prepare new education standards and curricula which ensure physical and intellectual development and socialization of children including those with disabilities; upgrade of teacher training system; support education providers in delivery and assessment of pilot programmes.

On the other hand the programme will provide assistance to MoE in the development of different governance scenarios, for school autonomy and financing; it will support the establishment of Education Management Information System, linked to an enhanced performance monitoring and evaluation system; it will facilitate establishing certification (licensing) system of education providers and management staff of education institution based on EU good practice and, more in general, it will provide support for the human resources development of the MoE and for the institutional reorganization of the structure of the Ministry and related agencies.

### **3.3. Risks and assumptions**

The programme assumes that Azerbaijan is committed to its overall reform path in education. This encompasses a continuation of the recent efforts to restructure and strengthen MoE and to continue increasing the budget for the sector.

In spite of high government commitment and significant infrastructure investment, the main risk to a successful sectorial intervention comes from the limited institutional capacity. This is both at Ministry level with its low human resources capacity, as well as at sector level, where low teacher remuneration results in an ageing teacher population most likely resistant to change and reform. In addition, the fragmented nature of the education system, with responsibilities disbursed among different ministries and agencies, means difficulties in coordination and entrenched interests may oppose overarching reforms.

Other risks include delayed approval of the new legislative and policy framework; weak governance, extended network of education institutions and their reluctance to comply with the reform; low absorption capacity of the main partner institutions.

Mitigation efforts will focus on engaging in policy dialogue with the government, at the highest level, in order to support the implementation of the newly adopted strategy, to ensure proper staffing and capacity development, increase in teachers' quality and remuneration and improve overall governance of the system.

The appointment of a new Minister in April 2013 and the subsequent swift approval of a new sector strategy in October 2013 are positive signals, showing that the capacity concerns are being addressed by the government and there is political will for reform.

Another challenge that the programme will have to face is the problem of sector coordination between different ministries and agencies and to seek the active involvement of all stakeholders in the process, including participation of the private sector, civil society organizations and social partners. Likewise another challenge will be to coordinate donors' activities in the education sector in order to ensure alignment to government plans, division of labour and complementarity.

To mitigate the risks above, the programme will directly support the establishment of sector wide coordination mechanisms (at central and local level) and will provide support to the MoE in sector monitoring and coordination, including with donors.

### **3.4. Cross-cutting issues**

According to a gender profile study commissioned by the EU Delegation in 2012, gender access is not a significant issue in Azerbaijan due to the fruit of the policy of free and compulsory education inherited from the soviet era. Non-discrimination is further stipulated in Article 5.2 of the Education law from 2009. Universal literacy rate is 99.9% for men and 99.7% for women.<sup>10</sup> In the case of higher education 51.3% of students accepted for bachelor degree courses were women and 54% in the case of Master's degree programmes. However, the choice of subjects is highly segregated and driven by social stereotypes surrounding "male" and "female" work. This is also the explanation why attendance of women in the VET education system is much lower than men (8 750 female out of total 30 660 VET students in 2012 or 28.5%). The problem in Azerbaijan is more about gender inequality in the labour market, since many girls who finish education will never start working because of marriage.

Gender mainstreaming will be specifically targeted for eliminating gender and other disparities in education specifically at all levels. Trends in girls' educational access, participation and achievement will be carefully monitored through collection and publication of statistics that meet international conventions and the needs of educational analysis.

Furthermore, development of inclusive education system will have a short and long-term impact on the employment level among women, therefore contributing to inclusive economic development. It will also assist children with disabilities to receive adequate education and care, helping them to better integrate and participate into the mainstream society.

Overall development of VET and tertiary education create good conditions for poverty reduction and further socio-economic development of the country especially in rural regions.

Transparency, governance and anticorruption are important crosscutting elements which will be tackled across all project components.

### **3.5. Stakeholders**

During the preparation of the programme consultation meetings were held with a wide range of stakeholders including government ministries and agencies (MoE, Ministry of Economy and Industry, Ministry of Foreign Affairs, MLSPP), university representatives, civil society and donors.

The Ministry of Education is the central government body responsible for the state policy and regulation in the field of education, as well as for the overall methodological supervision of the education process in Azerbaijan. It will be the main beneficiary of the programme in terms of policy advice and capacity development support.

In the field of VET, the MoE manages all 108 VET schools in Azerbaijan. Presently there is an insufficient number of staff to fully manage a modern VET system with its variety of components – curriculum development, programme validation and delivery, and assessment and verification. The Minister is considering to establish a staffed "VET agency" or a "Specialized Department" within the MoE to oversight and roll-out the implementation of the VET reform. Initial VET and Secondary VET have been merged into one department in the Ministry and the Minister's VET adviser has started to recruit new staff.

