

# MAPPING EXISTING FINANCIAL EDUCATIONAL INITIATIVES IN **AZERBAIJAN**





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AZERBAIJAN**



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## **Currency**

AZN – Azerbaijani manat

1 USD = 1.7924 AZN (03.05.17, Central Bank of the Republic of Azerbaijan)

## **Abbreviations and acronyms**

ABA – Azerbaijan Banks Association

ABTC – Azerbaijan Bank Training Centre

AMFA – Azerbaijan Microfinance Association

CBAR – Central Bank of Azerbaijan

FIMSA – Financial Markets Supervision Authority of the Republic of Azerbaijan

FINCA - Foundation for International Community Assistance

IFC – International Financial Corporation

JAA – Junior Achievement Azerbaijan

MoE – Ministry of Education

MoF – Ministry of Finance

MoT – Ministry of Taxes

MoU – Memorandum of Understanding

SBFIC – Savings Banks Foundation for International Cooperation

SME – Small and Medium Enterprises

WB – World Bank

## I. Country context

Azerbaijan is situated in South Caucasus. The Azerbaijan Democratic Republic was announced in 1918. Local currency the manat was first issued in 1919-1920 (Central Bank of the Republic of Azerbaijan, 2017). In 1920, it was incorporated into the Soviet Union. Azerbaijan reclaimed its independence in 1991 (BBC, 2017).

President Ilham Aliyev's New Azerbaijani Party dominated 2015 parliamentary elections. The main opposition parties opted not to participate (IMF, 2016). In September 2016, there was a referendum to change the constitution and give more power to the president, and to enable him to stay in power for longer (Farchy, 2016).

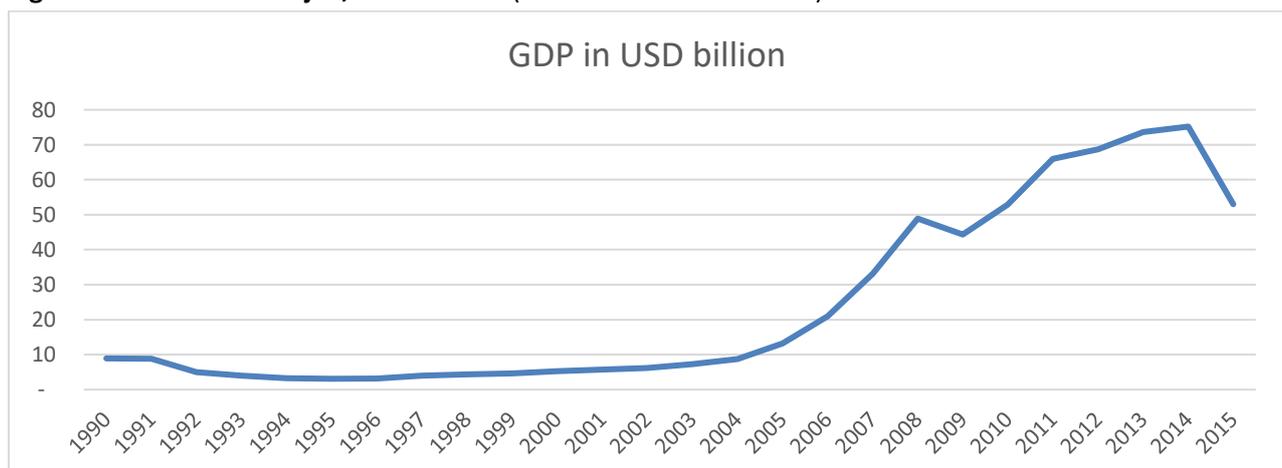
### ***Economic and social situation***

The main challenges facing Azerbaijan are the recent economic crisis and devaluation, dollarization, access to credit, corruption, and the unusual situation of IDPs. Azerbaijan has made progress in reforming several sectors, but "complex corruption challenges are yet to be tackled" (OECD, 2016b).

Azerbaijan economy was growing from 2001 to 2013, with a 5.8% GDP growth rate in 2013 (OECD, et al., 2015). The GDP grew from 5,7 billion USD to 75,2 billion USD in that period (World Bank, 2017b). In 2014, there was a steep drop in oil prices. As the Azerbaijan economy was heavily depending on hydrocarbon exports, this caused an economic downturn (OECD, et al., 2015).

The International Monetary Fund prognosis was that the GDP would contract by 3 per cent in 2016 (Farchy, 2016). According to the State Statistical Committee of the Republic of Azerbaijan (2017), in the first quarter of 2017 the GDP was 15,2 billion manat (roughly 8.5 billion USD).

**Figure 1. GDP of Azerbaijan, 1990 – 2015** (source: World Bank data)



As the economy was heavily dependent on oil industry, the drop of prices caused economic difficulties for most of the country. In 2015, there were two devaluations of the local currency. It lost nearly half of its value - 25 percent in February 2015 and 32 percent in December 2015 (IMF, 2016). Before the last devaluation, the public had been told to stay calm and keep their savings in banks and local currency. After devaluation, people have lost trust in banks and it has led to dollarization.

The economic downturn has also positive outcomes. First, it has encouraged the government to work on reducing corruption (Farchy, 2016). Second, it has prioritized economic diversification and support to SMEs. Majority of SMEs are operating in trading and vehicle repair sectors (32.7% in 2013), construction (23.4% in 2013), and transportation and storage (11.3% in 2013)(OECD, et al., 2015). The Azerbaijan government has hired the consultancy McKinsey to develop a road map for developing the economy to 2025 and beyond (Trend News Agency, 2016).

The population of Azerbaijan was 9,65 million in 2015. Average life expectancy is 67.7 years for men and 74.0 for women (OECD, 2016a; World Bank, 2017a). According to the State Statistical Committee of the Republic of Azerbaijan (2017), the unemployment rate was 5% in 2015 and 99% of school age children are enrolled into schools. Vast majority of the population are Muslims.

The average monthly salary was 500 manat (roughly 280 USD) in the first quarter of 2017. Consumers had a total 7 101 million manat bank deposits and consumer price index was 113,2% compared to the first quarter of 2016 (The State Statistical Committee of the Republic of Azerbaijan, 2017). The household debt was 3.1 billion USD in February 2017 (CEIC).

### ***Financial sector and inclusion***

IMF (2016) has summarized the key changes in the financial sector:

The devaluations led to an increase in dollarization, weakened bank balance sheets and deteriorated financial soundness indicators—raising significant financial stability concerns. In mid-2015, the government created a bad bank-SPV to manage and collect nonperforming loans (NPLs) from the largest state bank (IBA), while the CBA closed or merged a number of smaller banks. In March 2016, banking and insurance supervision was transferred from the CBA and Ministry of Finance (MOF), respectively, to a new supervisory and regulatory authority, the Financial Market Services Agency (FMSA). To support confidence, household bank deposits were afforded a blanket guarantee backstopped through the CBA. To address dollarization, new macro-prudential limits were placed on dollar lending and foreign currency reserve requirements were increased. The FMSA has put together a supervisory action plan and has started to address ailing institutions. A Financial Stability Board has also been created.

According to FIMSA, there are 32 banks, 47 non-bank credit organizations, 109 credit unions currently operating in Azerbaijan. They do not list all insurance companies and intermediaries on their website. There are 10.7 commercial bank branches per 100 000 adults in Azerbaijan (World Bank, 2016). Roughly a third of the population is using the services of financial institutions (see Table 1 and part V of the report).

**Table 1. Financial inclusion** (source: Global Findex database)

| Account at a financial institution (% age 15+) | 2011 | 2014 |
|--|------|------|
| Whole population in age 15+                    | 14.9 | 29.2 |
| Women  | 14.3 | 25.9 |
| Men  | 15.6 | 32.6 |

|                       |      |      |
|-----------------------|------|------|
| Poorest 40% of people | 8.6  | 26.9 |
| Richest 60% of people | 18.5 | 30.7 |

Azerbaijan is more of a sender than receiver of remittances, at least based on available data.

