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Evaluation of Public-Private Partnerships in Employment

Programs in Azerbaijan

Zabihullah Honaryar, Safa Hasanli, Fatima Babazada

Contact email: Zhonaryar14924@ada.edu.az shasanli14812@ada.edu.az
fbabazade@ada.edu.az

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ADA UNIVERSITY

PROGRAM: Master of Public Administration

STUDENTS NAMES: Zabihullah Honaryar

Safa Hasanli

Fatima Babazada

APPROVED:

Faculty Supervisor: Jeyhun Mammadbayli

Organization Supervisor: Tarlan Aliyev

Dean of the School: Azer Babayev

May 16, 2024

STATEMENT OF AUTHENTICITY

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Signed: Zabihullah Honaryar

Signed: Safa Hasanli

Signed: Fatima Babazada

May 16, 2024

Abstract

While Public-Private Partnerships (PPP) has the potential to play a significant role in tackling employment challenges, it is facing considerable drawbacks in the context of Azerbaijani society. Among many problems, this capstone project examined education and labor market mismatch, the lack of public and private agencies' involvement in the education system, and the low reputation of vocational education. To address these shortcomings, the study suggests alternative policies including regular market assessment for collecting, analyzing, and utilizing labor market data, establishing a dynamic and effective collaboration between stakeholders, forming a specific and well-regulated legal framework for the education sector within the newly adopted Law on PPP, and improving vocational education. All the suggested policies are evaluated against five criteria including efficiency, effectiveness, feasibility, flexibility, and equity to measure the possibility of success in practical implementation and to choose the best option. The project employed both qualitative and quantitative methodologies to collect appropriate primary data by conducting surveys, interviewing experts in the field, and utilizing related secondary hand data. The assessments and analyses suggest that improving employment programs using PPP initiatives, a comprehensive approach that involves policy adjustments, collaboration between stakeholders, and ongoing monitoring and evaluation is required.

Keywords: Public-Private Partnership, Employment, Skills Mismatch, Vocational Education, Market Assessment, Collaboration, Low Reputation.

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LIST OF ABBREVIATIONS

PPP – Public-Private Partnership

APEA – Azerbaijan Public Employment Agency

SAVE – State Agency of Vocational Education

VET – Vocational Education and Training

UNDP – United Nations Development Programme

HEI – Higher Education Institutions

MOE – Ministry of Education

AMCHAM – American Chamber of Commerce in Azerbaijan

NEET – Not in Education, Employment, or Training

ICT – Information and Communication Technology

DSS – Direct Subsidy Scheme

CHAPTER 1. INTRODUCTION

A Public-Private Partnership (PPP) constitutes a prolonged agreement forged between governmental and private entities to provide public infrastructure or services, where the private sector bears certain risks and management responsibilities, while the payments to the private sector are based on performance (PPPs Development Center). PPPs combine the deployment of private-sector capital and, sometimes, public-sector capital to improve public service or the management of public-sector assets. By prioritizing public service outputs, they provide a more refined and economical strategy for risk management within the public sector, surpassing the traditional input-oriented procurement methods (Gerrard, 2001).

The main principle of forming a PPP contract is obliging the public sector to articulate its long-term service needs such as transport, education, or health, and on the other hand, ensuring the private sector benefits (Gerrard, 2001). PPPs are not generally “privatizations” and vary in many ways. Privatization is the transfer of ownership of public assets permanently to a private sector. This transfer is also done under different methods. However, under the PPP, the government is constantly liable to perform certain tasks while the intervention of the private sector is obtained in different modes (Liu et al., 2014)

Azerbaijan has recently taken some steps to prepare the ground and legal basis of PPPs within the country. The Republic of Azerbaijan enacted the Law on Public-Private Partnerships on December 27, 2022. (Cantekin, K., 2023). Although there have been few instances of PPP projects in Azerbaijan, this was the first law prescribing public-private partnership regulations in Azerbaijan. According to this law on PPP, a public-private

partnership is a joint activity of a public partner and a private partner based on an agreement concluded following the Law on the provision of public services, as well as the creation and management of infrastructure related to the provision of those services (Law on Public-Private Partnerships art. 1.1. 1.). According to the law, PPP in Azerbaijan can take place through a competition, or direct negotiations organized by the Ministry of Economy of the Republic of Azerbaijan (in the future the Authorized Body), as well as, based on a private initiative of the applicant.

Azerbaijan has limited experience with PPP projects in areas such as waste management, medical centers, and in tourism industry. One of the largest projects that was designed and implemented in the context of PPP was the Waste-To-Energy plant which was contracted out to the CNIM group. The state state-owned company Tamiz Shahar JSC which has the responsibility of utilizing the solid municipal waste of Baku city, was awarded the design, building, and operation for 20 years of an energy recovery facility. Another example of PPP in Azerbaijan is the management of the Central Clinic (Mərkəzi Klinik Xəstəxana) for 10 years by the Turkish company “AY-MED Medical Yatirim Danishmanlik Ticaret” (Sadiyeva & Amirbayova, 2019).

One of the recent initiatives within the context of PPP is taken by the Ministry of Economy of Azerbaijan by announcing a competition to engage prospective partners for the design, building, financing, operation, and maintenance of a PPP-based seawater desalination plant contract with an annual capacity of 100 mcm in Sumgayit, as per the Public-Private Partnership Law of the Republic of Azerbaijan dated December 8, 2022. The primary objective of this project is to address the increasing demand for drinking water in Baku and the Absheron peninsula. It aims to diversify freshwater sources, alleviate the government's financial and technical responsibilities related to water supply,

and facilitate the adoption of optimal practices and technology transfer in Azerbaijan's drinking water supply sector. According to the agreement, the construction period for the plant, including commissioning, spans 2.5 years. Subsequently, the private partner is responsible for operating the plant for 25 years and the plant will be fully transferred to Azerbaijan State Water Resources Agency (Investors are invited to the project within the framework of PPP, 2024).

The main question related to PPP is about the efficiency and effectiveness of these projects and whether the previous PPP projects achieved their goals or not. In this capstone project, we will mainly focus on PPP projects related to employment programs in Azerbaijan, identify the existing problems, suggest policy options, evaluate each policy recommended policy, and choose our favorite option. Three main problems will be investigated in this capstone project which we believe are related lack of efficient and effective partnerships between the public and private sectors. The first problem that we will investigate is the discrepancy and skills mismatch between job seekers and labor market requirements. Studies previously conducted suggest that there are plenty of jobs with good markets and benefits, but it is hard to find someone who possesses the required skills to be hired (Valiyev & et al. 2023) In contrast, thousands of university graduates and job seekers possess skills that are not required in the job market or there are few demands for them (UNDP, 2020). The second problem in employment programs in Azerbaijan which is related to PPP efficiency and effectiveness is the lack of public and private agencies' involvement in the design and development of educational institutions' curriculums (Work-based learning in Azerbaijan, 2020). The curriculums are designed by the Ministry of Education for schools, universities, and vocational training centers without a dynamic and effective collaboration with hiring companies both in the public

and private sectors (World Bank, 2018). The third problem that we will examine is the low reputation of vocational education in Azerbaijan. In each country or society, Vocational training serves as an important factor in the employment rate, and with an effective teaching methodology and dynamic involvement of the private sector, it can play a crucial role in tackling unemployment and preparing employees for the job market (Sadigov, 2021).

This research aims to investigate the dynamics of Public-Private Partnerships (PPPs) in employment programs in Azerbaijan and to propose strategies for developing their effectiveness. PPPs have increasingly become a focal point in Azerbaijan's efforts to address unemployment and promote inclusive economic growth. However, the success of these partnerships in achieving employment objectives still needs to be improved. The study is designed to accomplish three main objectives: Firstly, to analyze the performance of PPPs in employment programs and talent development strategies of education institutions in Azerbaijan. This analysis will provide insights into the effectiveness of current PPP initiatives in generating employment opportunities and improving workforce development. Secondly, to assess the impact of PPPs on job creation, skills development, and labor market dynamics in Azerbaijan. Lastly, the research seeks to develop recommendations for optimizing the design, implementation, and monitoring of PPPs in employment programs, with a focus on promoting sustainability, inclusivity, and accountability. By understanding these contextual factors, policymakers and practitioners can better anticipate future challenges and opportunities and adapt new PPP strategies to Azerbaijan accordingly. Through collaboration between government agencies, private sector partners, and civil society organizations, the proposed strategies aim to use the

potential of PPPs to create better employment opportunities and promote social inclusion for all citizens.

Public Private Partnership is one of the government policies aimed at developing the non-oil gas sector in Azerbaijan to address unemployment and stimulate SDG 8/economic growth (Law of the Republic of Azerbaijan on Public Private Partnership, Article 94). Therefore, it is extremely important to assess how well these partnerships promote employment opportunities, as this helps to formulate evidence-based strategies that improve labor market outcomes (Public-Private Partnerships in the Labor Market, Alfonso Arellano, et al. 2008). For capacity building and knowledge transfer among stakeholders in Azerbaijan, we need to analyze trends in the labor market, and collaboration between government agencies, private enterprises, civil society organizations, and academic institutions. Evaluating PPPs in employment programs is essential for assessing their contribution to reducing poverty - SDG 1, narrowing socio-economic differences, improving social well-being, and creating inclusive and sustainable development in Azerbaijan. By promoting inclusive hiring practices, skills development, and access to employment opportunities for everyone (women, youth, and persons with disabilities) PPPs can play an important role in the employment policy of Azerbaijan. Effective PPPs can attract private-sector investment, and stimulate job creation and economic development in our country. Identifying problems and assessing the effectiveness of PPP will help us to gain a deep understanding of the current situation and create better strategies for the next decade of policy relevance, fund attraction, inclusive engagement, skill development, and knowledge transfer.