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<sup>10</sup> 2012 data from Gender profile study.

The MoE is competent to develop standards for higher education (to be approved by the Cabinet of Ministers) and verify their implementation for all universities. Different line ministries have authority over the management of different specialised public universities (military, naval, security, etc.). Only 20 (out of 55) universities are under direct MoE supervision. Since 2001, six higher education institutions received an extensive independence, and organise their activity under self-governing principles, funded by the state budget.

Scientific research is mainly taking place at the Academy of Sciences. Research at HEIs is underdeveloped, and limited public funds available. Research projects at public universities often require approval by the State Academy of Science.

The Executive Powers also play an important role in the education sector, since they can appoint managers and channelling funds to all educational institutions except VET centres. The executive power body appoints the head of state education institutions. This means that in all areas except VET, achievement of the Ministry's objectives must be realised in collaboration with the relevant Executive Power.

Generally the role of civil society seems very low. Some NGOs have been involved in consultations on the education strategy and policy papers but their participation was limited. Active parents and student participation in education also seems underdeveloped. Some NGOs have been involved in service delivery and in piloting models for community based pre-school education, small groups home, teacher trainings and support to children with disabilities. However those experiences have been limited and deserve further support.

As mentioned in point 2.4 above, the donors are also important stakeholders in the reform process. The most active donors are the WB, EU, UNICEF, GIZ, UNDP and SECO.

Finally, the target group who will benefit the most from the programme will be children, parents, teachers, children with disabilities, working mothers, employers and indirectly the society at large.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **4.2. Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2 and 4.3 will be carried out, is **48** months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

### **4.3. Implementation components and modules**

The action will be implemented under direct management.

#### **4.3.1. Objective 1 To enhance the quality and relevance of the education system with focus on HE and VET**

##### **4.3.1.1. Grants: call for proposal for twinning projects**

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The Twinning calls for proposals modality will be used for implementing activities under Objective 1, Results 1.1., 1.2., 1.3.

- (b) Eligibility conditions

In line with Article 5(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.

- (c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

- (d) Maximum rate of co-financing

The rate of co-financing for Twinning grant contracts is 100%<sup>11</sup>.

- (e) Indicative timing to launch the calls

During the course of 2017

- (f) Use of lump sums/flat rates/unit costs

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. This system of unit costs and flat rate financing exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract.

##### **4.3.1.2. Procurement**

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Objective 1 Results 1.1.; 1.2.; 1.3.	services	up to 3	Q2 2016

#### **4.3.2. Objective 2 To increase the attractiveness and labour market relevance of all levels of VET**

##### **4.3.2.1. Grant call for proposals**

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

<sup>11</sup> As provided for in the Twinning Manual.

In line with the objective 2, result 2.4, the objective of the call for proposal will be to facilitate the setup of modern competence-based pilot multi-level/multi-functional centres in selected sectors and regions, applying modern approaches to VET management, teaching and governance.

(b) Eligibility conditions

The call will be opened to international organizations, Member States agencies, specialized NGOs, community based organization, business associations, public sector operators, local authorities, universities.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80%.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

Third trimester of 2017

#### **4.3.2.2. Grant: call for proposal for twinning projects**

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The Twinning calls for proposals modality will be used for implementing activities under Objective 2 Results 2.1., 2.2., 2.3.

(a) Eligibility conditions

In line with Article 5(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.

(b) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

(c) Maximum rate of co-financing

The rate of co-financing for Twinning grant contracts is 100%<sup>12</sup>.

(d) Indicative timing to launch the calls

During the course of 2017.

(e) Use of lump sums/flat rates/unit costs

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. This system of unit costs and flat rate financing exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract.

#### 4.3.2.3. Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Objective 2 Results 2.1.; 2.2.; 2.3.	services	up to 3	Q2 2016

#### 4.3.3. Objective 3 To strengthen civic participation, governance and inclusiveness of the education system

##### 4.3.3.1. Grants: call for proposal

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Objective of the call for proposal under Result 3.1 will be to strengthen capacity of civil society and civic participation in public policy advocacy, service delivery, sector governance and monitoring.

(b) Eligibility conditions

The call will be opened to international organizations, Member States agencies, specialized NGOs, community based organization, business associations, public sector operators, local authorities, universities.

The call will be opened to civil society organizations, local and international NGOs, community based organization, business associations, public sector operators, local authorities, universities, international organizations.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

Maximum rate of co-financing for grants under this call is 80%.