**Table 2. Remittances** (source: Ratha, Plaza & Dervisevic, 2016))

| Remittances in USD millions | 2011  | 2014  |
|-----------------------------|-------|-------|
| Inward remittances          | 1,893 | 1,846 |
| Compensation of employees   | 121   | 138   |
| Personal transfers          | 1,772 | 1,709 |
| Outward remittances         | 1,280 | 2,031 |
| Compensation of employees   | 114   | 287   |
| Personal transfers          | 1,138 | 1,745 |

### ***Financial consumer protection***

CBAR was regulating the banking sector but most of its responsibilities have shifted to the newly launched FIMSA. It is supervising credit unions, capital markets and the insurance sector, and dedicating more attention to consumer protection and financial inclusion. There is a deposit guarantee fund operating by the CB, but as a separate body.

The laws and regulations guiding the work (FIMSA 2017):

According to paragraph 3.2.6 of the Charter of the Financial Market Supervisory Authority, approved by the Decree No 828 of the President of the Republic of Azerbaijan dated March 10, 2016, one of the important tasks of FIMSA is to protect rights of consumers and investors in the financial markets. In view of this, FIMSA carries out the following rights and responsibilities in the area of consumers and investors protection:

- Requests and analyzes information and documents from supervised organizations and issuers to protect rights of investors and consumers and carry out redress actions;
- Applies administrative measures against violating persons;
- Carries out relevant measures to improve corporate governance at joint stock companies;
- Receives and analyzes reports from issuers and takes appropriate measures as prescribed in legislation;
- Reviews letters and complaints from investors and participants of financial markets, analyzes them and takes appropriate measures following investigation as prescribed in legislation;
- Takes appropriate measures for investor and consumer education;
- Participates in court hearings related to investors and consumers' rights violations in financial markets;
- Issues compulsory and binding instructions to prevent violations of rights and consumers in the financial markets, and to restore violated rights.

In February 2017, Financial Markets Supervision Authority of the Republic of Azerbaijan (FIMSA), Swiss Secretariat for Economic Affairs (SECO) and World Bank launched the second phase of the Financial Sector Modernization Project. The objective of is to support stabilization and development of Azerbaijan's financial sector by enhancing legal and regulatory framework, strengthening FIMSA supervisory capacity and

improving financial safety net to protect the interests of depositors and financial services consumers (FIMSA, 2017).

According to World Bank data, in 2015 there were 111 mobile phone subscriptions per 100 people in Azerbaijan. The IFC suggested TV and radio as main sources of communication for promoting FE. The World Bank suggested using text messages for the same cause, but the CBAR said it to be too expensive for their budget.

### **III. Institutional framework**

As highlighted in the High-level Principles on National Strategies for Financial Education (OECD INFE, 2012), establishing an institutional framework tailored to national circumstances requires transparent co-ordination and governance mechanisms with an identified leading authority or body as well as shared but clearly defined roles and responsibilities for relevant stakeholders.

Typically the institutional framework is characterised by a number of stakeholders drawn from the public sector collaborating with stakeholders from the not-for-profit or private sector (OECD INFE, 2015).

In Azerbaijan, the framework is not yet clearly identifiable. However, there are several institutions involved in providing economic and/or financial education in Azerbaijan. In most cases, financial literacy is combined with teaching the basic entrepreneurial skills.

Currently, the more active stakeholders are the Central Bank (public authority), AMFA (not-for-profit), SBFIC (International NGO), IFC (International Organisation: part of World Bank) and ABTC (not-for-profit, subsidiary of the ABA), but also banks and micro-credit companies (private sector and NGO-s). This highlights the diverse actors beyond either public authorities or national stakeholders.

#### ***The private sector***

Banks and micro-finance providers have recognised the need for providing basic financial education to their clients and also to train their own personnel on more complicated financial issues.

The financial sector is one of the main funders and partners of several financial education projects. The first financial literacy conference for the financial sector was held in Baku 11 years ago<sup>1</sup>.

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<sup>1</sup> Source: conversation with Mr. Javanshir Abdullayev, Director of the Azerbaijan Bank Training Centre, 07.04.17.

### ***International donors and technical assistance***

There have been several projects launched and implemented in Azerbaijan with the support of large international organisations, for example, the World Bank, EU and SBFIC (Savings Banks Foundation for International Cooperation). There have been projects launched and funded by national donor organisations, for example, AMFA is using resources created by the Polish Microfinance Centre and has worked with former soldiers in rural areas with funding from the Swiss government.

The ongoing large scale international projects are the Regional Project Responsible Finance for the Caucasus, launched by the SBFIC and ending in 2021, and the IFC project. The first is mainly focusing on developing the NS and providing FE to youth, the latter concentrates on infrastructure (credit reporting, secure transactions, mobile collateral registry etc.) and training the employees of financial institutions.

Child Youth Finance International (CYFI) has launched a project in Azerbaijan for building institutional capacity of civil society and public institutions with support from the International Visegrad Fund. It uses experiences from Czech Republic, Hungary, Poland and Slovakia in the area of financial literacy and economic citizenship education for youth (CYFI, 2017).

### ***NGO-s***

There have been several NGO-s working on financial education in the past, but only a few are currently active. This has happened for various reasons: some projects have simply ended, others are having difficulties with finding funding due to legal restrictions (The International Center for Not-for-Profit Law, 2017). In December 2016, Junior Achievement Azerbaijan's Board of Directors had a meeting with the Minister of Education<sup>2</sup>. They discussed the possibility of integrating JA programs into the current education system. After the meeting, there was organized a working team combining representatives from JAA and MoE.

Reliable Future Youth Organization was actively involved in teaching financial education to students and their teachers from 2009 until 2015. They worked with the Central Bank, commercial banks (Pasha Bank) and the Ministry of Education in order to integrate Aflatoun's educational material on life skills and financial literacy into the national school curricula, but were ended their project due to changes in legislation<sup>3</sup>.

### ***Leading organisation***

As mandated by the Presidential Decree (Aliyev, 2016), the Center for Research and Development of the CBAR is the current leader of financial education in Azerbaijan and coordinator of implementing the national strategy.

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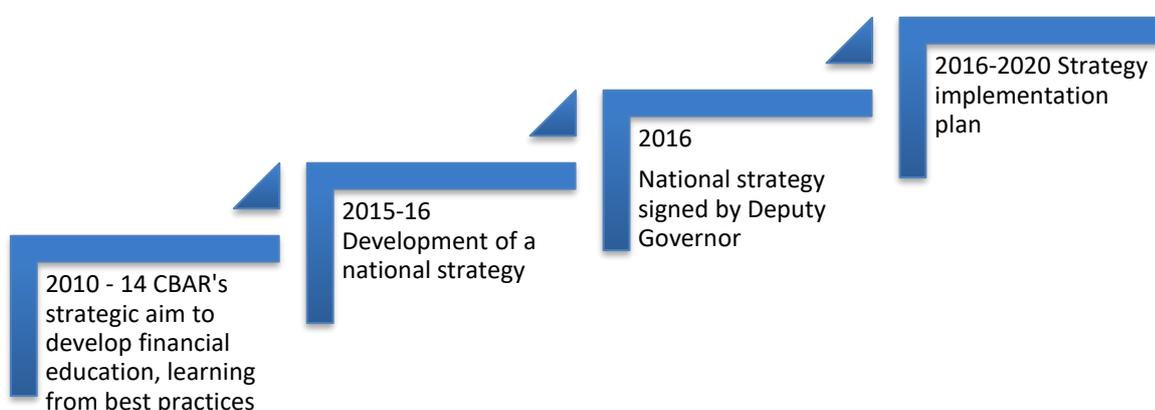
<sup>2</sup> source: conversation with Ms. Sevinj Mammadova, Executive Director of JAA, 02.05.17.

<sup>3</sup> source: e-mail communication with representatives of Aflatoun and Reliable Future Youth Organization

They cooperate, or have done so in the past, with majority of the stakeholders: AMFA, WB, MoE, ATBC, ABA and JAA. Currently their key partner is SBFIC.

The Center for Research and Development started working on FE seven years ago, and currently has a team of nine specialists focused on this topic. In 2010-2014, FE was one of the strategic aims of the CBAR. These years the main emphasis was on learning from international practices, starting partnerships and mapping the FL levels. Due to the crisis in 2015, their work came nearly to an end. However, they were able to initiate the creation of a NS. In years 2015 and 2016, this was their main focus. In December 2016, the national strategy was signed by the Deputy Governor (the original aim had been to get the signature of the Governor). Currently, it could be considered more as a programme of work for the Central Bank and its Centre for Research and Development, rather than a National Strategy.