Understanding the challenges of studying PPPs in Azerbaijan's employment programs is crucial for collecting information in the research context. One big challenge

is getting reliable sources and data because PPPs are still new and in the development stage here. It might be hard to find enough reliable information to do a thorough analysis and apply the findings elsewhere. Another issue is the possibility of access to the stakeholders: engaging with stakeholders involved in PPPs, including government agencies, private sector entities, and civil society organizations, may create challenges. Obtaining cooperation and participation from these stakeholders may result due to bureaucratic processes, confidentiality concerns, or competing priorities.

1.1 Methodology

In order to thoroughly explore and substantiate the issue at hand, our project employed both qualitative and quantitative methodologies to collect appropriate primary data. Specifically, we utilized interviews as our qualitative approach, engaging three experts with the assistance of the Azerbaijan Public Employment Agency (APEA). Initially, we distributed project leaflets outlining the project's scope and the terms of the interview process to potential participants. Upon their consent, respondents formally agreed by signing a consent form. Subsequently, interviews were conducted with the permission of the participants and were recorded for later transcription. All interviews were conducted online in English and typically lasted around 25 minutes each. These semi-structured interviews followed a set of five predefined questions (refer to Appendix 01). The insights gleaned from these interviews furnished us with invaluable information regarding Public-Private Partnerships (PPPs), serving as the foundation for both problem elucidation and the formulation of policy options.

The first interview was conducted with an expert from the State Employment Agency. During the interview, the expert was asked about the main obstacles toward an effective PPP in Azerbaijan, the latest developments on the legal basis of PPP, the

implementation of ongoing programs engaging public and private entities, the statistics of employment and employment rate in Azerbaijan, the potential increase of employment rate in coming years, and their strategic plans for decreasing unemployment in Azerbaijan. The Second interview was conducted with an expert from the career service of ADA University to evaluate and learn more about their programs for current students, their internship programs, and similar activities they are involved in to prepare students for the job market. The third interview was conducted with an expert from the State Agency for Vocational Education to evaluate the role of vocational education in preparing employees for the job market.

Simultaneously, a survey was selected as the quantitative approach to gather primary data concerning the role of Public-Private Partnerships (PPPs) in employment programs within Azerbaijan. Given the scarcity and outdated nature of available secondary data regarding the labor market, it became imperative to procure fresh insights for our research. Consequently, our focus groups primarily comprised job seekers, university graduates, businesses from diverse sectors collaborating with the State Employment Agency, and key personnel within the agency directly involved in these initiatives, including representatives from various educational institutions. Adhering to protocol, interviewees were comprehensively briefed on the topic, and full transparency was maintained regarding the registration of the interview process. Moreover, in addition to engaging with official institutions and non-governmental organizations for supplementary secondary data, survey options were meticulously crafted to elicit comprehensive responses, ensuring a holistic depiction of the prevailing realities.

The structure of this capstone paper comprises five chapters organized as follows: Chapter 1 offers background information, defines key concepts, contextualizes the policy problem, identifies relevant stakeholders, articulates the problem statement, outlines the main research goals, underscores the significance and importance of the study, acknowledges limitations, and delineates the methodology employed. Chapter 2 delves into a thorough examination of the problem, elucidating its potential causes. Chapter 3 presents a comprehensive list of policy alternatives designed to address the identified causes. Chapter 4 is dedicated to evaluating each policy alternative against a predetermined set of criteria aimed at determining the most viable option. Finally, the conclusion provides a synthesis of the work undertaken and furnishes recommendations to stakeholders.

CHAPTER 2: PROBLEM DESCRIPTION

Public Private Partnerships have the potential to significantly boost employment rates and foster innovation, economic expansion, and workforce advancement in Azerbaijani society. Nevertheless, insufficient, or ineffective PPP initiatives can lead to substantial adverse effects. Presently, Azerbaijan is confronting notable challenges concerning PPPs, particularly in employment programs. This chapter aims to delve into these issues by gathering primary data, interviewing experts, studying relevant case examples, and leveraging existing research to scrutinize the hurdles within the framework of PPP's involvement in employment initiatives.

2.1 Skills Mismatch Between Education and Labor Market

Unemployment rates among Azerbaijani graduates with higher education are influenced by several factors, notably an oversupply of graduates in fields like health,

education, and humanities while facing shortages in professions such as financial management and agriculture. Additionally, insufficient skills among graduates exacerbate this issue, with many lacking the necessary competencies to compete effectively in the job market (Amcham, 2023). The STEP Employer Skill Survey conducted in 2013 revealed significant deficiencies in technical, cognitive, and socio-behavioral skills, coupled with employers' high expectations. A key challenge lies in the mismatch between educational offerings and market demands, as highlighted by Deputy Minister of Education, Idris Isayev, who considers this mismatch a significant threat to Azerbaijan's future. The literature underscores the role of inadequate skills and theoretical teaching methods in higher education institutions, contributing to various forms of mismatch (Rutkowski, 2015).

The absence of effective communication channels between Azerbaijan's labor market and universities exacerbates the education-labor mismatch. Stakeholder engagement across various levels of education reform is imperative to align university graduates' skills with labor market demands. Focus group interviews with recruiters from diverse Azerbaijani companies underscore the poor and disjointed cooperation among stakeholders (Interview with Expert 1). Employers emphasize the necessity for improved and sustained collaboration among companies, higher education institutions (HEIs), and the Ministry of Education (MOE). Specifically, they note deficiencies in graduates' soft skills, such as communication and critical thinking. Integrating employment sector representatives into HEI curriculum development is deemed a viable solution, with interviewees advocating for MOE facilitation in this regard. They suggest including labor market representatives as board members for curriculum design and inviting business sector professionals to deliver classes. However, companies face challenges in accessing

universities due to some institutions' reluctance to collaborate. For instance, Pasha Life's attempts at cooperation with a university yielded no positive outcome after eighteen months. Interviewees emphasize the MOE's pivotal role in establishing a platform to facilitate university access and bridge the gap between academia and employment. Such a platform could streamline job searches for graduates based on their qualifications (Amcham, 2023).

Another reason leading to education-labor mismatch is the lack of comprehensive data on employment, youth demographics, and market-required skills. Interviews conducted with an expert from APEA highlight data availability and reliability as significant hurdles. While Azerbaijan relies heavily on the State Statistical Committee for official statistics, the absence of disaggregated data by age, location, gender, and income poses a major obstacle. Some existing data may not be publicly accessible due to quality issues or sensitivity (Interview with Expert 1). Furthermore, there's a lack of regular surveys measuring youth perceptions, labor market indicators, and skill mismatches. Although some private firms conduct ad-hoc surveys, their inconsistency hinders trend analysis and market understanding. Notably, Deloitte's "Business Outlook Azerbaijan" survey, while comprehensive, overlooks labor market dynamics, focusing solely on corporate perspectives (from the interview with expert 1).

According to Valiyev et al. (2023), there exists a concerning disparity between the economic demands of Azerbaijan and the available pool of qualified employees and educational institution graduates. This observation is substantiated by their analysis of a NEET (Not in Education, Employment, or Training) indicator of 23%, indicating a significant proportion of young individuals who lack both formal education and participation in the labor market. This statistic underscores the urgency of addressing the

mismatch between the skills possessed by job seekers in the market and the needs of the country's workforce. The assertion made by Valiyev et al. (2023) draws attention to a pressing issue that affects the nation's economic development and the prospects of its youth (Valiyev, 2023). The report cites research by the United Nations Development Program (UNDP) conducted in 2016, which identifies the mismatch between labor market requirements and vocational specialties as a significant impediment to progress. This finding emphasizes the broader recognition of the problem within international development circles and provides a valuable context for understanding its implications for Azerbaijan's socioeconomic development (UNDP, 2016).

Isgandarova's (2021) assertion adds depth to the discussion by acknowledging that while progress has been made in aligning educational programs with the needs of the labor market, the issue of mismatch persists. This acknowledgment underscores the complexity of the problem and suggests that addressing it will require comprehensive strategies that go beyond mere curriculum adjustments. Furthermore, the reference to a UNDP report within the "VET for the Future: Development of VET Providers' Excellence in Azerbaijan" project, conducted in 2020, highlights a specific aspect of the problem and the inadequacy of graduates' skills and competencies to meet the demands of employers. This insight underscores the importance of enhancing the teaching programs and ensuring that graduates are equipped with the skills necessary for success in the workforce. The conducted studies provide a robust foundation for understanding the multifaceted nature of the problem and underscore the importance of implementing targeted interventions to address the mismatch between education and employment in Azerbaijan (UNDP, 2020).