<sup>12</sup> As provided for in the Twinning Manual.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

Third trimester of 2016

#### 4.3.3.2. Grants: call for proposal

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Objective of the call under the Result 3.2 will be to provide the necessary support to design and implement an integrated education system that will provide diversified and inclusive education to all children of Azerbaijan, review and optimization of policy management and governance system for increasing access to all children tailored to their developmental requirements and disabilities starting from an early age, strengthening the quality of service provision, piloting and testing models of modern inclusive education approaches.

(b) Eligibility conditions

The call will be opened to civil society organizations, local and international NGOs, community based organization, business associations, public sector operators, local authorities, universities, international organizations.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

Maximum rate of co-financing for grants under this call is 80%.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

Third trimester of 2016

#### 4.3.3.3. Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Objective 3 Result 3.3	Service	1	Q3 2016

#### 4.3.4. Evaluation and audit

##### 4.3.4.1. Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation and audit	services	1	Q3 2017

#### 4.3.5. Communication and visibility

##### 4.3.5.1. Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Communication and visibility	services	1	Q3 2016

#### 4.4. 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 shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 of 11<sup>th</sup> March 2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

#### 4.5. Indicative budget

Objective /Activity/Module	Amount in EUR million (indicative)	Third party contribution (Estimated Co-financing by grant beneficiaries)
<b>4.3.1. Objective 1 - Results 1.1, 1.2., 1.3</b>	<b>5.0</b>	N/A
4.3.1.1. Grants: call for proposal for twinning projects (direct management)	<b>1.0</b>	
4.3.1.2. Procurement (direct management)	<b>4.0</b>	

<b>4.3.2. Objective 2</b>	<b>9.2</b>	
<b>Results 2.1., 2.2. and 2.3</b>	<b>3.2</b>	N/A
4.3.2.2. Grant: call for proposal for twinning projects (direct management)	1.2	
4.3.2.3. Procurement (direct management)	2.0	
<b>Result 2.4</b>	<b>6.0</b>	1.5
4.3.2.1. Grant call for proposals (direct management)		
<b>4.3.3. Objective 3</b>	<b>4.5</b>	
<b>Result 3.1.</b>	<b>1.8</b>	0.45
4.3.3.1. Grants: call for proposal (direct management)		
<b>Result 3.2</b>	<b>1.8</b>	0.45
4.3.3.2. Grants: call for proposal (direct management)		
<b>Result 3.3</b>	<b>0.9</b>	N/A
4.3.3.3. Procurement (direct management)		
<b>4.3.4.1 Evaluation and audit</b>	<b>0.15</b>	N/A
4.3.4.1 Procurement (direct management)		
<b>4.3.5. Communication and visibility</b>	<b>0.15</b>	N/A
4.3.5.1. Procurement (direct management)		
<b>TOTALS</b>	<b>19.0</b>	2.4

#### 4.6. Performance monitoring

In order to maintain a comprehensive and unified approach of the various components a programme Steering Committee (SC) will be established with the aim of steering and monitoring the implementation of the overall programme with the participation of all major stakeholders. The SC will meet on a regular basis during the programme implementation phase. The EU Delegation in Baku will supervise the programme and ensure a constructive dialogue with the government.

Progress on the programme implementation will also be monitored at the annual EU-Azerbaijan Sub-Committee on Employment and Social Affairs, Public Health, Training, Education and Youth, Culture, Information Society and Audiovisual Policy, and Science and Technology.

Progress on twinning/technical assistance activities will be reviewed by the EU, the beneficiary and the implementing Member States administration/contractor in the framework of regular steering committee meetings.

Objectively Verifiable Indicators (OVIs) will be defined for each action. The OVIs are expected to enable both the contractor and the Commission to adequately assess the effectiveness and efficiency of the programme in terms of: Technical performance (implementation processes), Quality of outputs (results), Impact (vis-à-vis the stakeholders), Re-usability of results and sustainability of activities. The contractors will ensure that the activities to be undertaken for the achievement of the project results and the OVIs will be updated in consultation with the beneficiary and approved by the EU Delegation before the

start of implementation.

Additionally, the EU will carry out the continuous monitoring under its standard procedures. This includes periodic assessment of progress and delivery of the specified project results towards the achievement of project objectives.

#### **4.7. Evaluation and audit**

Evaluation and audit will be decided on a case-by-case basis to assess the projects performance, achievements, and impact and will be carried out with the support of technical advice of external consultants. The project may also be subject to result-oriented monitoring (ROM).

#### **4.8. 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 before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.