**Figure 2. Timeline of creating the strategy**



#### **IV. National Strategy for Financial Education**

As noted above, the strategy signed by the Deputy Governor is intended to be national in scope, and responds to a presidential decree, but has not yet received the highest level of support within the Bank or nationally. This section provides additional information about the background to the strategy, its content and its current status.

There is a presidential decree no 1138 from the 6<sup>th</sup> of December 2016 that states the need for developing financial services, consumer protection and FL in Azerbaijan. It puts the responsibility for coordinating financial education programmes on CBAR.

### ***Financial Literacy Strategy (2016-2020)***

The National Strategy entitled “Financial Literacy Strategy 2016-2020” was drafted by CBAR based on empirical evidence from financial literacy surveys, guidelines of international organisations such as the World Bank and the OECD, experiences of Russia, Turkey, Kazakhstan and other countries (Central Bank of the Republic of Azerbaijan, 2016). It was signed by the Deputy Governor of the CBAR in December 2016 but has not yet been disseminated among other government agencies. Implementation is in an early phase.

### ***Leadership and cooperation***

The Center for Research and Development of the Central Bank is working closely together with SBFIC and their project Responsible Finance for the Caucasus to implement the strategy. One of the key aims of this project is to develop a National Strategy with broader scope and greater power.

There is no formal cooperation mechanism such as a Steering Committee or officially agreed regular cooperation in place, although stakeholders from public and financial sector are already annually reporting to CBAR about their FE programmes, stating mostly quantitative data such as the number of participants.

High level commitment will be needed for establishing official coordinating mechanisms and increasing the power of CBAR. It was suggested by the stakeholders that the governing body or national council could be launched by signing MoU-s with board members of relevant stakeholders.

In the strategy documents itself is written:

There is a plan on setting up Coordination Council that will unite key stakeholders to enable state-level coordination of the financial literacy related initiatives. The legal form and structure of the future council will depend on its institutional mandate and the vision of founding government agencies. For Council it deems appropriate to bring together representatives of the CBAR, MoE, MoF, MoT, FIMSA, commercial banks, consumer rights unions and NGOs. Along with the coordination activities, the Council will also promote corresponding initiatives and projects, assess their efficiency and report annually to the CBAR on the implemented tasks. The latter is responsible to share the progress report with all of the stakeholders. The Council will also establish a Project Management Unit (PMU) from its own members. PMU will be responsible for general control of the implementation of the national strategy and will operate under the Coordination Council. The Council will function based on approved statute and regulations.

According to the strategy, the leading public authority stakeholders for implementation of the financial literacy strategy are: the Ministry of Finance (MoF), the Ministry of Education (MoE), the Ministry of Taxes (MoT), the Financial Markets Supervisory Authority (FIMSA), Azerbaijani Deposits Insurance Fund (ADIF), the National Television and Radio Council (NTRC), along with Azerbaijan Banking Association (ABA), the German Savings Banks Foundation for International Cooperation (GSBFIC), Azerbaijan Microfinance Association (AMFA), IFC, commercial banks, microfinance institutions and NGOs.

### ***Priorities of the strategy***

The priorities were set based on results from three surveys (conducted by the State Statistics Committee for the WB in 2009, the International Financial Corporation in December 2013-January 2014 and CBAR in April-May 2014), and the analysis of the case studies of leading countries of this field.

The priorities of the strategy are (Central Bank of the Republic of Azerbaijan, 2016):

1. to understand financial management, to be able to benefit from financial products and services, as well as to develop a capacity to make decisions stemming from the existing financial situation;
2. to follow market dynamics of financial institutions based on their decisions and benefit from available support mechanisms;
3. to understand the growing accountability of increased financial products and services and their complexity, as well as be aware of transferring financial risks to consumers;
4. to have a knowledge on important and necessary information, to gain access to objective consultancy and assistance opportunities and improve living standards of consumers.

*“The ultimate objective of the National strategy is to empower and open new opportunities for financial services consumers and help them in addressing challenges caused by continuously developing financial and socio-economic system”* (Central Bank of the Republic of Azerbaijan, 2016).

### **Target groups**

The key target groups are schoolchildren and youth. Other target groups are households, journalists and retired people. The last group has not yet been specially targeted.

### **Measurable targets**

The strategy acknowledges the need for measurement and evaluation, but the baseline, target or tools for measurement have not been identified. Currently, it uses merely quantitative indicators such as the number of visitors to the CBAR financial education portal, number of participants in training events etc.

### **Definition of financial literacy**

In the NS, the concept of financial literacy is explained as “the availability of a set of skills and knowledge that allows a financial consumer to improve own material welfare by benefiting from financial resources and services, through assessment of financial risks and opportunities and making informed decisions.”

### **Guiding principles of the strategy**

The strategy is based on the following guiding principles (Central Bank of the Republic of Azerbaijan, 2016)

- a) *Impartiality*: Financial literacy initiatives should not be of promotional nature for financial products or services, but rather deliver the messages on the true content;
- b) *Inclusiveness*: Materials on financial literacy shall include country’s population, as well as schoolchildren, students and youth, legal and physical persons, as well as people with limited physical ability;
- c) *Responsibility*: PMU is responsible for accuracy of messages to be delivered to the public;

- d) *Relevance*: Nature of target groups shall be taken into consideration during the development of materials and implementation of activities, so they are usable under corporate social responsibility projects;
- e) *Targeting*: Keeping the needs of target groups in the center of attention;
- f) *Prioritizing*: Efficient use of resources.

### ***Types of financial education programmes included in NSFE***

Financial education programmes listed in the strategy are:

1. development of the Life Skills curriculum for schools and integrating financial literacy more into the topic. The explanation of the curriculum can be found in Appendix 1.
2. Teacher training in partnership with SBFIC and MoE for implementing the Life Skills discipline. These are 5-day trainings, each time there are 25 participants 10 times a year. Training and resources are provided by CBAR, rooms and invitations by MoE, coffee breaks and the Savings Game by SBFIC. More detailed information about the Savings Game can be found here: [www.sparkassenstiftung.de/fileadmin/user\\_upload/pdf/FinLit\\_and\\_Savings\\_Game\\_FINAL.pdf](http://www.sparkassenstiftung.de/fileadmin/user_upload/pdf/FinLit_and_Savings_Game_FINAL.pdf)
3. Developing and promoting the FE portal [www.bizimpullar.az/](http://www.bizimpullar.az/)
4. Training for journalists, see Appendix 2 for the topics covered.

### ***Action plan***

There are action plans for years 2016 and 2017. In May 2016, the World Bank published the financial capability survey results and provided advice on designing the action plan for implementing the NS (World Bank, 2016). They emphasized the need for developing the action plan and suggested CBAR to take the responsibility for it.

### ***Funding***

The Centre for Research and Development has an annual budget of 2500 manat (roughly 1400 USD) for implementing the NS. Therefore, the majority of funding and in-kind resources come from private and bilateral donors such as SBFIC, and financial services institutions such as FINCA. The project for providing FE to rural women and micro-entrepreneurs is funded by the EU and Polish Microfinance Authority. Until 2017, one of the key partners and funders was CBAR was the World Bank. Currently, the key partner and funder is SBFIC.

Banks and micro-finance institutions are mainly funding training of their clients and employees; on a smaller scale they provide prizes for students on CBAR competitions and help to cover the costs of coffee breaks etc.

## ***Monitoring and evaluation***

Currently the NS is only monitored by collecting quantitative data (number of participants, visits to the website) from the stakeholders. They report to CBAR. One of the key recommendations of the World Bank (2016) was to “develop a Monitoring and Evaluation Framework” to measure progress in implementation of the NS.

The need for measurement has been recognised in the NS, but is discussed in future tense (Central Bank of the Republic of Azerbaijan, 2016):

There is a need for precise evaluation mechanism to be designed for evaluation of program efficiency on financial literacy. /.../ Corresponding evaluation indicators have to be developed to enable assessment of financial literacy programs efficiency. These indicators should include factors as knowledge, skills and behaviors. The evaluation should be of periodic nature.