Following Isgandarova (2021), while examining the root causes of the problem, two primary factors emerge, the absence of market-oriented skills and the inadequacy of

available courses and subjects taught in educational centers, and the demands of the labor market. The study highlights the absence of market-oriented skills among graduates highlighting insights from Isgandarova (2021) to illustrate the mismatch between the skills possessed by graduates and those demanded by modern companies. The research emphasizes that contemporary employers seek not only technical proficiencies but also soft skills or competencies essential for success in today's workplace. These include self-regulation, critical thinking, adaptability, and interpersonal communication skills. However, many job seekers in the market lack proficiency in these areas, which raises concerns about their employability. This insight underscores the necessity of educational programs evolving to incorporate a broader range of skills beyond technical expertise, aligning with the evolving needs of the labor market. The elaboration of this study emphasizes the critical role of soft skills in enhancing graduates' employability and long-term success in their careers (Isgandarova, 2021).

The second factor, as highlighted by Huseynli and Mehralizadeh (2022), focuses on the composition of specialties provided within educational institutions including schools, universities, and vocational training centers in Azerbaijan. The authors contend that these institutions should prioritize practical-oriented specialties to meet the demands of employers more effectively in the job market. This assertion suggests a critical need for programs to adapt their offerings to align with the evolving needs of industries and businesses. The research highlights a significant discrepancy between the skill sets acquired through traditional university degrees and those demanded by employers. They propose that companies re-evaluate their insistence on university qualifications, recognizing that graduates often possess directly applicable skills for specific roles. This perspective challenges conventional hiring practices and emphasizes the potential of

education to address skill shortages and promote workforce development (Huseynli and Mehralizadeh, 2022).

Ensuring that the education system and training centers align their offerings with the demands of the labor market is imperative for effective workforce development. This includes preparing students with degrees that cater to the current needs of industries. Huseynli and Mehralizadeh (2022) emphasize the significance of this alignment, highlighting key sectors such as agriculture, tourism, manufacturing, and information and communication technology (ICT) that require qualified professionals to drive progress and innovation. By elaborating on these citations, the capstone project not only identifies the core challenges but also offers insights into potential solutions. Addressing the lack of market-oriented skills and restructuring vocational specialties can significantly enhance the relevance and effectiveness of VET programs, ultimately improving the employability and prospects of youth in Azerbaijan (2022).

The dynamic nature of technological advancements and economic developments deeply add to this discussion by emphasizing their importance and significant role. The statement underscores the fluid nature of the job market, influenced by technological advancements, and shifts in industry needs. As new technologies emerge and industries evolve, the demand for specific skills and specialties fluctuates. This dynamic environment necessitates a corresponding adaptation within the educational institutions to ensure that their programs remain relevant (Shirinbayova, 2023). There is a high risk associated with maintaining outdated specialties within training centers. Suppose these institutions continue to offer training in skills that are no longer in demand or are becoming obsolete due to technological or industry changes. In that case, graduates may find themselves ill-prepared for the realities of the modern workforce. This mismatch

between skills acquired through education and the needs of employers can hinder graduates' employability and contribute to broader economic inefficiencies. To address this challenge, educational institutions must remain vigilant in updating their curricula to reflect current industry trends and technological advancements. By doing so, they can ensure that graduates are equipped with the skills and knowledge necessary to succeed in emerging fields and contribute effectively to the evolving economy. This proactive approach not only benefits individual graduates but also fosters a more agile and competitive workforce capable of driving innovation and sustaining economic growth (Reaza et al., 2022).

Despite adequate funding allocation by companies, there remains a significant gap between the allocated resources and the achieved outcomes. Survey data demonstrates that employers highly value graduates' extracurricular activities during their university tenure, along with prior internships, work experience, and volunteerism. Scholarly literature corroborates that extracurricular engagements offer students an invaluable arena to develop, refine, and exhibit skills that might otherwise go unnoticed by employers, thereby enhancing their marketability (Aghamaliyeva, 2020).

The weak collaboration between educational institutions and the labor market results in interns and newly hired graduates lacking essential hands-on learning experiences. Interviews reveal that insufficient coordination among stakeholders deprives university graduates of crucial experiential learning opportunities, which could be provided through structured internships and training programs. While organizations like Pasha Life and Kapital Bank offer preliminary work-based learning initiatives for recent graduates, they acknowledge the inadequacy of these efforts. Indeed, such training should ideally commence at earlier stages, as recognized by Kapital Bank's collaboration with freshmen

(Expert Interview 1). Moreover, the Memorandum inked between Pasha Life and various Azerbaijani universities showcases proactive involvement in work-based learning. Under this initiative, the company holds regular sessions with students covering topics such as life insurance, risk management, and investment. However, representatives lament that not all Higher Education Institutions (HEIs) are receptive to such collaborative endeavors (Amcham, 2023).

The elaboration of these studies underscores the importance of adaptability and responsiveness within the educational system. By ensuring that teaching programs reflect current industry needs and trends, governments can mitigate the risk of skill mismatches and equip graduates with the expertise required to thrive in emerging fields. Through practical-oriented specialties and reevaluating the significance of university degrees, stakeholders can better leverage the potential of training programs to bridge the gap between education and employment. This proactive approach not only enhances the relevance of education and training but also fosters a workforce that is equipped to navigate the complexities of today's rapidly evolving job market.

2.2 Lack of Public and Private Organizations Involvement in Educational Systems' Curriculum Design and Development

The first strategic direction in the "State Strategy for the Development of Education in the Republic of Azerbaijan" adopted in 2013 is focused on the creation of personality-oriented educational content based on competence. It covers the important goal of developing curricula for all levels of education, including preschool, general, first vocational specialization, secondary specialization, and higher education (State Strategy for the Development of Education in the Republic of Azerbaijan, 2013).

Curriculum content is constantly being developed considering the innovations brought by technological progress, which requires a specific approach at different levels of education. Here, while the comprehensive formation of personality is a priority at the general education level, the current and future demands of the labor market are considered in higher education. The constant development of the higher education curriculum makes it important to systematically study the requirements of the labor market subjects. This process has made all subjects offering jobs in the labor market, both public and private sector, the main stakeholders in the higher education process.

The main principles of the state policy in the field of ensuring the right to education in Azerbaijan and the general conditions for the regulation of educational activities are determined according to the Law "On Education" ("Təhsil haqqında" Qanun) dated June 19, 2009.

According to the decision of the Cabinet of Ministers of the Republic of Azerbaijan dated April 23, 2010, No. 75, "State standard and program of the higher education level", higher education programs (curriculums) include learning outcomes and content standards, teaching subjects, weekly class, and extracurricular hours is a state document that includes the amount, organization of the pedagogical process, evaluation, and monitoring of training results.

Decree of the President of the Republic of Azerbaijan dated January 17, 2019, No. 479 on improving the activities of the Ministry of Education of the Republic of Azerbaijan and amending the Decree of the President of the Republic of Azerbaijan No. According to the Decree dated December 29, the competent institution for external quality assurance assessment of educational institutions operating in Azerbaijan is the Agency for Quality Assurance in Education (from now on the Agency, Təhsildə Keyfiyyət Təminatı Agentliyi), according to its Charter. To implement the effective organization of the

activities of the said institution, the "Rules for Accreditation of Educational Institutions" approved by the decision of the Cabinet of Ministers of the Republic of Azerbaijan dated December 14, 2020, No. 493 and decision number 167 of September 28, 2010, have been approved in a new edition and appropriate the rules regulate the external quality assurance rules of educational institutions operating at all levels of education in the Republic of Azerbaijan, regardless of their organizational and legal form, affiliation, and ownership (A. R. Ilyasov, 2022). According to its charter, to fulfill its duties, the Agency has the right to issue an opinion on educational institutions and programs that do not undergo reaccreditation ("Charter of the Agency for Quality Assurance in Education", 2019, paragraph 3.2.5). In this regard, the Agency's Accreditation Commission for Institutional Accreditation Assessment evaluates educational institutions every year and prepares a Final Report on each higher education institution. From the last final reports of the agency for 2023, it appears that the state of participation of employers (public and private sector together) in the development and evaluation of educational programs (curriculum) is not satisfactory (Accreditation Reports of the Agency for Quality Assurance in Education (2023).

Also, by participating in the implementation of state policy in the field of education, the Institute of Education of the Republic of Azerbaijan (Azərbaycan Respublikasının Təhsil İnstitutu) continuously carries out basic and applied research. It prepares content for all levels of education. As a scientific research institution that examines the field of identification and satisfaction of teaching-methodical needs in the education system, theoretical and practical issues related to the research, creation, and application of educational innovations, it improves the educational programs of general and full secondary schools with public discussions.

The relevance of the mentioned issue was taken into account in the Action Plan for 2020 of the Labor Market Working Group of the Commission on Business Environment and International Ratings of the Government of Azerbaijan (Action Plan of the Labor Market Working Group of the Commission on Business Environment and International Ratings of the Republic of Azerbaijan, 2020). During monitoring, it was observed that the opinion of employers was taken into account in the preparation of educational programs for several professional directions and specialties, but in general, the participation of state and private organizations in this process was not considered satisfactory, so recommendations were put forward. Thus, as one of those recommendations, the item "Increasing the participation of employers in the preparation of professional and specialty standards and educational programs" was added to the list of measures to be implemented under the "Knowledge-based employment" indicator of the Action Plan. With this, the importance of the direct participation of state and private organizations in the preparation of curricula of educational institutions in increasing the international rating of Azerbaijan on the Global Innovation Index was shown.

During an interview with ADA University's Career Center, she stated that, as stated in the University's Charter, the higher education institution is free to develop and implement educational programs within the framework of state legislation and standards. New specialties are prepared based on the existing "Curriculum structure and rules" of the higher education institution. It was noted that the changes in the existing curricula according to the requirements of the labor market are made based on discussions. However, regardless of the differences in specialties across all faculties, the curriculum of each specialty should be adapted to the existing curriculum structure, and training outcomes relevant to qualifications should also be covered.

