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## 4 Azerbaijan

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### 4.1 THE NATIONAL AND HIGHER EDUCATION CONTEXTS

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#### National Context

Azerbaijan is an upper-middle-income country with a population of about ten million people (Azerbaijan Statistical Information Service, n.d.-a). Located in the South Caucasus region of Eurasia, it is bordered by Russia to the north, Iran and Turkey to the south, Georgia to the northwest, Armenia to the west, and is bound by the Caspian Sea to the east. It holds membership in many international organizations, including the United Nations, the OSCE, the Bologna Process, and the European Higher Education Area (since 2005).

According to its constitution, Azerbaijan is a democratic, secular, unitary republic. Since its independence, Azerbaijan experienced economic problems similar to other post-Soviet countries: the transition to a market economy, economic resource scarcity, and the dependence of its market on the socialist republics. In addition, the Nagorno-Karabakh conflict and political instability from 1991 to 1995 hindered the formulation and implementation of reform-oriented economic policies. It should be noted that after the period of peace that lasted for about twenty years, there were additional military clashes in the Nagorno-Karabakh region in 2016, 2020, 2021, and 2022. After 1995, Azerbaijan managed to revamp its economy, becoming a leading economic player in the post-Soviet space. Azerbaijan used its oil reserves to rebuild its economy after the dissolution of the Soviet Union and as a foreign policy instrument in international relations (Cornell, 2011). For instance, the oil sector was projected to generate 54.2 percent of the state budget revenues for

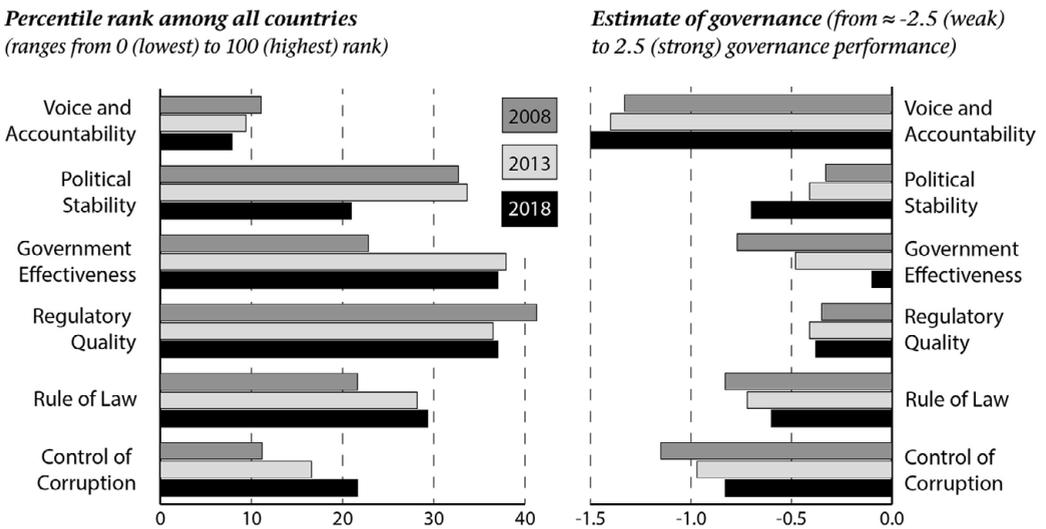
2021 fall, while the non-oil sector was projected to generate 45.8 percent of the revenues (Center for Economic and Social Development, 2020).

One of the drawbacks of a resource-based economy is its vulnerability to external shocks “arising from sharp falls in the prices of countries’ main export commodities” (Ahrend, 2006, p. 8). Also, the booming resource sector can draw capital and labor away from other sectors, leaving them under-invested. Therefore, although Azerbaijan intended to diversify its economy by strengthening its non-oil sector as noted in *Azerbaijan 2020: Look into the Future* (Government of Azerbaijan, 2012) many investments go to the oil sector (OECD, 2019).