## **V. Financial literacy measurement**

There have been several large scale financial literacy surveys carried out in Azerbaijan:

1. In 2009, conducted by the State Statistics Committee for the WB (Central Bank of the Republic of Azerbaijan, 2016)
2. In December 2013 – January 2014, conducted by SIAR Research and Consulting Group for IFC. Name: *Financial Literacy in Azerbaijan '2013*. Sample size: 1022 (Central Bank of the Republic of Azerbaijan, 2016; IFC, 2014)
3. In April-May 2014, CBAR (Central Bank of the Republic of Azerbaijan, 2016)
4. In February-September 2015, conducted by Étude Économique Conseil Canada based on the WB financial capability measurement questionnaire and for the WB. Name: *Enhancing Financial Capability and Inclusion in Azerbaijan. A Demand-side Assessment*. (World Bank, 2016)
5. In 2017, IFC and SBFIC are planning to conduct a new survey (source: conversation with Ulkar Babayeva, CBAR)
6. In 2017, ABTC is conducting a survey among 1400 people, divided into two groups: those who have participated in FE programmes and those have not; funded by SBFIC (source: conversation with Javanshir Abdullayev, ABTC)

The most substantial are the second and fourth. The exact costs of these surveys are not public. All surveys were conducted in Azeri language, thorough reports in English are available for the second and fourth. These are summarized below.

### ***Financial Literacy in Azerbaijan '2013***

1022 interviews were conducted by SIAR in urban and rural areas of Azerbaijan. The topics it covered were savings and financial experience, and financial literacy. The key findings (IFC, 2014):

- Appr. 1/3 of households keep a budget

- 61% of people in regions and 27% in the capital city do not have any money left from previous income by the next payday
- Savings are mostly kept in cash at home, savings are owned more by people living in Baku than regions
- 55% of surveyed respondents do not know the meaning of “principal amount”
- 59% of respondents are not aware of factors influencing the level of credit interest rate
- 51% of respondents want to learn financial skills
- Television, internet and radio are top 3 sources of information/news

### ***Enhancing Financial Capability and Inclusion in Azerbaijan***

4260 people were interviewed, a representative sample of the financially active population of Azerbaijan. The survey was based on a survey instrument developed by the WB with support by the Russia Financial Literacy and Education Trust Fund. It is tailored to measure financial capability in low- and middle-income countries. The main topics covered in it are financial inclusion, financial capability and financial consumer protection (World Bank, 2016):

Financial capability is measured by knowledge of financial concepts and products, and by attitudes, skills and behavior related to day-to-day money management, planning for the future, choosing financial products and staying informed. In order to jointly analyze financial capability and inclusion, the survey instrument captures information on usage of different kinds of financial products and providers. The financial consumer protection section gathers information on incidence of conflicts with financial services providers and levels of satisfaction with financial products offered by different financial institutions. The survey instrument has been further customized to the Azerbaijan context, through adding specific questions, for example relating to the devaluation of the Manat.

The key findings:

- 36% of adults have an account at a formal financial institution
- The most significant impact on financial inclusion comes from income level
- 1/3 has a bank account, 1/10 uses money transfer operators
- In financial knowledge, the average score was 3.9 out of 7
- 75% use information and advice before making an important financial decision
- Azerbaijani adults are farsighted, but fail to take action for improving their long-term welfare
- There are no clearly more vulnerable groups in financial behaviours. The only factor significantly explaining lower scores is not having learned sound habits in young age.
- 12% have had conflicts with providers of financial services, but majority have not taken any action for resolving it.

## VI. Description of current financial education initiatives

### *Financial education in schools and for youth*

A **national conference on financial education for children** was held in 2012. It was organised by the Central Bank, Reliable Future Youth Organization, UNICEF Azerbaijan, the Savings Banks Foundation for International Cooperation – SBFIC (Germany) and the Financial Education Network. Participants were officials of the Central Bank and the Ministry of Education, UNICEF Regional Director, COP of Aflatoun – the International Child Social and Financial Education Network for Eastern Europe and Central Asia, the representative of the UNICEF, as well as reps from various state structures, national and international organisations functioning in the country, and banking and financial institutions. See more at <http://en.cbar.az/assets/2790/20120612.pdf>

In the past, two NGO-s – Responsible Finance for Youth and Junior Achievement Azerbaijan - have been active in providing **financial education in schools and for youth**.

**Reliable Future Youth Organisation** was partnering with Aflatoun, German Sparkassen and the Central Bank, but have closed down the regional offices. They started with integrating the Aflatoun's educational material on life skills and financial literacy into the national school curricula in 2009. Aflatoun's textbooks were translated into Azeri language, the teachers were trained on the methodology and the Ministry permitted them to carry out Aflatoun programme in public schools. According to their representative, 200 teachers were trained by them in Baku. Aflatoun is searching for new partners. Recently, Junior Achievement Azerbaijan has approached them for co-operation<sup>4</sup>.

**Junior Achievement Azerbaijan** has developed teaching resources for schools and has been working with the CBAR on project "Banks in action". JAA projects were financed by international donors until 2014. Today JAA tries to involve corporate sector in funding their programs. In December 2016 they had a meeting with the Minister of Education to launch a new financial educational project. Currently, they are working on a project concept which will last for 3 years and targets school students at age 14 -15. The initial idea is that JAA starts introducing entrepreneurial skills and financial literacy within the courses organized after school in pilot schools. See Appendix 3 for their first unofficial draft of the framework and Appendix 4 for their past projects.

In the second half of 2017, they will start a new program in two regions - Goychay and Sheki - and will conduct FL training to 300 young people. The project titled as "Education for Employment: new opportunities for regional youth" and will be financially supported by Pasha Holding. As another project, they plan to continue career development program for school children and include FL as a part of it as well.

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<sup>4, 6</sup> source: e-mail communication with Sevinj Mammadova, Executive Director of JAA, 03.08.17

JAA has applied to EU grant on Modernizing Education system in Azerbaijan. Their partners are JA Estonia and AMFA. The outcome of that application should be announced in the second half of 2017<sup>5</sup>.

**FINCA** is partnering with CBAR in providing FE to students. Those who pass the course successfully, are offered apprenticeship.

**CBAR** has organized **summer schools “Learn, save and earn”** for children in age 10-12. It is a week-long training where the children learn about the history of money, budgeting, saving and entrepreneurial skills through entertainment. It includes playing the Savings Game and visiting financial sector institutions.

For **pre-school children**, CBAR runs 25-minute tutorials in pre-school establishments to introduce the basic concepts of managing personal finances. In the first half of 2017, 400 children and nursery teachers participated in such training sessions. These will continue in autumn. More information: <https://en.cbar.az/releases/2017/07/12/central-bank-initiates-awareen/>

### ***Background of the school system***

According to Wikipedia, all citizens of Azerbaijan are entitled to 11 years of compulsory general secondary education. There is a national curriculum, but it is being currently revised and changed as we learned on our meeting in the MoE.

In 2013/14, there were 4513 secondary special schools, out of these 28 were private, with in total 1,291,634 students and 108 vocational schools or lyceums, with 27,745 students. There were 54 universities, 39 state-owned and 15 private, with 147,055 students (Ministry of Education, 2017).

Teachers who work only in state-owned schools and do not provide any consultation outside that, earn very low income. Therefore, many work in schools part time and provide tutoring outside their official obligations.

Financial education has been integrated into the Life Skills topic, as explained in the 3<sup>rd</sup> part of the current report and in Appendix 1. The national curriculum is currently being revised and will be presented to the ministers once finalised. Its emphasis is on developing not only knowledge and skills, but also values and habits. The first regional workshop of the OECD CIS project could be dedicated to best practices in providing financial education at schools. MoE said they are integrating FE into several topics for grades 1-9, such as geography, mathematics and life skills, but there are many topics competing for their attention. Therefore, the momentum would be right for supporting the FE initiatives. It would also benefit JAA as they are trying to launch FE programmes at schools in partnership with the MoE. Both JAA and MoE specifically suggested learning from best practices to be their key interest in the OECD CIS project.

## ***Financial education for migrants***

Currently, migrants are not considered as a key target group for financial education. According to the World Bank report (2016), Azerbaijan is classified as a sender, not receiver of remittances.

The main group of migrants receiving support from government are the internally displaced people from Nagorno Karabakh. However, they are not currently a target group for financial education programmes.