At the same time, the Career Center organizes an employer survey among partner organizations once a year, and feedback is received about the students and graduates of ADA University. The obtained feedbacks are transferred to the faculty deans for making adjustments in the curricula according to the requirements of the labor market.

However, it is impossible to organize the participation of state and private organizations in this process at the desired level when discussions are held on changes in the existing curricula to the labor market requirements. Although ADA University was able to ensure the participation of its public and private partners in the discussions regarding the adaptation of curricula to modern requirements due to its internal capabilities and reputation, other universities were not so successful in this matter according to their reports and the results of the survey.

In the evaluation criteria for institutional and program accreditation of higher education institutions operating in the Republic of Azerbaijan, there are indicators for evaluating personnel training by the quantitative and qualitative requirements of the labor market of the institution, and this should be considered when forming the internal quality assurance system of higher education institutions.

In recent years, work has been done in the field of infrastructure development of the first vocational-specialized educational institutions, and cooperative relations with the private sector, employers, and international organizations have been established. Despite the above, there are still serious problems that need to be solved in this area. The number of people graduating from the first vocational-specialized educational institutions does not coincide with the demand of the economy. The fact that only 11 percent of the graduates who graduated from general educational institutions in recent years chose the first vocational-specialized educational institutions, and the total number of those who studied at that level was only 25-27 thousand people, shows that the interest in the first

vocational-specialized education is low among the population (State Strategy for the Development of Education in the Republic of Azerbaijan, 2013). Studies show that the weak participation of public and private sector participants as employers in the preparation of curricula of educational institutions exists in various fields. However, the situation is clearer in information technologies, which have been developing rapidly in recent years and require regular updating of knowledge.

To find out the attitude of the respondents to the issue, they were asked, "Is it necessary for the participation of employers in the planning of education for IT specialties prepared by educational institutions and the preparation of educational production programs?" the question is addressed. From the respondents' responses, the trends of cooperation between education and the IT industry are noticeable. That is, the improvement of the quality of education today is fundamentally related to its adaptation to the requirements of the labor market. Education, first, should be qualitatively updated, and all interested parties (public and private sector, education system, IT industry) should participate in this process. The main mechanism of this is the participation of employers in the planning of education in IT specialties and the preparation of educational and production programs (Mamedova M.H., Djabrailova Z.G., 2010).

At the same time, the success of curriculum design in collaboration with the industry depends on an ecosystem that involves academia, industry liaison, clients, students, and faculty. Students create products in association with the industry or for the industry and then work as entrepreneurs. Understanding the emergence of new research subjects suggested by university students that may lead to innovation or value creation for the industry requires a combination of imagination and entrepreneurship (Hansson and Mønsted, 2008). Students apply academic analysis to practical work (Hillon et al., 2012).

In conclusion, the above indicates once again that the curricula of the first professional-specialized and secondary specialized education do not meet modern requirements. Although new curricula for teacher training have been introduced, in general, the curricula of higher education institutions do not fully correspond to the requirements for employee competence in the labor market. The development of curricula at the higher education level lags the dynamics of economic development.

2.3 Low Reputation of Vocational Education in Azerbaijan

In this part, our focus will be on examining the various challenges of vocational education in Azerbaijan. We will investigate the issues surrounding its reputation, which is not as positive as desired, the insufficiency of funds, and the scarcity of skilled experts in this field. Additionally, we will explore the role of PPPs in addressing these challenges, particularly within the realm of employment programs. Through careful assessment, we aim to gain insights into how such partnerships can contribute to overcoming the challenges faced by vocational education in Azerbaijan.

Vocational Education has exceptional importance in the construction of the socio-economic infrastructure in Azerbaijan. In January 2024 State Employment Agency announced that the number of vocational education courses has been expanded to 130. During 2023, 9518 people were trained. Eighty-one percent of those who completed the courses are employed. The country has a mission to train skilled workers, ensure employment, and create a strong job market. This mission aims to turn its valuable resources into a skilled workforce, contributing to the development of human capital (Abşeron yarmadası və xaricində peşə təhsili, *Azərbaycanda keçid dövrünü yaşayan PTT*, AHK Azərbaycan 2021). From this point of view, vocational education, being the closest educational level to the real sector of the economy and the labor market, is of exceptional

importance in training qualified personnel, eliminating dependence on imports by increasing the production potential at the expense of a competent labor force, and increasing economic power in the region with the close involvement of entrepreneurs. (Peşə təhsilinin yüksəliş dövrü, Nigar İsmayilzadə 2023) The vocational education and training system faces several challenges: lack of updated regulations, poor infrastructure, outdated educational materials, and lack of evaluation mechanisms and financial support. There is a gap in having current and adaptable legal guidelines for vocational education. The physical and educational facilities are often in disrepair or inadequate. The educational materials, such as programs, textbooks, and resources, don't always align with modern standards and requirements. There's a shortage of effective methods for evaluating the performance of vocational training institutions and monitoring their progress. The management of vocational education isn't fully in line with market principles, and funding from the state budget is insufficient. Overall, these issues hinder the effectiveness and quality of vocational education and training in the country. (Azərbaycanda peşə təhsili müəssisələrinin təhsilalanlar kontekstində qiymətləndirilməsi, Qadir Qafarov 2021). The building conditions, technical and educational base of these institutions, their management structure, financing level, mechanism, content of education, and training the organization of processes in many cases do not meet modern requirements in terms of training highly qualified personnel (Development of technical vocational education State Program, 2007-2012).

Vocational education in Azerbaijan faces a significant challenge due to its low reputation among the general population, students, and employers. Despite its potential to equip individuals with practical skills and enhance employability, vocational education is often viewed as inferior to academic education. The perception of vocational education

as a secondary option compared to traditional academic paths may discourage students from pursuing vocational training, leading to a shortage of skilled workers in various industries. One of the main factors contributing to the low reputation of vocational education is societal stigma. In recent years, new vocational schools have been established in Azerbaijan and equipped with the most modern equipment. However, there is a need to promote the directions both in schools and in the mass media, so that the interest of our young people in both education and vocational training increases. "If we sit and wait for this interest to grow by itself, it never does. We should conduct awareness work, hold "open door" days and meetings to direct our youth in this direction." (Jeyhun Mammadov, 2022) The deputy said that most of the parents in the country try to get their children higher education. Sometimes the child is not interested in higher education, knowledge and skills do not allow it. In this case, it is useful to direct our youth to vocational education: "In this case, young people can ensure their future and development. Again, we need to educate to achieve our goal. (Jeyhun Mammadov, 2022) Vocational education is often associated with lower status and limited career prospects, leading to a preference for academic pathways among students and parents. Additionally, limited awareness of the benefits and opportunities offered by vocational education further perpetuates its low reputation. Many individuals may not be fully informed about the diverse career pathways and job opportunities available to vocational education graduates, leading to misconceptions and negative perceptions.

Another big problem for vocational education in Azerbaijan is the funding issue, not having enough money and resources. Vocational education is funded by the state budget and private organizations are not involved in this issue. (Azərbaycanda peşə təhsili müəssisələrinin təhsilalanlar kontekstində qiymətləndirilməsi, Qadir Qafarov 2021).

When there isn't enough financial support, it's hard to make good vocational education programs. This means students might not get the skills they need for jobs. Also, there might not be enough money to get new equipment or train teachers properly. Sometimes, vocational schools don't have enough materials or tools that are up-to-date with what companies need. This makes it tough for students to learn what they need to know for real jobs.

There is an expertise shortage in vocational education. In Azerbaijan, there aren't enough skilled teachers and trainers for vocational education (Development of Technical Vocational Education State Program, 2007-2012). This is a big problem. Having teachers who know a lot about the industry and how to teach well is important for vocational training. But because there aren't enough of them, the quality of vocational programs suffers. Students might not learn the skills they need for jobs because of this. One reason for the shortage is that there aren't many opportunities for teachers to learn and grow in their careers. This makes it less appealing for people to become vocational teachers. To fix this, the government, schools, businesses, and other groups need to work together.

The main issue in vocational schools is the shortage of qualified teachers. The lack of a proper education system to train vocational teachers is a major problem highlighted in the Strategic Road Map for Vocational Education in Azerbaijan. Most vocational teachers are over 50 years old, indicating a need for new personnel in the next 5-15 years. However, the current salary for vocational teachers is not attractive enough to attract new talent, making it difficult to fill vacant positions. The Ganja State Vocational Education Center and Baku Vocational Lyceum No. 7 have both experienced difficulties in hiring qualified personnel. Despite contacting state employment offices, they have not received suitable candidates, and those provided were often not specialized in the required fields.

This shortage affects various specialties, including electrical, mechanical, and telecommunications, as well as web design and computer technology. To address this issue, vocational institutions need to attract qualified personnel with technical backgrounds and industrial experience. However, the challenge lies in offering competitive salaries compared to other industries. Until this problem is addressed, vocational schools will continue to struggle with staffing shortages, hindering their ability to provide quality education and training. (Peşə məktəblərində kadr problemi, Rena Nebi, 2019) One way they can do this is through partnerships between public and private organizations. By working together, they can bring in more resources and expertise to improve vocational education. This can make it a better option for students and help them find good jobs in Azerbaijan's changing job market.