The service sector also contributes to GDP but on a smaller scale. For instance, trade (repair of transport means) generated 11.5 percent of GDP in 2020. Although the climate of Azerbaijan is favorable for the development of agriculture, the share of agriculture in the economy is one of the lowest in the post-Soviet region (World Bank, 2018a). In 2020, agriculture, forestry, and fishing generated 6.9 percent of GDP (Azerbaijan Statistical Information Service, n.d.-b). Overall, the extraction and production of raw materials remain a dominant economic activity in Azerbaijan. The shape of the country’s economy is consistent, thus calling for steady output from its universities in terms of workforce development.

Although Azerbaijan demonstrated economic growth, there was a decline in public spending on education. Educational funding dropped from 4.2 percent to 2.4 percent of GDP between 1998 and 2017 (World Bank, n.d.-d). Government expenditure allocated to higher education accounts for less than 0.5 percent of GDP. In 2018, the government allocated 3 percent of GDP to education, with 0.3 percent of GDP (or 10 percent of government expenditure allocated to education in general) going to higher education (World Bank, 2018a). The lack of resources resulted in low-quality education, corrupt practices, the introduction of tuition fees, and the emergence of private corrupt higher education institutions (HEIs) (Isakhanli & Pashayeva, 2018). However, interest exists in advancing higher education particularly from external agencies. International organizations such as the European Union, the World Bank, UNICEF, IREX, the Soros Foundation, and the Eurasian Foundation have supported the development of higher education in Azerbaijan by offering grants and credits and assistance in developing academic programs.

The Global Competitiveness Index of the World Economic Forum (WEF) ranks Azerbaijan 23rd out of 141 countries regarding public sector performance with a score of 66.8 out of 100 and the burden of regulations ranked 3rd

**Figure 4.1 Worldwide governance indicators for Azerbaijan**

with a score of 72.1 for 2018–2019 (Schwab, 2019). It scored the future orientation of the government at 55.3, ranked 70th. For the Skills pillar, most closely related to higher education quality, WEF scored Azerbaijan 57 out of 100 for the skillset of graduates and a score of 63.2 on the indicator of ease of finding skilled employees. This ranked the country 45th and 29th respectively on those indicators out of a total of 141. Regarding corporate governance, which arguably is different from public University governance, WEF ranked the country 9th with a score of 76.6. Therefore, the country is somewhat challenged in making policy choices for the future.

The national governing context according to the World Bank's Governance Indicators project is as follows. Its control of corruption declined over the past decade as did its rule of law and governance effectiveness. The country saw an increase in its political stability and a slight increase in voice and accountability. Nevertheless, all of these governance indicators are below the 45th percentile (Figure 4.1).

### Shape and Structure of Higher Education

The higher education system in Azerbaijan, like in other post-Soviet countries, has been greatly shaped by the Soviet Union's centralized economy,

ideological system, and alignment with industry. The higher education system developed and expanded under the Soviet Union. The number of HEIs increased drastically from one state University (Baku State University) to seventeen HEIs between 1919 and 1990 (Isakhanli & Pashayeva, 2018). In response to the needs of industrialization and the national planned economy, specialized HEIs were established by the government. Examples of such institutions include the Petroleum Institute (opened in 1920), the Agrarian Institute (1929), and the Polytechnic Institute (1950) (see Isakhanli & Pashayeva, 2018). In terms of mode of study, HEIs were mainly offering evening and part-time classes to create a highly qualified workforce. Universities were centers for professional training, whereas research institutes (e.g., the Academy of Science) became centers of research.

After its independence, Azerbaijan started reforming its higher education system so that it is aligned with the new economic and political structure. Because of the economic decline and resource scarcity, Azerbaijan then implemented reforms that advocate for market privatization and liberalization. The reforms were supported by legislation. For example, the Law on Education (in 1992) introduced tertiary education, tuition fees, and permission to establish private universities and privatize institutions. The number of HEIs skyrocketed from seventeen to fifty-three between 1990 and 2014 (Isakhanli & Pashayeva, 2018). Also, the Law on Education classifies HEIs based on the degrees they award (Isakhanli & Pashayeva, 2018). Institutions that offer only bachelor's programs are one-tier institutions. Two-tier institutions offer bachelor's, master's, and doctoral programs.