## ***Other financial education projects***

Outside the FE programmes mentioned in the strategy and in previous parts of the current report, the largest and most influential FE streams are:

1. the **Savings Game** for students, organised and funded by the SBFIC with the help of volunteers working in regions and CBAR. The game is based on budgeting for a 5-person household, that has members from 3 generations. It is a full day training where students work in teams of five, and in five teams. They have to make financial decisions for the household and fill the poster based on various assignments. Each day, one team wins the competition. More information: [www.sparkassenstiftung.de/fileadmin/user\\_upload/pdf/FinLit\\_and\\_Savings\\_Game\\_FINAL.pdf](http://www.sparkassenstiftung.de/fileadmin/user_upload/pdf/FinLit_and_Savings_Game_FINAL.pdf)  
The same game is used on training sessions for children, students, teachers and journalists. Its impact has been evaluated by studying 600 students participating in the game and 600 who did not. The results are not publicly available. They are planning to change it to before-and-after measurement in 2017.
2. **FE and entrepreneurial training for women and micro-entrepreneurs**, organised and carried out by AMFA in rural areas based on format, resources and funding from the EU.

AMFA works in the regions with women, especially unmarried women. They started working on client protection in 2005 and have translated 'trust through transparency' for local members. Efforts on financial education started 3 years ago as part of an EU funded project using materials from the Polish Microfinance Centre tailored to their needs. AMFA trained and accredited 22 trainers (trainers are staff and others recruited by NGOs and MFIs in the regions). The process of accreditation includes observed training and a test. Training is funded by co-sponsors. They are now offering follow-up entrepreneurial training on business plans and idea implementation. They are using an ILO module that is available in Azeri, and ILO accredited trainers.

Women, especially unmarried women are a specific target group, but they recognise from GIZ funded work that bringing husbands, brothers, fathers etc. can give better results; they use simple messages such as shop with a list; save electricity – don't leave lights on; don't shop hungry. Childcare is provided where necessary. For more information, see [mfc.org.pl/financial-education-in-azerbaijan-read-the-case-study/](http://mfc.org.pl/financial-education-in-azerbaijan-read-the-case-study/) and

read the case study [mfc.org.pl/mfcwp/wp-content/uploads/2016/04/Case-Study-EU-projectAMFA\\_FINAL\\_ENG.pdf](https://mfc.org.pl/mfcwp/wp-content/uploads/2016/04/Case-Study-EU-projectAMFA_FINAL_ENG.pdf)

3. The financial sector and IFC are concentrating on providing FE to the **customers and employees of the financial sector**.

IFC is working with the associations of financial institutions in three topics:

- Train the trainer, teaching the employees and counsellors to advise their customers
- Educational materials, tools for budgeting, books
- Media communication, preparation of video clips, infographics, radio programmes, leaflets, brochures etc.

These resources are sold to financial institutions, but for a subsidised price. The rationale is that paying for it incentivises the institutions to actually use them. The materials are based on Polish Microfinance Centre resources, but adapted to the Azeri context.

ABA and ABTC are providing FE training to the employees of banks but also people from other industries such as oil sector. They are also partnering with IFC.

SBFIC and CBAR are partnering in similar programmes.

4. In July 2017, the first professional training for young specialists of mobile communication company was held as a pilot of a new project “Pupil’s friend”. It is led by the CBAR in partnership with MoE and ASAN Service (agency for government services).<sup>6</sup> In the second half of 2017, such training sessions will be held as **workplace trainings** for the employees of various institutions.
5. For **university students**, CBAR and financial institutions have been holding workshops “Financial Literacy: the way to professional career” since 2015. According to the CBAR press release from July 7, 2017, the goal of these workshops is to ensure recognition of financial literacy as a public value amongst young people, familiarize students with the banking and financial sectors, assist them in career building and support internship programs of banking / financial institutions. In partnership with Science Development Foundation under President of the Republic of Azerbaijan and SBFIC, in 2017 CBAR organized a **contest for young scientists**. The best scientific papers on financial literacy and saving behaviour were published in academic journals and rewarded with monetary prizes.<sup>7</sup>

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<sup>6</sup> source: press release of CBAR, <https://en.cbar.az/releases/2017/07/25/financial-literacy-events-under-way/>

<sup>7</sup> source: CBAR press release <https://en.cbar.az/releases/2017/07/13/young-scientists-and-financial-literacy-contest-winners-awarded/>

## VII. Initial conclusion and suggestions for next steps

There are many stakeholders involved in promoting financial literacy and entrepreneurship, the financial sector is actively involved. There is a National Strategy for Financial Education, but it lacks high-level support, officially agreed upon coordination and regular funding. Target measures should be more clearly set and evaluated.

Financial education initiatives are heavily dependent on external funding. This makes them unsustainable - when the international project ends, ends also active implementation of its outcomes. For example, the World Bank conducted a thorough survey on financial capability and financial inclusion in Azerbaijan, and helped to launch the NS. However, this project has come to an end and the CBAR is struggling with finding ways to actually implement the NS.

Ministry of Education, schools, CBAR and JAA would benefit from learning about the best practices in providing financial education at schools. They could also use support in integrating FE into the national curricula.

The OECD survey could focus on financial literacy issues of migrants and MSME-s. The first group does not seem to be considered as a target group at the moment, the latter is one of the key target groups for most of the stakeholders but without sufficient data.

### Suggestions for next steps:

#### 1. National Strategy and its implementation:

High level involvement is of vital importance throughout the project and implementation of national strategies. Therefore, **regular communication on the highest possible level** should be part of the whole OECD CIS project. High-level participants could be invited to speak and attend OECD events to share their experiences and learn from those in other participating countries. In Azerbaijan, Coordination and regular communication among stakeholders of FE is currently low. In order to increase the impact of FE initiatives, to take maximum use of the outcomes of international projects and to avoid duplication, a coordinating body would be beneficial.

Once approval from the highest possible level has been achieved and a coordinating body has been launched, sustainable funding system needs to be launched. One possibility would be to involve the financial sector in a more systematic way, as they have clearly understood the importance of financial literacy and are already active in the field. However, the funding should not be entirely reliant on the financial sector. At least some of the funds could be provided by the state, as the President emphasized the importance of financial and entrepreneurial skills in his decree from December 2016, this could serve as a key argument for convincing the government to provide financial support for implementing the NS.

Measurable goals should be set, principles of measurement and evaluation, and action plans should be designed as emphasized already in the World Bank report. These topics can be covered in the next OECD CIS workshop in September 2017 in Minsk.

2. **FE at schools:**

MoE and JAA would benefit from technical assistance in designing and preparing the curriculum on FL, designing of teacher training and initiating expert exchange to be able to learn from best practices. Therefore, the OECD could share the international best practices of integrating FE into the school curricula and teacher training.

3. **FE for migrants and measurement:**

The next step could be interviewing migrants and the internally displaced people as part of the OECD measurement exercise to better understand their actual situation and needs for FE. Another group to pay special attention to in the survey are MSME-s. Also regional differences could be in the focus of the survey.

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## APPENDIXES

### APPENDIX 1. Life Skills subject

#### Explanation of standards (economic knowledge and skills)

| <b>Elementary school ( 1st grade)</b>  |   |                                   |
|--|---|-----------------------------------|
| 2.2.2. Explains simple definition of "Budget"  | Talking about daily benefits ( pocket and daily expenses), explanation of a simple denifition of "Budget"   | Budget                            |
| 2.2.3. Knows currency notes of Azerbaijan Republic.  | Knowledge of qepiks (manat coins) (1, 3, 5, 10, 20, 50 qepiks) and paper currency (1, 5, 10, 20, 50, 100 manats); identification of money according to the pictures, definitions on them. | Currency notes                    |
| <b>Elementary school (2nd grade)</b>   |   |                                   |
| 2.2.2. Draws up a personal budget based on the given terms.                                    | Identification of daily expenses based on existing funds, drawing up a personal budget.   | Money, benefit, expense, budget   |
| 2.2.3. Carries out respective calculation with national currency.                              | Identification of national currency symbols, selection of currency notes based on goods value and conduct respective calculation.   | value, cost, qepik (coins), manat |
| <b>Elementary school (3rdgrade)</b>  |   |                                   |
| 2.2.1. Expresses himself on save use of current resources (products, water, gas, electricity). | Explanation of the definiton of the word "saving", comments on how to save different resources at hand.   | Resource, saving                  |
| 2.2.2. Elementarily explains the notions of "Benefit" and "Expense"                            | Explanation of "Benefit" and "Expense" in a simple way  | Money, benefit, expenses          |
| 2.2.3. Knows currency notes of other countires.  | Knowledge of the currency notes (lira, dinar, dollar, euro, rouble) of other countries.   | Money                             |
| <b>4th grade</b>   |   |                                   |
| 2.2.1. Compares the definitions "Saving" and "Waste"   | Explanation and comparison of definitions Saving and Waste  | Waste, saving                     |