Today, the job market is facing a problem because there aren't enough workers with modern skills and professions. This is happening because people aren't choosing their career paths wisely and the job market's needs are not predicted properly. Mustafa Abbasbeyli, Chairman of the Board of the State Employment Agency under the Ministry of Labor and Social Protection of the Population, shared some insights. He mentioned that in the job market, more and more people are needed who have vocational training, not just university degrees. Right now, our country has 4 vocational training centers that can teach up to 2-3 thousand people a year. However, they started working more with private companies, after the implementation of new rules about PPP. This means they can now teach up to 30,000 people a year in more than 50 training places. The government recognizes it's not the best at providing high-quality training, but it's trying to get better by working with private companies. They created some tools to help young people and society get ready for future jobs.

Even though vocational education is important in Azerbaijan for helping people get jobs and grow the economy, it's facing some big problems that make it hard for it to do its job well. First, a lot of people don't think highly of vocational training. They believe that going to a university is much better than learning a trade or a skill. This makes fewer people want to join vocational courses, which isn't good because the country needs skilled workers in many areas. Another big issue is that there's not enough money being spent on vocational education. This means the places where people go to learn these skills don't have the newest equipment or enough materials to practice with. Teachers and students can't do their best work under these conditions, which makes the problem even worse. Also, there aren't enough teachers who are experts in their fields teaching at vocational schools. Good teachers are super important because they pass on their knowledge and skills to the students. Without them, students might not learn what they need to do well in their jobs. Even though there are some efforts to make things better, like working with private companies, things are still not improving fast enough. So, right now, vocational education in Azerbaijan is struggling a lot. If these issues aren't fixed with serious effort, vocational education won't be able to do its important job of preparing skilled workers who can help the country's economy grow and bring new ideas to life.

CHAPTER 3: POLICY ALTERNATIVES

Following the analysis presented in Chapter Two, which highlights the prevalent issues surrounding PPP initiatives within employment programs, this chapter aims to propose policy options for addressing these challenges. Drawing on case studies, policies, and experiences from abroad, we will offer practical solutions aimed at mitigating obstacles and fostering the advancement of PPP projects domestically. These

recommendations aim to assist policymakers in establishing an effective PPP framework in Azerbaijan.

3.1 Matching Skillsets: Bridging Education and the Workforce

Misalignment and skills mismatches in the labor market occur when the skills possessed by workers do not match the requirements of available jobs. This discrepancy can arise due to various factors such as changes in technology, evolving job roles, or inadequate training and education systems. While some degree of mismatch is natural due to market dynamics, constant variation can have significant consequences. Employers may struggle to find qualified candidates for their job openings, while workers may face difficulties in securing employment that matches their skill set. Addressing these challenges requires a multi-faceted approach and a long-range plan. It involves reforms in education systems to ensure they are aligned with the needs of the labor market and interventions such as vocational training programs, and lifelong learning initiatives can help bridge the gap between available skills and job requirements. However, efforts to boost job numbers should not prioritize quantity over quality. It's crucial to ensure that the jobs created are sustainable and provide meaningful opportunities for workers. This requires carefully considering the skills needed in emerging industries and promoting job quality standards (Davos, 2014).

Addressing and overcoming this challenge requires a comprehensive approach that involves policy adjustments, a collaboration between educational institutions and industry stakeholders, and ongoing monitoring and evaluation. Here are some policy options for bridging the difference between education and the workforce:

A. Implementing a regular market assessment and establishing a systematic process for gathering, analyzing, and utilizing labor market data offers a strategic solution to address this challenge. This approach involves continuously monitoring the labor market dynamics to identify emerging trends, skill shortages, and evolving job requirements. By collecting comprehensive data on job vacancies, skill demands, and industry trends, policymakers can gain valuable insights into the specific skills and competencies needed by employers. This information serves as a foundation for designing and updating education systems and curriculums to ensure they are aligned with the current and future needs of the workforce. A key aspect of this policy framework is the integration of labor market data into the curriculum development process. Educators can use this information to tailor training programs to equip students with the skills and qualifications that are in high demand in the job market. By incorporating real-time labor market insights, educational institutions can enhance the relevance and effectiveness of their programs, ultimately improving the employability of graduates. Furthermore, the systematic analysis of labor market data enables policymakers to anticipate future skill requirements and industry trends, allowing for proactive adjustments to educational offerings. This proactive approach aids in minimizing skill mismatches and guarantees that the workforce maintains adaptability and resilience in light of technological advancements and economic shifts. By keeping the education system aligned with industry needs, this approach promotes economic growth, reduces unemployment, and fosters a more skilled and competitive workforce. (Reducing Skills Imbalances, 2016).

B. Establishing dynamic and effective collaborations between educational authorities particularly the Ministry of Education, universities, employers, and

industry representatives is a pivotal policy option for effectively addressing the skills mismatch. By facilitating curriculum development that directly responds to industry demands, this approach ensures that educational programs are relevant, up-to-date, and aligned with the evolving needs of employers. By working closely together, educators can gain a deeper understanding of the specific skills and competencies that are sought after in the job market. This collaboration allows for the integration of real-world industry knowledge and expertise into the curriculum, ensuring that students possess the practical skills required to thrive in their selected fields. Industry partnerships can take various forms, including internships, apprenticeships, and collaborative research projects. These hands-on learning experiences not only provide students with valuable practical skills but also allow them to establish connections with potential employers and gain insights into industry practices and expectations. A key factor in the success of this policy is the establishment of advisory boards or councils comprised of industry professionals is a recommended practice to facilitate ongoing collaboration and input into curriculum design. These advisory bodies can provide valuable insights, feedback, and guidance to educational institutions, ensuring that educational programs remain responsive to industry needs and trends (Jansen et al., 2016). By fostering partnerships, policymakers can ensure that educational programs are closely aligned with the current requirements of the labor market. This collaborative approach not only enhances the employability of graduates but also promotes innovation, economic growth, and workforce development. Overall, facilitating curriculum development through industry collaborations is an essential strategy for reducing skills mismatches and creating a more dynamic and responsive education system (OECD, 2023),

3.2 Creating successful public-private partnerships in the field of education.

The lack of or weak participation of public and private partners in developing and improving educational curricula once again suggests that the academic program's incompatibility with the requirements of the modern labor market can have a significant negative impact on the development rates of the country's economy in a broader plan. In this regard, the preparation of curricula of educational institutions, regardless of the level of education, should be carried out based on serious research, and all interested parties should be involved in this process. Although the Bologna National Report may present quite optimistic results for the country, there are certain actions that need to be taken, such as reforming the HEI curriculum to accommodate the needs of employers and students, increasing student, faculty, and staff mobility, enhancing internal and external review processes, etc. (Mammadova & Valiyev (2020).

Today many HEIs need help preserving and upgrading their physical spaces and offering high-quality, reasonably priced instruction and research. In this regard, the Law "About Public-Private Partnership" (Dövlət-özəl tərəfdaşlığı haqqında" Qanun) dated December 9, 2022, which defines the organizational, legal, and economic basis for implementing activities in public-private partnerships in Azerbaijan, provides an opportunity to solve some issues in this field. Taking into account the provisions of other laws of the Republic of Azerbaijan regulating the relations in the field of public-private partnership, the said Law, the state, authorized body, and state partner in the implementation of public-private partnership projects related to the provision of public services in the territory of the Republic of Azerbaijan, as well as the creation and management of infrastructure for the provision of those services and regulates the relationship between the private partner as well as the claimant. There are opportunities

to implement public-private partnerships in many areas of the country's life, as stipulated in the Law, the goals of state policy in the field of public-private partnership are stimulating the sustainable development of individual sectors of the economy, private investments involved in particular sectors of the economy, and increasing the volume of foreign direct investments. To increase access and improve the quality of education, many governments are finding it effective to separate the financing of education from its provision (World Bank 2003a). In this regard, the development of the educational model of the concept of public-private partnership and the creation of a legal basis and the interpretation of the existing legislation can lead to significant changes in this field.

During the interview with the representative of the State Employment Agency, the ratio of the public/private sector in the number of vacant jobs provided for the vacancy database created by the Agency is 10/90% (from an interview with an expert from the State Employment Agency).

As can be seen from the statistical information of the State Statistics Committee of the Republic of Azerbaijan on the parameter of the leading indicators of education covering the years 1990-2022, the number of state educational institutions and their graduates in the country in the last 30 years is significantly higher than the number of private educational institutions and their graduates (the "Education" on the website of the State Statistics Committee from the information on the section). Also, in 2024, allocations of the state budget expenditures of 36 billion 763 million manats under the "Education" section were increased by 142.8 million manats, i.e., 3.2% compared to 2023, to 4 billion 549 million manats (12.4% of the state budget expenditures) ("About the 2024 state budget of the Republic of Azerbaijan").

What has been shown once again suggests that excessive state participation in education limits the country's economic development opportunities and imposes a heavy

financial burden on it. Though institutional functions previously considered sacred and core to the teaching and learning mission of universities, such as course design and development, have seen increased outsourcing and partnerships in recent years, the strong majority of PPPs focus on facilities and food services. These projects tend to be the most capital-intensive and further afield from university capabilities; they also are some of the first things students see when they enter campus (Kasia Lundy & Haven Ladd, 2021).