In 2019, the higher education landscape consisted of forty state and twelve non-state HEIs (State Statistical Committee of the Republic of Azerbaijan, n.d.). State universities had been subsidized by the government, while private universities had not received any public funding (Isakhanli, 2005). In 2010, the government adopted a decree on financing HEIs. According to the decree, all HEIs can receive per capita student payments regardless of their type of ownership. In other words, this decree allowed non-state institutes to educate students whose higher education is subsidized by the government through grants. Students are admitted to state HEIs based on the results of the national admission test (UNESCO, 2011). The number of students in state and non-state HEIs increased dramatically from 119,683 to 176,723 between 2000/2001 and 2018/2019 (State Statistical Committee of the Republic of Azerbaijan, n.d.). Similarly, the number of foreign students studying in state and non-state HEIs increased from 1,870 to 4,262 between 2000/2001 and 2018/2019 (State Statistical Committee of the Republic of Azerbaijan, n.d.).

## Higher Education Governing Context

Although Azerbaijan implemented policies to reform the HE system in the early 1990s, the system remains centralized, “with all policies and reforms decided and very often imposed by the Cabinet of Ministers and the MoE [Ministry of Education]” (Isakhanli & Pashayeva, 2018, p. 110). One such example was the enactment of the Law on Education in October 1992. The law reflected the national agenda regarding the modernization of the HE system in accordance with international standards (e.g., the shift to three-stage postsecondary education), the unification of education and science within HEIs, the diversification of revenues for institutions, and the privatization of institutions.

According to the 2009 Law on Education, two main system-level governing bodies exist in Azerbaijan: the Cabinet of Ministers and the Ministry of Education (MoE). The Cabinet of Ministers is a supreme governing body that exercises control over the implementation of the Law on Education, various legislative acts, and documents; shapes the higher education system; develops and implements local and international programs for the development of education; and establishes standards for financing education and employment. The MoE is the central executive body that governs the education system and is accountable to the Cabinet of Ministers. It takes part in the development of state education policies, ensures the implementation of policies; exercises control over the execution of the legislation on education; and shapes curricula, teaching methodologies, and course priorities through state-level higher education standards.

Six HEIs have a relatively higher degree of autonomy (see Isakhanli & Pashayeva, 2018) that enable them to define the educational content, develop admission plans, and award academic degrees and titles. In addition, these institutions receive funding directly from the Ministry of Finances and are not governed by any other governmental bodies. One such institution is Baku State University, which is a flagship University in the country. Although these institutions have a relative degree of academic autonomy, all HEIs are obliged to follow state standards. State standards define curriculum, teaching methodologies, quality assurance processes, and the structure of HEIs. There are also ten institutions that operate under the “auspices of other ministries, state companies and other affiliated institutions” (Isakhanli & Pashayeva, 2018, p. 110). Examples of such institutions are the University of Management and Tourism, the Azerbaijan Medical University, and the State Academy of Sports. Private HEIs can operate under governance of their Boards of Trustees and partnerships with industry.

Similarly, HEIs in Azerbaijan enjoy a limited degree of financial autonomy (see Education, Audiovisual and Culture Executive Agency, 2017). The Ministry of Finances controls public and private institutions' spending of public funds. Since 2010, private HEIs are allowed to receive students whose education is subsidized by the government (grants). In addition, public and private institutions can be funded from tuition fees, national and international projects, real estate, and other sources not prohibited by the state legislation. Institutions can control the spending of this type of funds.

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## 4.2 GOVERNING BODY PROFILE

The governance structure of HEIs varies in Azerbaijan. The structure of the governing board depends on the type of HEIs. Today, Azerbaijani HEIs are classified as universities, institutes, academies, and conservatories. Universities are diversified HEIs that provide a wide range of education at all degree levels of higher education and conduct fundamental and applied scientific research. Institutions are either independent or a structural unit of the universities, which provide the training of specialists at a higher education level on specific specialties. Academies introduce higher training programs as well as carrying out fundamental and applied scientific research. Conservatories train specialists in music at a higher education level (EACEA, 2017).