|   |   |   |
|---|---|---|
| 2.2.2. Explains the definitions “Tax”, “Government budget” and “Insurance” in a simple way. | Explanation of expenditures of government budget, explanation of insured compensation paid by a special organization to an individual or organization suffered from natural disaster or an accident   | Tax, budget, insurance  |
| 2.2.3. Differentiate national currency notes from currency notes of other countries.        | Explanation of the differences between national and other countries currencies, like structure, form, color, value.   | Money, manat, form, value   |
| <b>5th grade</b>  |   |   |
| 2.3.1. Differs between economic resources and economic means.                               | Differentiation of production resources (land, water, air, etc) as a type of production means, differentiation of economic resources, production means and workforce, explanation of their roles in production.   | Resource, workforce, land, means of production.   |
| <b>6th grade</b>  |   |   |
| 2.3.1. Explains the role of prices, supply and demand in the development of economy.        | Knowledge of the organization and mutual co-relation of the cost of goods, price, demand and supply being the basis of market economy and explanation of the formation of the price of goods during daily trade, differentiation of wholesale and retail prices   | Economy, development, price, supply and demand  |
| <b>7th grade</b>  |   |   |
| 2.3.1. Comments on the role of labour and its types in economic processes.                  | Explanation of the labour playing main role in a human society and commenting on the roles of physical and intellectual labour, labour by the industry, abstract labour (which forms the price of goods), labour which forms the goods and their quality, simple labour (based on the complexity of the specialization), hand labour, mechanical labour, fully non-manual labour. | Labour, its role in economic process, a simple labour, labour based on complexity of specialization), hand/manual work. |
| <b>8th grade</b>  |   |   |
| 2.3.1. Makes presentations in the production infrastructure (finance, tax, insurance).      | Explanation of infrastructure being one of the main factors of the market economy; argumentation of infrastructure consisting of the following: exchanges (retail trade), finance (management of the funds necessary for the economy), taxes, insurance   | Infrastructure, market, retail trade, finance, resource, management, tax, insurance.                                    |

|  |  |  |
|--|--|--|
|  | (protection from the economic and natural risks),<br>making presentations in this regard.  |  |
| <b>9th grade</b>   |  |  |
| 2.3.1. Drafts and presents small projects on economic efficiency | Presentation of ideas in the forms of projects regarding effective use of budgets of families, social and business groups, saving on production and sale of any goods, its replacement, use of new and more effective products, saving on daily purchase of foods. | Family, business groups, budget, different trading, saving, replacement way. |

## **APPENDIX 2. FE for the journalists**

### **TRAINING FOR MASS MEDIA REPRESENTATIVES ON THE TOPIC “CENTRAL BANKING AND FINANCIAL LITERACY”**

#### **Monetary policy and its impact on economy**

- 10.00-11.30 Objectives, modes and operation framework of the monetary policy
- 11.30-11.45 Coffee/tea break
- 11.45-13:00 Transmission of monetary policy decisions to the economy, the monetary and exchange rate policy of Azerbaijan Republic

#### **Development of the payment systems**

- 10.00-11.30 National payment system and its key components
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Development policy of payment systems in Azerbaijan

#### **Arrangement and management of cash circulation**

- 10.00-11.30 Banknote concepts
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Management of cash circulation in Azerbaijan

#### **Balance of payments and external sector**

- 10.00-11.30 Balance of payments and its structure
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Balance of payments of Azerbaijan

#### **Financial literacy**

- 10.00-10.30 Information about the activities of the Central Bank of Azerbaijan on Economic education
- 10.30-11.30 Managing personal finances
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Consumer budget management

#### **Savings game (SBFIC)**

- 10.00-11.30 Part I
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Part II

#### **Saving game (SBFIC)**

- 10.00-11.30 Part III
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 Part IV

#### **World economy (ADA)**

- 10.00-11.30 Press tour to the ADA University
- 11.30-11.45 Coffee/tea break
- 11.45-13.00 World economy

**APPENDIX 3. First draft of the new JAA framework**

**List of Possible Activities by Education Levels**

| Target group/ education level                            | Inputs (staff/ # of trainers, funds, local youth centers etc.) | Activities/ Intervention tools   | Student/education outcome – Core competencies   | Impact  | Performance measurement method/tools   |
|--|--|--|---|---|--|
| <b>1. School level</b>                                   |  |  |   |   |  |
| <b>1.1. PISA taking schools/ 12-13-year-old students</b> |  | Financial Literacy<br><br>1. JA Economics for Success<br><br>2. JA Finance Park<br><br>3. JA Global Marketplace<br><br>4. Global Marketplace - Blended Model | <ul style="list-style-type: none"> <li>• Increases participant knowledge of the concepts of income, money, earning, saving, spending, investing, budgeting, credit and borrowing, risks and rewards, compound interest, pensions, insurance, taxes, and planning ahead</li> <li>• how the financial system works;</li> <li>• the difference between wants and needs;</li> <li>• consumer awareness and advertising;</li> <li>• fraud and its consequences ;</li> <li>• identify the types of financial</li> </ul> | <ul style="list-style-type: none"> <li>• Increases the number of students with higher PISA scores.</li> <li>• Empowers students to make informed decisions about their finances in the future, and helps to improve their confidence and self-esteem.</li> <li>• Helps students build a foundation upon which they can make intelligent financial decisions that last a lifetime, including decisions related to income, expenses, savings, and credit.</li> <li>• Provides an understanding of responsible, ethical, and compassionate financial decision making in order to contribute to the development of knowledgeable citizens.</li> <li>• Develop students' creative thinking and practical capabilities, in</li> </ul> | <ul style="list-style-type: none"> <li>• PISA tests;</li> <li>• 9-11th grade exams;</li> <li>• TQDK;</li> <li>• Survey;</li> <li>• Interviews</li> </ul> |

|                             |  |                        |   |   |  |
|-----------------------------|--|------------------------|---|---|--|
|                             |  |                        | <p>institutions and the services they provide;</p> <ul style="list-style-type: none"> <li>• The importance of spending money wisely and recognize a budget as a valuable tool;</li> <li>• future consequences of financial decisions;</li> <li>• identify their career interests and goals as a way to earn future income;</li> <li>• how to plan for life after high school;</li> <li>• Provide practical information about key aspects of the global economy, what makes world trade work, and how trade affects students' daily lives;</li> <li>• Explore participant's skill, interests, values, and the world of work to make informed education, career, and life decisions.</li> </ul> |   |  |
| 1.2. In temayul schools/15- |  | <u>Work Readiness,</u> | <ul style="list-style-type: none"> <li>• Increases work</li> </ul>  | <ul style="list-style-type: none"> <li>• Expands the number of graduates</li> </ul> | <ul style="list-style-type: none"> <li>• Graduation rates</li> </ul> |

|                                    |  |   |   |  |   |
|------------------------------------|--|---|---|--|---|
| <p><b>17-year-old students</b></p> |  | <p><u>Entrepreneurs hip</u></p> <ol style="list-style-type: none"> <li>1. JA It's My Business</li> <li>2. JA It's My Business- Blended Model</li> <li>3. JA It's My Future</li> <li>4. JA It's My Future Blended model</li> <li>5. JA Careers with a Purpose</li> </ol> | <p>interests and work values;</p> <ul style="list-style-type: none"> <li>• Strengthens soft skills – cooperation, problem solving, self-assessment, decision making, active-listening, creative and critical thinking, presentation and teamwork;</li> <li>• Encourages students to use entrepreneurial thinking as they explore higher education and career choices;</li> <li>• Recognize entrepreneurial skills for starting a business;</li> <li>• Create business goals;</li> <li>• Provide basic business concepts such as management, finance, production and marketing;</li> <li>• Verbal and written Communication;</li> <li>• Demonstrate business-</li> </ul> | <p>employed upon graduation from higher education/during 6 months after graduation</p> <ul style="list-style-type: none"> <li>• Increases the number of graduates starting their own businesses</li> <li>• Provides a set of skills that prepare students for life after graduation and support the development of their economic security, health and well-being</li> </ul> | <ul style="list-style-type: none"> <li>• 9-11th grade exams</li> <li>• TQDK</li> <li>• Survey;</li> <li>• Interviews</li> </ul> |
|------------------------------------|--|---|---|--|---|