For instance, the University of California Merced (UC-Merced) contracted in a PPP for a \$1.3 billion campus expansion project (Merced 2020). This project would eventually house 10,000 students, nearly tripling the university's physical capacity. It includes a 39-year concession to develop and run a million square feet of housing, dining facilities, research labs, and classrooms. The project funds approximately \$600 million in university revenue bonds and \$700 million in private debt and equity investment.

In addition, over 90 percent of Hong Kong's public schools are privately managed by more than 100 sponsors, of which about 30 operate large networks of schools. A large majority are "Aided" schools that are fully funded by the government and have the autonomy to appoint and promote staff, deploy funds, and influence admissions for 50 percent of the students. In the early 90s, the government introduced the "Direct Subsidy Scheme" (DSS) schools that received partial government funding but had some autonomy over curriculum, school fees, teachers' salaries, and admissions. To qualify, existing schools must demonstrate a track record of exemplary performance and a distinctive value proposition. The government has put in place several governance mechanisms to ensure that DSS schools are governed in a responsible manner (McKinsey & Company, 2014).

Therefore, it is inevitable to ensure public and private partnerships in this field. It is possible to bring the educational system of the Republic of Azerbaijan to competitive

levels with the educational systems of the world's advanced countries by achieving joint partnerships in financing, development of academic programs, and management.

3.3 Fostering Vocational Education and Career Advancement through Public-Private Partnerships.

The vocational education system in Azerbaijan is facing some challenges that slow down the country's ability to develop a skilled workforce that is well-prepared for the modern economy. Among the 83 vocational education schools in Azerbaijan, only 15 are currently meeting the necessary standards for educational quality and infrastructure. The situation is made worse by the low salaries offered to instructors, which discourages skilled professionals from pursuing careers in this educational sector. (Interview with Representative of Stage Agency for Vocational Education)

To address these issues, a strong policy initiative is necessary. This initiative should focus on modernizing existing infrastructure and making the teaching profession in vocational schools more attractive. The main goal of this policy proposal is to modernize at least 80% of vocational education schools in Azerbaijan and to increase the salaries and status of vocational instructors. This plan aims to build a more skilled workforce that can support local industries, thus reducing reliance on imported skills and promoting economic self-sufficiency.

Many vocational schools have outdated facilities and equipment, which are not in line with current technological advancements in various industries. Updating these facilities will ensure that students receive training that is relevant and applicable to today's job market. The current low pay in vocational education makes it an unattractive career choice for skilled professionals. By improving salary structures and offering additional

benefits, we can attract more qualified and committed educators. (Anyi Wang and Dong Guo, 2018. “Technical and vocational education in China: enrolment and socioeconomic status”)

There are some existing partnerships with private entities, but they are not enough to bring about significant improvements across the vocational education sector. Strengthening these partnerships can lead to better resource allocation and improved training programs that align with industry needs. Infrastructure modernization is needed to develop a detailed plan to renovate schools and equip them with modern tools and technology. This includes updating workshops, laboratories, and learning resources which are essential for effective vocational training. (UNDP, 2017. “Azərbaycanda peşə təhsili və təlimi mərkəzlərinin müasirləşdirilməsi”)

The government should make this a priority and seek extra financial support through partnerships with the private sector. Salaries and benefits should be increased for vocational instructors to make these positions more competitive and attractive. Also, implementing additional benefits like continuous professional development programs, opportunities for international training, and performance-based incentives will attract more students. (Thomas F. Remington, 2017. “Public-Private Partnerships in VET: Translating the German Model of Dual Education”) For the expansion of industry partnerships, it is needed to create deeper collaborations with key players in the industry to ensure that vocational training is directly connected to employment opportunities. These partnerships can provide practical experiences through apprenticeships and give direct feedback to help tailor the curriculum based on actual industry needs. (Vertakova, Vladimir Plotnikov, 2014. “Public-private Partnerships and the Specifics of their Implementation in Vocational Education”)

In China, the government has launched various projects to promote vocational education, such as the construction of national model higher vocational colleges and the "two high projects" focusing on constructing high-level vocational schools and disciplines with Chinese characteristics. These efforts aim to enhance the quality and image of vocational education, attracting more talented students and promoting continuous reform. Additionally, the government has prioritized education equality, particularly in rural and poverty-stricken areas. Policies such as tuition exemption for students from poor families and efforts to improve vocational education in these regions reflect a commitment to providing equal opportunities for all. Vocational education has been promoted as an essential component of national development. Whether pursuing academic or vocational paths, individuals are valued equally for their contributions to society. This transformation underscores China's commitment to enhancing the quality and perception of vocational education, aligning with broader societal ideals of equality and inclusivity. ([Weimin Yuan, Yajuan Wang, 2021. "The Development of Vocational Education and Training in China"](#))

Promotion and awareness campaigns are also an essential part of this policy. Starting national campaigns to increase awareness about the benefits of vocational education and its potential for leading to lucrative and fulfilling careers will affect both private organizations and people. These campaigns should particularly target young people between the ages of 18-30, encouraging them to consider vocational education as a prestigious option. (Gulbaniz Shirinbayova , 2019. Education Institution of Azerbaijan Republic. "Peşə təhsilinin əmək bazarının tələblərinə uyğun təşkilinin üstünlükləri")

Moreover, vocational schools should work closely with local businesses and international corporations to ensure alignment with global standards and practices.

Reforming the vocational education system can significantly improve the skill set of the workforce, thereby increasing productivity and decreasing reliance on foreign labor markets. This policy will not only help individuals achieve career success but will also promote broader economic growth and stability. Successful implementation of this policy will require commitment, investment, and collaboration across multiple sectors, paving the way for a prosperous future driven by a skilled and competent local workforce. (Yuliia Lulkova, 2023. “The impact of Public-Private Partnership on the quality of Vocational Education”)

CHAPTER 4: EVALUATION OF POLICY ALTERNATIVES

Expanding upon the insights from Chapter Three and the alternative policies proposed to tackle PPP challenges within employment programs, this chapter undertakes a thorough analysis and evaluation of each policy option against five key criteria: efficiency, effectiveness, feasibility, equity, and flexibility. It's essential to remember that while a policy may prove successful in one context, its effectiveness may vary when applied elsewhere to address similar challenges. Therefore, it's imperative to identify a policy solution that not only demonstrates excellence but also aligns with the cultural, geographical, infrastructural, resource-related, and historical aspects specific to Azerbaijani society.

4.1. Implementing regular market assessment

This policy would require resources and investment in data collection mechanisms, analysis tools, and training for relevant personnel. However, in the long run, the efficiency gains could be significant. By aligning education and training programs with the labor market, resources spent on education would be more effectively utilized, leading to reduced skills mismatches and higher employability rates. Overall, while initial costs may

be incurred, the long-term efficiency gains are likely to outweigh them. The effectiveness of the policy hinges on its ability to accurately identify labor market trends, skill shortages, and evolving job requirements. If the data collection and analysis processes are robust and reliable, policymakers can make informed decisions. Additionally, if educators successfully integrate labor market insights into their programs, graduates are more likely to possess the skills and qualifications demanded by employers. However, the effectiveness also depends on the responsiveness of educational institutions and policymakers to the identified trends and demands. Regarding feasibility, this policy may face challenges in terms of resource availability, technological infrastructure, and institutional capacity. However, with proper planning, investment, and collaboration between government agencies, educational institutions, and relevant stakeholders, these challenges can be addressed. Moreover, leveraging existing data sources, such as employment records, surveys, and industry reports, could help reduce the burden of data collection. Overall, while feasibility depends on various factors, it is achievable with sufficient commitment and coordination. The proposed policy emphasizes the importance of continuously monitoring labor market dynamics to identify emerging trends. This suggests a flexible approach that can adapt to changing economic conditions, technological advancements, and industry shifts. By integrating real-time labor market insights into curriculum development processes, policy promotes adaptability and responsiveness, enhancing its flexibility. Ensuring equity involves addressing disparities in access to education, training, and employment opportunities. The policy, if implemented effectively, has the potential to promote equity by aligning education and training programs with the needs of diverse learners. By providing students with the required skills and qualifications, regardless of their background, the policy can enhance their chances of securing meaningful employment. However, attention must be paid to

ensuring that marginalized groups, such as women, minorities, and rural populations, have equal access to education and training opportunities. Additionally, measures should be in place to mitigate potential biases in labor market data collection and analysis.

4.2 Establishing effective collaboration between key stakeholders.

Establishing dynamic collaborations can improve the efficiency of education-to-employment transitions by ensuring that educational programs are directly aligned with industry demands. Hands-on learning experiences such as internships can enhance the efficiency of skill acquisition by providing practical, real-world training. Overall, this policy has the potential to improve efficiency in the education-to-employment pipeline. The effectiveness of the policy depends on the depth of the collaborations established between educational institutions and industry stakeholders. If these collaborations are robust and result in a curriculum that is truly aligned with industry needs, graduates are more likely to possess the skills and competencies required by employers, thus improving their employability. However, the effectiveness also depends on the willingness of industry partners to actively engage in these collaborations and provide meaningful input. Although this policy may face challenges related to coordination, resource allocation, and stakeholder engagement, feasibility can be secured by commitment from all parties involved and may necessitate investment in infrastructure, training, and support mechanisms. Additionally, the establishment of advisory boards or councils comprised of industry professionals requires ongoing commitment and resource allocation. The policy offers flexibility by fostering ongoing collaborations between educational institutions and industry stakeholders, allowing for the adaptation of educational programs to evolving industry needs. By integrating real-world industry knowledge and expertise into the curriculum, educational institutions can ensure that their programs remain relevant and

responsive. Ensuring equity involves addressing disparities in access to education, training, and employment opportunities. The policy has the potential to promote equity by providing students with practical skills and connections to potential employers, regardless of their background. Enough attention must be paid to ensuring that collaborations with industry stakeholders are inclusive and accessible to all students, including those from marginalized groups.