Some HEIs have only the governing board and the rector, such as Azerbaijani Diplomatic Academy (ADA University), which was originally established based on a US model, and Baku Engineering University, which was "restructured" from a Turkish foundation-owned private University to a state one, while the others have an extensive structure, also including a Senate and committees. The number of committees is unregulated and flexible and depends on the size and scope of the institution. As a rule, bigger universities such as Baku State University or ADA University tend to have an extensive governing structure due to their larger student and faculty body.

The general administration of HEIs is carried out by Scientific or Academic Councils. The formation and responsibilities of the Academic Council are determined based on the statute approved by the relevant executive authority and the charter of the education institution. The jurisdiction of the Academic Council consists in making and discussing proposals on the budget and funds as well as on the development and implementation of the state policy for education. The recommendations go to the rector and vice-rectors (Ibadoghlu, 2019).

Rectors of public HEIs are appointed by the president of the Republic of Azerbaijan upon recommendation by the Ministry of Education. Private HEIs are led by a rector appointed by the Board of Founders, the members of which may include the founders and trustees of the institution. The rector is the highest official of the University, functions in its name, and represents it. The rector is involved in recruitment and disciplinary, economic, and position assignments (e.g., promotions).

As for the latest legal initiative, the State Program to Increase the International Competitiveness of the Higher Education System in the Republic of Azerbaijan in 2019–2023 (approved by a decree of the president of the Republic of Azerbaijan on November 16, 2018), both public and private universities are advised to have a Board of Trustees, which is an advisory body to the rector. It should consist of accomplished and influential leaders that come from the University, state institutions, government bodies, and industry. Based on the compositions of some boards, it seems that there is always someone who represents the state on the board even though advisory in focus. For instance, the minister of education chairs the Board of Trustees of Baku State University and is a board member of ADA University. The Board of Trustees of ADA University also includes the minister of foreign affairs. Generally, it is expected to be involved in strategic planning, institutional fundraising, and advisory matters.

However, the Academic Council remains the main governing body in public universities. Some private Azerbaijani universities have a Board of Founders or Board of Trustees, which serve as an advisory body to the rector. For example, the Board of Trustees of ADA is “comprised of accomplished and influential leaders who come from government and private sectors. The permanent and elected members oversee the University’s mission and guide and steer its operations. The board advises on the best trends and practices in the field of education, supports fundraising activities and promotes the University brand” (ADA University, n.d.-a).

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### **Body Structure**

The Academic Council of public universities in Azerbaijan, according to the decrees and orders of the president of the Republic of Azerbaijan, regulations on public universities, decrees, and orders of public University rectors, consists of fifteen to twenty individuals. For example, the Academic Council of Baku State University consists of seventeen members.

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### **Membership and Appointment Process**

According to the Statute on the Academic Council of the Higher Education Institution approved by the order of the minister of education of November 10, 1997 (article 2), the general management of the HEIs is carried out by the Academic Council. The Academic Council is chaired by the rector of the HEI and consists of the vice-rector for academic affairs, vice-rectors, academic secretaries, deans, directors of research institutes operating within the institution, the chair of collegiums (employees and students), department heads, and the chair of the Student Academic Society. About 3–10 percent of members are presented by professors and teachers of HEI. This number is determined by the rector, depending on the number of professors and teachers. Candidates for the Academic Council are elected by secret voting by the faculty members and professors from each school. Moreover, up to 10 percent of the Academic Council's members may be appointed by the rector of the institution.

Rectors, vice-rectors, and deans are permanent and non-elected members of the Academic Council. The term of the mandate is three years. Student representatives in the Academic Council can be appointed for one year with the possibility of renewing their mandate.