|  |  |   |   |   |  |
|--|--|---|---|---|--|
|  |  |   | <p>planning skills ;</p> <ul style="list-style-type: none"> <li>• CV, Cover letter writing;</li> <li>• Explore potential careers, discover factors to consider in choosing a career, and recognize basic job-hunting tools;</li> <li>• Use ethical decision-making skills to make career and life decisions.</li> </ul>                                       |   |  |
| <p><b>1.3 Under-performing schools</b></p> <p><b>1.3.1 In under-performing schools/10-17-year-old students<sup>8</sup></b></p> |  | <p><u>Entrepreneurs hip</u>, Financial Literacy, Work Readiness</p> <ol style="list-style-type: none"> <li>1. JA Be Entrepreneurial</li> <li>2. JA Company Program Blended Model</li> <li>3. JA Career Success</li> <li>4. JA Personal Finance Blended Model</li> <li>5. JA It's My Business</li> </ol> | <p>Program incorporates the development of these skills:</p> <ul style="list-style-type: none"> <li>• Goal setting</li> <li>• Keeping to a budget</li> <li>• Working on several ideas simultaneously</li> <li>• Delegation of tasks</li> <li>• Employability skills such as teamwork, planning and organizing, practical thinking, punctuality and</li> </ul> | <ul style="list-style-type: none"> <li>• Expands the number of students choosing VET as a tertiary education (following career choice workshops);</li> <li>• Zero transition schools progress (to track the impact in terms of transition from school to tertiary education).</li> <li>• Expands the number of graduates employed upon graduation/during 6 months after graduation</li> <li>• Increases the number of graduates starting</li> </ul> | <ul style="list-style-type: none"> <li>• Acceptance into VET schools</li> <li>• TQDK</li> <li>• 9-11th grade exams</li> <li>• Survey;</li> <li>• Interviews</li> </ul> |

<sup>8</sup> The intervention might be integrated into the governments regional SME initiatives: equipping family juniors with practical business skills.

|  |  |  |   |   |  |
|--|--|--|---|---|--|
|  |  | <p>6. JA It's My Business-Blended Model</p> <p>7. JA Careers with a Purpose</p>  | <p>businesslike behavior</p> <ul style="list-style-type: none"> <li>• Encourages students to use entrepreneurial thinking as they explore higher education and career choices;</li> <li>• Demonstrate business-planning skills ;</li> <li>• 4Cs: critical thinking, communication, collaboration, and creativity</li> <li>• Personal-brand and job-hunting tools- resumes, cover letters, interviews, and digital profiles</li> <li>• CV, Cover letter writing</li> <li>• Verbal and written communication</li> </ul> | <p>their own businesses</p> <ul style="list-style-type: none"> <li>• Support students to apply their business and entrepreneurial skills to education, career and service pursuits</li> <li>• Equip students with the knowledge required to get and keep a job in high-growth industries</li> <li>• Provides a set of skills that prepare students for life after graduation and support the development of their economic security, health, and well-being.</li> </ul> |  |
| <p><b>1.3.2 In underperforming schools/10-15-year-old students</b></p> |  | <p><u>STEM education</u>, Work Readiness, Financial Literacy</p> <p>1. JA It's My Business</p> <p>2. JA It's My Business-Blended Model</p> | <ul style="list-style-type: none"> <li>• STEM knowledge – engineering and technology, computers and electronics, design, mathematics, chemistry, physics, biology, mechanical</li> </ul>  | <ul style="list-style-type: none"> <li>• Expands the number of graduates who ultimately pursue degrees and careers in STEM fields</li> <li>• Higher graduation rates</li> <li>• Increases the number of students competing and winning in Science</li> </ul>  | <ul style="list-style-type: none"> <li>• Graduation rates</li> <li>• 9-11th grade exams</li> <li>• Acceptance into universities</li> <li>• Data on the effective STEM practices/career</li> <li>• Survey;</li> <li>• Interviews</li> </ul> |

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|  |  | <p>3. JA Careers with a Purpose</p> <p>4. JA Economics for Success</p> <p>5. JA Finance Park</p> <p>6. JA Global Marketplace</p> <p>7. Global Marketplace - Blended Model</p> | <ul style="list-style-type: none"> <li>• Strengthens skills – cooperation, problem-solving, critical thinking, decision-making, programming and teamwork, mathematical reasoning abilities.</li> <li>• identify the types of financial institutions and the services they provide;</li> <li>• The importance of spending money wisely and recognize a budget as a valuable tool;</li> <li>• Provide practical information about key aspects of the global economy, what makes world trade work, and how trade affects students' daily lives;</li> <li>• Explore participant's skill, interests, values, and the world of work to make informed education,</li> </ul> | <p>Fairs, Olympiads, competitions</p> <ul style="list-style-type: none"> <li>• Support students to apply their business and entrepreneurial skills to education, career and service pursuits</li> <li>• Empowers students to make informed decisions about their finances in the future, and helps to improve their confidence and self-esteem.</li> <li>• Helps students build a foundation upon which they can make intelligent financial decisions that last a lifetime, including decisions related to income, expenses, savings, and credit.</li> </ul> |  |
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|  |  |  | career, and life decisions.   |   |   |
| <b>2. VET level</b>  |  |  |   |   |   |
| <b>2.1. Top performing VET schools/college<sup>9</sup></b> |  | <u>Entrepreneurship, Work Readiness, Financial Literacy</u><br><br>1. JA Be Entrepreneurial<br><br>2. JA Company Program Blended Model<br><br>3. JA Career Success<br><br>4. JA Personal Finance<br><br>5. JA Personal Finance Blended Model | <ul style="list-style-type: none"> <li>Increases participant knowledge of economics, business studies and careers</li> <li>Self-awareness and self-confidence</li> <li>Students get practical experience in the life cycle of a business related to their area of specialization</li> <li>Communication, presentation and planning skills</li> <li>4Cs: critical thinking, communication, collaboration, and creativity</li> <li>Introduce students to the essential elements of a practical business plan</li> <li>Inspire them to see new opportunities, innovate and start businesses</li> </ul> | <ul style="list-style-type: none"> <li>Increases the number of graduates starting their own businesses</li> <li>Higher graduation rates</li> <li>Expands the number of graduates employed upon graduation/during 6 months after graduation</li> <li>Provides a set of skills that prepare students for life after graduation and support the development of their economic security, health, and well-being.</li> <li>Support students to apply their business and entrepreneurial skills to education, career and</li> </ul> | <ul style="list-style-type: none"> <li>Graduation rates</li> <li>Finding a job</li> <li>Starting a business</li> <li>Survey;</li> <li>Interviews</li> </ul> |

<sup>9</sup> VET intervention might happen in top-performing VET schools such as 5Nli and it can be integrated into co-existing initiatives such as “Müasir Azərbaycan Peşəkarı”.

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|  |  |  | <ul style="list-style-type: none"> <li>Help students appreciate and better understand the role of business in our society</li> </ul>   | <ul style="list-style-type: none"> <li>Equip students with the knowledge required to get and keep a job in high-growth industries</li> </ul>  |   |
| <b>3. Higher Education</b>                       |  |  |  |   |   |
| <b>3.1. Higher Education – SABAH groups (HE)</b> |  | <p><u>Entrepreneurship, Work Readiness, Financial Literacy</u></p> <ol style="list-style-type: none"> <li>1. JA Be Entrepreneurial</li> <li>2. JA Company Program Blended Model</li> <li>3. JA Career Success</li> <li>4. JA Personal Finance</li> <li>5. JA Personal Finance Blended Model</li> </ol> | <ul style="list-style-type: none"> <li>Taking the initiative and risk taking, critical thinking, creativity and problem solving</li> <li>Knowledge of career opportunities and the world of work</li> <li>4Cs: critical thinking, communication, collaboration, and creativity</li> <li>Economic and financial literacy</li> <li>Practical exploration of entrepreneurial opportunities</li> <li>Introduce students to the essential elements of a practical business plan</li> <li>Inspire them to see new opportunities, innovate and</li> </ul> | <ul style="list-style-type: none"> <li>Increases the number of graduates starting their own businesses</li> <li>Expands the number of graduates employed upon graduation/during 6 months after graduation</li> <li>Support students to apply their business and entrepreneurial skills to education, career and service pursuits</li> <li>Equip students with the knowledge required to get and keep a job in high-growth industries</li> </ul> | <ul style="list-style-type: none"> <li>Graduation rates</li> <li>Finding a job</li> <li>Starting a business</li> <li>Survey;</li> <li>Interviews</li> </ul> |