In summary, both policy option of regular market assessment and establishing dynamic collaborations between different stakeholders shows promise in addressing skills mismatch by improving efficiency, effectiveness, feasibility, flexibility, and equity in the education-to-employment pipeline. However, successful implementation requires commitment from all stakeholders and proactive measures to address potential challenges and biases.

4.3 Creating successful public-private partnerships (PPPs) in the field of education.

Initially, the introduction of public-private partnerships in the field of education enables the reduction of the financial burden on the state budget in this sphere, as well as the involvement of the private sector, which is always in search of innovations and keeps in mind the advanced trends, in the preparation of the educational process, thereby making the educational programs more responsive to the requirements of the modern labor market and will demonstrate its effectiveness by leading to rapid integration. Also, attracting international private investments in education while protecting the unique values of the national education system will create an opportunity to apply international practice models in Azerbaijan. Good PPPs foster creativity by giving schools significant control over staff, supplies, and curriculum administration.

On the other hand, in terms of cost and benefit analyses, public-private partnerships in the education sector will reduce public expenses, more efficiently spend funds allocated from the budget or invested by the private sector, and have strict control over costs. Education and its new management system based on state, society, and state-business partnership will be formed, and accountability, transparency, and efficiency will be considered the main criteria of the new management system. PPPs function best in underserved areas with limited public options when a sufficient supply exists in the private sector. Also, it can offer increased adaptability and effectiveness in designing, constructing, funding, and administrating facilities and infrastructure.

An obvious legal and regulatory framework is essential for PPPs to be sustainable. It offers the framework and rules required for productive cooperation. Considering the adoption of the Law "On Public-Private Partnership" in Azerbaijan, preliminary conditions exist for implementing the public-private partnership model in the country's education field. Making additions and amendments to the mentioned Law in the field of education may allow for more accurate regulation of relations that may arise in this direction. In particular, the fact that the government is interested in attracting foreign investments to the country, including offering incentive mechanisms for local investors, once again confirms the project's feasibility. It will allow the creation of a new financing mechanism based on sustainable and, at the same time, diversified sources in education.

Regarding equity, having a sufficient material and technical base for education in Azerbaijan eliminates additional financial costs. The reconstruction of many universities at the level of modern requirements creates a fertile ground for implementing the project. In this regard, most investments can be directed toward forming the personnel base, improving management and educational programs, and conducting scientific research. According to the flexibility criterion, with appropriate regulations, different

requirements can be set for public-private partnership relations in the future, and more suitable conditions can be determined for attracting more investors. Flexibility allows both the public and private sectors to learn and adapt.

4.4 Fostering Vocational Education and Career Advancement through Public-Private Partnerships.

The introduced policy aimed at improving the vocational education system. The plan focuses on upgrading infrastructure, raising instructors' salaries, strengthening partnerships with industries, and promoting vocational education among young people. This evaluation will look at whether the policy is realistic, what impact it might have, what challenges it might face, and whether it can be sustained over time. The policy's effectiveness, efficiency, feasibility, equity, and flexibility are evaluated below.

The policy's effectiveness relies on its ability to upgrade vocational schools and attract skilled instructors. Modernizing facilities and equipment will provide students with relevant training for today's job market, enhancing their employability and reducing youth unemployment. By increasing instructors' salaries, the policy aims to attract and retain qualified educators, improving the quality of education and elevating the status of vocational training. Strengthening partnerships with private entities is also crucial, as these collaborations can lead to better resource allocation and more relevant training programs. The efficiency of this policy depends on the judicious use of resources and the ability to leverage private-sector partnerships. Modernizing infrastructure and updating educational resources will require significant investment, but partnerships with private companies could offset some costs. Offering tax breaks and other incentives can attract private investment, ensuring that funds are used effectively. However, the management

of these partnerships needs to be robust to prevent uneven quality and ensure that resources are allocated where they are most needed.

Implementing this policy presents several feasibility challenges, primarily securing sufficient funding and managing large-scale changes. While private partnerships offer some financial support, additional government funding will likely be necessary. Coordinating the renovation of schools and updating courses will require strong management and careful planning. Ensuring a steady increase in instructors' salaries over time to maintain competitiveness will also be challenging. Continuous professional development programs, international training opportunities, and performance-based incentives are essential to attract and retain skilled educators. Ensuring equitable improvements across all vocational schools is vital to raising educational quality. The policy must address regional differences between urban and rural schools, providing equal opportunities for all students regardless of socioeconomic background. This includes making vocational education accessible to students from disadvantaged backgrounds and ensuring that improvements reach every school. Flexibility is critical for the policy's success. It must be adaptable to changing needs, with continuous updates to the curriculum based on industry feedback. Regular professional development for teachers to keep up with new technologies and teaching methods is necessary.

In conclusion, while the proposed policy for improving vocational education in Azerbaijan is ambitious, it holds significant potential if managed well. Addressing funding challenges, ensuring equitable resource distribution, and maintaining flexibility to adapt to changing needs is crucial for the policy to be effective, efficient, feasible, equitable, and flexible. By enhancing the vocational education system, Azerbaijan can

develop a skilled workforce that supports local industries, reduces reliance on foreign labor markets, and promotes broader economic growth and stability.

Criteria Option	Effectiveness	Efficiency	Equity	Feasibility	Flexibility
1. Implementing a regular market assessment gathering, analyzing, and utilizing labor market data	+	+	+	+	+
2. Establishing dynamic and effective collaboration between key stakeholders	+	+	+	-	+
3. Creating successful of PPP in the field of education	+	-	+	+	-
4. Fostering Vocational Education and Career Advancement through PPP	+	+	-	+	-

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

The primary objective of this project was to conduct an in-depth analysis and assessment of the current state of Public-Private Partnerships (PPP) in Azerbaijan, with a specific focus on employment programs. PPPs have emerged as a significant trend globally, spanning various sectors such as water and waste management, climate resilience, energy, and food security. One of the key advantages of PPPs lies in their potential to drive innovation in public service delivery, thereby enhancing the efficiency and effectiveness of services rendered. Despite the promising potential of PPPs to stimulate economic growth, bolster employment rates, and promote workforce development, Azerbaijan encounters notable obstacles in its implementation. Chapter Two of our discussion highlighted several challenges, including a disparity between the skills taught by the education system and those demanded by the labor market, insufficient involvement of both public and private entities in shaping educational curricula, and a diminished perception of vocational education within the country.

To mitigate the issue of skill mismatch between educational attainment and workforce requirements, our study recommends two policy interventions grounded in both international case studies and successful overseas practices. Firstly, we advocate for the implementation of a structured mechanism facilitating regular market assessments and the utilization of labor market data to inform educational curriculum design. Secondly, we underscore the necessity of fostering collaborative partnerships among diverse stakeholders to ensure alignment between educational offerings and industry demands. These proposed policy measures hold promise in addressing the inefficiencies of Public-Private Partnerships (PPP) within employment programs and fostering labor market enhancements in Azerbaijan. However, successful implementation will require adequate

resources, stakeholder collaboration, and attention to potential challenges. To address the issue of the limited involvement of state and private enterprises in shaping educational curricula in Azerbaijan, a comprehensive investigation into the underlying causes was conducted. Drawing from international best practices and an in-depth analysis of the domestic landscape, we propose a two-stage policy approach. Initially, we suggest the establishment of a specific and well-regulated legal framework governing the education sector within the recently enacted Law on Public-Private Partnerships. Subsequently, we endorse the adoption of a public-private partnership model in education, tailored to the prevalent international paradigms. This proposed policy option offers enhanced adaptability and efficacy in the development, financing, and management of educational facilities and infrastructure. By harnessing the potential of public-private partnerships and fostering an environment conducive to innovation and collaboration, Azerbaijan can chart a course towards a more responsive and inclusive education system, conducive to individual empowerment and national prosperity. To rectify deficiencies in the vocational education system and align them with contemporary workforce demands, our study recommends ensuring adequate school facilities and equipment, improving teacher compensation, fostering close collaboration with businesses, and promoting awareness of the benefits of vocational education. Enhanced infrastructure and resources in schools facilitate better training aligned with industry requirements, while improved teacher remuneration attracts high-quality educators, thereby enhancing educational outcomes. Collaborative partnerships with businesses provide students with valuable real-world experiences. The proposed policy seeks to integrate Public-Private Partnerships into the development of vocational education through concerted efforts involving government, businesses, and experts.

In evaluating these policy proposals, we applied five key criteria: efficiency, effectiveness, feasibility, flexibility, and equity. By assessing each policy against these metrics and considering available resources, we aimed to assess their potential for practical implementation and their ability to deliver meaningful outcomes in the Azerbaijani context.

Recommendations

After conducting thorough research, examining case studies, analyzing international practices regarding Public-Private Partnerships (PPP), and drawing from existing literature, the following recommendations should be collaboratively implemented to address the challenges identified in employment programs in Azerbaijan.