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### **Chair Appointment Processes**

In both public and private universities, the rector chairs the Academic Council. Rectors of public universities are appointed by the president of the Republic of Azerbaijan upon recommendation by the Ministry of Education. The rector of a private University is appointed and dismissed by the founder or the Board of Founders (EACEA, 2017). In those universities, predominantly private, where the Board of Trustees is active, the chairman is appointed by the founder of the University.

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### **Board Accountability**

The Academic Council in public universities is accountable to the rector. The rector identifies and regulates the scope of problems addressed by the Academic Council. Typically, the Academic Council takes an active part in determining the University's scientific, educational-methodological, financial, and administrative issues. For example, the Academic Council of the Baku State University participates actively "in the determination of University's

position in education, quality and effectiveness of scientific researchers, the international relations and image of the University, participation in discussion of crucial issues and determination of points of view of our Republic” (Baku State University, n.d.).

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### Scope of Work

According to the Statute on the Academic Council of the Higher Education Institution approved by the order of the minister of education (1997)<sup>1</sup>, the Academic Council operates in the following areas:

- approving various directions of educational and scientific activity;
- defining the annual budget of the University;
- holding listening on the annual financial report of the University;
- confirming the statutes of regulations, instructions, and other official documentation;
- supervising the preparation and provision of educational programs; and
- participating in the development and improvement of the state educational standards.

Although the latest law – State Program to Increase the International Competitiveness of the Higher Education System in the Republic of Azerbaijan in 2019–2023 – seeks to establish a transparent approach to education including organizational autonomy, a legal analysis shows that Academic Councils play more of an advisory role in reforming educational programs and regulations without actual participation in the decision-making process (World Bank, 2019c).

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### Azerbaijani Diplomatic Academy (ADA University)

To give an example of how the governing process may be organized in Azerbaijani higher education, this section will cover the governing board profile of ADA University. The University is a state HEI established under a presidential decree in 2014. Because ADA University is considered a world-

<sup>1</sup> Regulation of the Scientific Board of higher education institutions, the order of the minister of education of the Republic of Azerbaijan, No. 792, November 10, 1997 (<https://edu.gov.az/az/page/299/873>).

class University, the profile of the University may not reflect the governing context of all Azerbaijani HEIs. The description of the governing structures of ADA University is based on its institutional policies (ADA University, n. d.-b). The University governance is executed through six components: (1) the Board of Trustees, (2) the rector, (3) vice-rector for academic affairs, (4) the University Senate, (5) Deans Council, and (6) Committee on Faculty Affairs.

The Board of Trustees is the highest advisory body for the institution. It comprises prominent and renowned leaders (local and international) who come from the government and private sectors. There are at least nine members in the body. The board includes permanent and elected members. Permanent members are the minister of external affairs, the minister of education, the rector, and the first lady who is also the vice-president. Other members are elected for two years at the annual meeting of the board. It advises the institution on strategic matters, hears the institution's annual budget report and annual audit results, gives suggestions for the investment of the institution's resources, promotes the University's brand locally and internationally, and takes the initiative for the incorporation of best practices. Given these responsibilities, it appears that the board plays an advisory role in the governance of the institution.

The rector is the chief executive officer in the institution. The rector is assigned and dismissed by the president of the country. The rector approves the institution's statutes and structure; issues orders, decrees, and directions; represents the University in relation to state and local organizations; approves the University Senate's decisions, presents annual reports to the Senate, and hires employees. Currently, it is governed by the deputy minister of foreign affairs, who founded the University.

The University Senate is the supreme governing body. It oversees and steers the general and academic-related activities of the University. It has control over the specification of academic, research, and international activities; the approval of strategic and annual plans; scholarship allocations; and the awarding of academic degrees and titles. It includes permanent, appointed, and elected members. Permanent members of the Senate are the rector, vice-rectors, deans, the director of enrollment management, and the director of library. The rector may appoint two members of the Senate. Elected members include two faculty members from each school elected by their peers. The term of service of the Senate is two years. The Senate is chaired by the rector.

The vice-rector of academic affairs is the chief academic officer who facilitates the communication between the institution's bodies and the rector

and the Senate. The vice-rector is an *ex-officio* member of all academic committees and a member of the Senate.

The Deans Council is an executive committee of the Senate. It discusses and gives recommendations regarding the planning and management of all activities of the University.

The Committee on Faculty Affairs is a standing committee of the Senate. It is responsible for the recruitment, appointment, and development of the faculty and matters of academic integrity and honesty. All recommendations that the committee gives are then submitted to the Deans Council for consideration.

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## Commentary

Azerbaijan, like other post-Soviet republics, experienced similar challenges such as the dependence of its economy on the market and labor of other republics and the need to shift to a market economy. In addition to these challenges, Azerbaijan faced political instability and difficulties associated with the Nagorno-Karabakh conflict. Azerbaijan managed to recover from the crisis following the dissolution of the Soviet Union and to demonstrate the economic growth because of its rich oil reserves. Although there were improvements in Azerbaijan's economy, the country's HE system experienced underinvestment (World Bank, 2018a). The underinvestment resulted in the introduction of tuition fees, the rise of corrupt practices in HEIs, lower quality at all levels of education, and the emergence of corrupt private institutions (Isakhanli & Pashayeva, 2018).

Azerbaijan made some limited progress toward liberalizing its University system when it started to reform its HE system in accordance with international standards. It signed on to the Bologna Process and joined the European Higher Education Area in 2005. As a result, the country became committed to maintaining the principles and objectives of the Bologna process, such as autonomous HEIs, student participation in the HE governance, international student mobility, and public responsibility for HE. Some manifestations of this commitment include the rise in the number of international students, the emergence of completely autonomous universities (e.g., Baku State University), and the expanded governing structure in universities.

However, these manifestations are not system wide. Isakhanli and Pashayeva (2018) note that only some universities focus on internationalization (e.g., attracting international students). International students tend to concentrate in autonomous HEIs that were initially based on the Western educational model. The Cabinet of Ministers and the MoE that oversee HEIs

play a significant governance role in this structure. There is little to no autonomy, except for a handful of institutions in the country.

Even with select outward-looking universities and alignment with the Bologna Process, the University system is tightly state controlled. Its governance is predominantly driven by the MoE and other elements of government. Public and private HEIs have some financial autonomy but this seems to be linked to the need for additional financing rather than management independence. The MoE controls only the institution's spending of public funds (e.g., per capita student payments). It does not control the other funds generated by institutions. Institutions can generate revenues from tuition fees, real estate, and other sources not prohibited by the legislation. Also, the academic autonomy of HEIs in Azerbaijan is limited by the state because institutions are obliged to follow the state educational standards. The state policy of higher education is fully controlled by the MoE and the Cabinet of Ministers. However, with the initiatives of the State Program for Education Development 2025, which was approved in 2013, more measures were implemented for increasing the autonomy of universities. For instance, HEIs have more rights to design their academic programs, which should cohere with the respective state legislation.

It is expected that the further implementation of this state program will give more freedom of action to the governing boards such as the Board of Trustees and the Senate. However, it is also contradictory that the state is enforcing the establishment of the boards of trustees to contribute to their autonomy, while having high-rank officials from the MoE and the state in general, in these boards.

The active supervisory role, as compared to an advisory role, of these governing bodies is currently observed only in some private universities, where, for example, the Board of Founders plays an advisory role to the rector and the Academic Council. In addition, the state program seems to focus on addressing corrupt practices in the HE system. Specifically, the program aims to address corruption by strengthening the centralized management of the HEIs and increasing the spending on the education system (Ibadoghlu, 2019). The first measure aims to address corrupt practices in the management of human resources (e.g., bribing and nepotism in recruitment, promotion and dismissal) at Azerbaijani HEIs, whereas the second measure seeks to address corruption among faculty members. Interestingly, the state program seems to have a negative effect on the autonomy of institutions. According to Ibadoghlu (2019), the centralization measures appear to diminish the autonomy of HEIs, as the management of human resources is becoming centralized.