1. Conducting regular market assessments for collecting, analyzing, and utilizing labor market data to ensure the education system remains dynamic and responsive to the ever-changing needs of the labor market.
2. Offering Financial and Non-Financial Incentives such as scholarships, grants, or tax benefits to motivate individuals to enhance their skills for those pursuing education in sectors with skill shortages.
3. Establishing and fostering dynamic and effective collaboration among diverse stakeholders to ensure alignment between educational offerings and industry needs.
4. Establishing effective feedback mechanisms to ensure that industry professionals can provide timely input on the relevance and effectiveness of the curriculum design.

5. Forming a specific and well-regulated legal framework within the newly adopted Law on Public-Private Partnerships and utilizing successful PPP models in international practice by adjusting to the Azerbaijani context.
6. Raising awareness about vocational education; Success Stories among the Community through social media/ official and popular people; Trips from schools to vocational education centers
7. Expanding industry partnerships; As for expanding industry partnerships, it is important to create a framework that ensures these collaborations are mutually beneficial, offering real-world exposure for students while providing industries with a well-trained, job-ready workforce.

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APPENDIX 1

Interview Questions

1) Interview 1st with an expert from the Azerbaijan Public Employment Agency (APEA).

1. What are the main obstacles to an effective Public-Private Partnership in Azerbaijan?
2. What are the latest developments in the legal basis of Public-private Partnerships in employment programs in Azerbaijan?
3. What are the ongoing programs for increasing the employment rate in Azerbaijan?
4. How do you evaluate the employment rate in coming years?
5. What are the current strategic plans for engaging the private sector in employment programs?

2) Interview 2nd with an expert from ADA University Career Service

1. How does ADA University assess and analyze labor market needs to reform curriculum development?
2. How does ADA University organize the procedure for supporting the employment of students during the study period and after graduation?
3. In what form does ADA University participate in the preparation of state employment programs?

4. What steps are taken by ADA University to motivate and engage the public and private sectors in the preparation of the curriculum?

5. How do you evaluate your ADA's teaching curriculum policies to ensure they effectively remain responsive to both public and private sector needs?

3) Interview 3rd with an expert from the State Agency for Vocational Education (VET)

1. Can you provide insights into the current perception of vocational education in Azerbaijan? How would you describe its reputation among the general population and employers?
2. How do Public-Private Partnerships in employment programs address or contribute to changing the perception of vocational education in the country?
3. What factors do you believe contribute to the low reputation of vocational education in Azerbaijan? How do vocational education programs in Azerbaijan align with the skills demanded by the job market, and how can Public-Private Partnerships help bridge any existing gaps?
4. Are there any specific challenges or barriers faced by vocational education institutions in Azerbaijan that contribute to their low reputation?
5. What role do employers play in shaping the reputation of vocational education in Azerbaijan? How can partnerships with the private sector improve the image of vocational education?

Survey Questions

Dear participant,

You are cordially invited to take part in a research study titled "Evaluation of Public-Private Partnerships in Employment Programs", being conducted by master's students at the School of Public and International Affairs, ADA University.

Rest assured, any information you provide will be used solely for this research endeavor and treated with the utmost confidentiality.

Your participation in this study is highly appreciated.

Thank you in advance for your valuable contribution!

Warm regards,

Brief information about public-private partnerships (PPPs)

Public-private partnerships (PPPs) are collaborative arrangements between government entities and private sector organizations aimed at delivering public services or infrastructure projects. These partnerships leverage the strengths of both sectors to address societal needs efficiently and effectively. In the context of employment programs, PPPs may involve collaboration between government agencies, businesses, non-profit organizations, and educational institutions to create and implement initiatives that enhance workforce development, job training, and employment opportunities. By combining resources, expertise, and networks, PPPs can foster innovation, improve service delivery, and promote sustainable economic growth.

Enter the following details:

1) Gender:

- Male
- Female

2) Age:

- 7-18
- 18-29
- 30-39
- 40-49
- 50-59
- Above 60

3) Current obtained level of education:

- I don't have any education.
- Primary education
- Incomplete secondary education (9 grades)
- Completed secondary education (11 grades)
- Vocational Certificate
- Bachelor's degree
- Master's degree
- PhD

1. In which sector would you prefer to work?

- a) Public
- b) Private
- c) International Organizations
- d) Non-governmental Organizations

2. If you are currently employed, how long did it take you to find your job?
 - a) Less than three months
 - b) Three to six months
 - c) Six months to one year
 - d) More than one year

3. How satisfied are you with the current alignment of educational programs with industry needs?
 - a) very dissatisfied
 - b) dissatisfied
 - c) neutral
 - d) satisfied
 - e) very satisfied

4. 16. How do you perceive/perceived the balance between theoretical knowledge and practical skills in your teaching curriculum?
 - a) too theoretical
 - b) well-balanced
 - c) too practical

5. How frequently does your educational institution review and update its curriculum to stay up to date?
 - a) Annually
 - b) Biennially
 - c) Infrequently
 - d) not sure

6. Have you participated in any internship or apprenticeship programs during your university studies?
 - a) Yes
 - b) No

7. Does your university offer career development lessons or workshops to assist with job search and career planning?
 - a) Yes
 - b) No

8. If yes, how beneficial were these career development lessons or workshops in preparing you for the job market?
 - a) Very beneficial
 - b) Somewhat beneficial
 - c) Neutral
 - d) Not very beneficial
 - e) Not beneficial at all

9. Have you encountered difficulties in finding employment opportunities that match your skills and qualifications?
 - a) Yes
 - b) No
 - c) Not sure

10. If you are currently employed, to what extent does your job match your qualifications?
 - a) Excellent Match (same profession)
 - b) Good Match
 - c) Fair Match
 - d) Poor Match (My job is different from my profession)

11. What factors do you consider most important when evaluating potential employers?
 - a) Salary and benefits
 - b) Career growth opportunities
 - c) Company culture and values
 - d) Location and commute

e) Other (please specify)

12. Have you ever participated in the curriculum development process of any educational institutions?

- a) Yes
- b) No

13. If your answer to question 4 is yes, which of the following best describes your role in curriculum design?

- a) educator
- b) industry professional
- c) administrator
- d) student
- e) other

14. How effective do you perceive public-private partnerships in bridging the gap skill mismatch between the education system and labor market in Azerbaijan?

- a) Very effective
- b) Somewhat effective
- c) Neutral
- d) Somewhat ineffective
- e) Very ineffective

15. In your opinion, how important is it for educational institutions to engage the private sector in their curriculum design and development?

- a) not important
- b) somewhat important
- c) very important
- d) critical

16. Have you ever participated in any employment programs or initiatives facilitated by public-private partnerships in Azerbaijan?
- a) Yes
 - b) No
 - c) Not sure
17. How often do public and private organizations collaborate in your organization?
- a) rarely
 - b) occasionally
 - c) frequently
 - d) always
18. What challenges do you perceive in integrating private sector perspectives into curricula?
- a) lack of communication
 - b) Bureaucratic procedures
 - c) resource constraints
 - d) other (please specify)
19. What incentives can encourage private organizations to actively participate in curriculum development?
- a) Finding skilled employees
 - b) tax benefits
 - c) enhanced reputation
 - d) financial contributions
 - e) other (please specify)

20. What steps can be taken to foster stronger collaboration between public and private organizations in curriculum development?
- a) joint workshops
 - b) industry advisory boards
 - c) research partnerships
 - d) policy advocacy
21. Which sectors do you believe require more focus and investment in terms of employment opportunities?
- a) Information Technology
 - b) Healthcare
 - c) Education
 - d) Energy
 - e) Tourism
 - f) Other (please specify)
22. In your opinion, what barriers do job seekers in Azerbaijan face when seeking employment? (Select all that apply)
- a) Lack of relevant skills or qualifications
 - b) Limited job opportunities in desired fields
 - c) Discrimination in hiring practices
 - d) Lack of access to networking opportunities
 - e) Insufficient support from public employment services
 - f) Other (please specify)
23. If you are a last-year student or a fresh graduate, how prepared do you feel for the job market?
- a) Very prepared
 - b) Somewhat prepared

- c) Not very prepared
- d) Not prepared at all

24. Do you think there are enough job opportunities available in the market for you in the major you completed or are currently pursuing?

- a) Yes, there are plenty of job opportunities available.
- b) Yes, but they are limited.
- c) No, there are not enough job opportunities available.
- d) Not sure

25. Have you ever considered pursuing vocational education or training programs?

- a) Yes
- b) No

26. What is your perception of vocational education in Azerbaijan?

- a) Very positive
- b) Somewhat positive
- c) Neutral
- d) Somewhat negative
- e) Very negative

27. How important do you think Public-Private Partnerships (PPPs) are in improving vocational education and employment opportunities in Azerbaijan?

- a) Extremely important
- b) Somewhat important
- c) Not very important
- d) Not important at all

28. Do you believe vocational education provides the same level of opportunities as universities?

- a) Yes
- b) No
- c) Not sure

29. Why do you think vocational education is less popular compared to academic education in Azerbaijan?

- a) Lack of awareness,
- b) Low impression associated with vocational education.
- c) Limited career prospects

30. What steps do you think could be taken to improve the popularity of vocational education in Azerbaijan?

- a) Promoting awareness campaigns
- b) developing the quality of vocational education programs
- c) Renewing training centers' equipment and facilities
- d) Providing more career development opportunities
- e) Other (please specify)