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|   |  |  | <p>start businesses</p> <ul style="list-style-type: none"> <li>• Help students appreciate and better understand the role of business in our society</li> <li>• Help students to recognize the significance of personal responsibility and financial literacy in making positive life decisions</li> </ul>   |  |   |
| <b>3.2. Higher Education – regional universities<sup>10</sup></b> |  | <p><u>Work Readiness</u>,<br/>Financial Literacy, Entrepreneurship</p> <ol style="list-style-type: none"> <li>1. JA Be Entrepreneurial</li> <li>2. JA Company Program Blended Model</li> <li>3. JA Career Success</li> <li>4. JA Personal Finance</li> <li>5. JA Personal Finance Blended Model</li> </ol> | <ul style="list-style-type: none"> <li>• Strengthens skills: cooperation, problem-solving, teamwork, planning, organizing, practical and critical thinking, businesslike behavior</li> <li>• CV, Cover letter writing</li> <li>• Verbal and written communication</li> <li>• Self-awareness and self-confidence</li> <li>• Recognize the fundamental elements of smart</li> </ul> | <ul style="list-style-type: none"> <li>• Higher graduation rates</li> <li>• Expands the number of graduates employed upon graduation/during 6 months after graduation</li> <li>• Increases the number of graduates starting their own businesses</li> <li>• Provides a set of skills that prepare students for life after graduation and support the development of their economic security, health, and well-being.</li> <li>• Demonstrate the relationship between financial decisions made</li> </ul> | <ul style="list-style-type: none"> <li>• Graduation rates</li> <li>• Finding a job</li> <li>• Starting a business</li> <li>• Survey;</li> <li>• Interviews</li> </ul> |

<sup>10</sup> e.g. Azerbaijan Technological University, Sumqayıt State University, Nakhchivan State University, UNEC's Zaqatala branch etc.

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|  |  |  | <p>personal finances: earnings, saving and investing, budgeting, credit, risk management, and giving</p> <ul style="list-style-type: none"> <li>• Personal-brand and job-hunting tools-resumes, cover letters, interviews, and digital profiles</li> <li>• Help students appreciate and better understand the role of business in our society</li> <li>• Help students to recognize the significance of personal responsibility and financial literacy in making positive life decisions</li> </ul> | <p>now and future financial freedom and quality of life.</p> <ul style="list-style-type: none"> <li>• Support students to apply their business and entrepreneurial skills to education, career and service pursuits</li> <li>• Equip students with the knowledge required to get and keep a job in high-growth industries</li> </ul> |  |
| <p><b>3.3. Higher Education – regular (non-SABAH) groups</b></p> | <p><u>Entrepreneurship, Work Readiness, Financial Literacy</u></p> <p>(1. JA Be Entrepreneurial</p> <p>2. JA Company Program Blended Model</p> <p>3. JA Career Success</p> | <ul style="list-style-type: none"> <li>• Strengthens skills: cooperation, problem-solving, teamwork, planning, organizing, practical and critical thinking, businesslike behavior</li> <li>• CV, Cover letter writing</li> </ul> | <ul style="list-style-type: none"> <li>• Expands the number of graduates employed upon graduation/during 6 months after graduation</li> <li>• Increases the number of graduates starting their own businesses</li> <li>• Provides a set of skills that prepare students for life after graduation</li> </ul>  | <ul style="list-style-type: none"> <li>• Graduation rates</li> <li>• Finding a job</li> <li>• Starting a business</li> <li>• Survey;</li> <li>• Interviews</li> </ul>  |  |

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|  |  | <p>4. JA Personal Finance<br/>'</p> <p>5. JA Personal Finance Blended Model</p> | <ul style="list-style-type: none"> <li>• Verbal and written communication</li> <li>• Self-awareness and self-confidence</li> <li>• Personal-brand and job-hunting tools- resumes, cover letters, interviews, and digital profiles</li> <li>• Help students appreciate and better understand the role of business in our society</li> <li>• Help students to recognize the significance of personal responsibility and financial literacy in making positive life decisions</li> </ul> | <p>and support the development of their economic security, health, and well-being.</p> <ul style="list-style-type: none"> <li>• Demonstrate the relationship between financial decisions made now and future financial freedom and quality of life.</li> <li>• Support students to apply their business and entrepreneurial skills to education, career and service pursuits</li> <li>• Equip students with the knowledge required to get and keep a job in high-growth industries</li> </ul> |  |
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## APPENDIX 4. JAA Programmes

### 1. Sustainable Enterprise Development Program (SEDP)

**Date:** 2011- 2016

**Region:** Baku-Guba (2011-2012)

Ganja – Zagatala (2012-2013)

Lankaran – Guba/Khachmaz (2015-2016)



**Participants:** 180 (age 18-35)

#### Program Description:

Sustainable Enterprise Development Program will create youth-led SMEs in Azerbaijan and enhance their efficiency through capacity-building and enabling environment.

SEDP objectives are:

- Promotion of SME development through the creation of youth-led enterprises by providing entrepreneurship and business training to young women and men;
- Provision of access to financial services for youth-led enterprises by partnering with banks and micro-finance institutions;
- Fostering the process of enabling environment for SMEs by presenting the successes and challenges of youth-led enterprises to business community.

Program Stages:

- **Introduce and promote SEDP-** JAA introduce and promote SEDP in regions within the institutions with free public access, such as libraries, community centers, colleges, and schools;
- **Participant Recruitment-** Recruit and select program participants among youth between the ages of 18-35, who are already involved or plan to be involved in self-employment, micro and small entrepreneurship;
- **Business Training-** Provide entrepreneurship, financial literacy, work-readiness, IT in business, and business ethics certified training for 60 young entrepreneurs;
- **Business Consultancy-** Through SEDP, JAA provides open hour business consultations on business start-up, registration, development, licensing, taxation, access to finance, and accounting to the program beneficiaries and assist them in applying for bank loans.
- **Access to Finance Meetings** – JAA launches a dialog between commercial banks and entrepreneurs through quarterly meetings, roundtables, and product presentations to SEDP participants. During

these meetings, the entrepreneurs learn about existing and new banking products, services, and loan opportunities.

- **Business Day Event** – Within the program, JAA organizes and conducts the annual Business Day Event in Baku. During the event, the participating SMEs are able to display their businesses in a fair-type event.

## 2. Banks in Action (BIA)

**Date:** 2011- 2015

**Region:** Baku Universities

- Baku State University
- Khazar University
- Azerbaijan State Economic University
- Azerbaijan Diplomatic Academy
- Gafgaz University

**Participants:** 75 (age 19-23)

### Program Description:

"JA Banks in Action" program is built on practical experience and professional development training program with special focus on basics of banking system. JA Banks in Action not only educates the participants about the banking industry, but also encourages them to become better citizens and smarter consumers.

BiA program's objectives are:

- Provide an opportunity for students with economic and finance background to learn more about basic principles of banking industry through training programs, simulation games and work-experience;
- Introduce main stakeholders, financial structure, risks and mitigation mechanisms existing in the banking system to the selected students;
- Assist students to determine their future career goals in the banking system.

### Program Stages:

- **Student Recruitment** - Recruit and select students from last year undergraduate and graduate students from universities.
- **Professional Development Training Program** - This part is implemented in two phases. The first part of the training program is provided by Central Bank of the Republic of Azerbaijan. Intensive one week training on "Fundamental of Banking Industry and the Role of Central Bank in Banking System" is delivered by the

specialists from the Central Bank's Research and Development Center. The second part of the trainings are provided by JAA trainer on using the "JA Banks in Action" training program.

- **"Bank of Choice" simulation game** - Through the simulation, students form banking teams and operate a bank over time by making several decisions, each of which represents three months or a calendar quarter.
- **Internship Opportunity** - One of the main purposes of the BiA program is to assist students with getting work experience in the related field. Most successful program participants are selected for summer internship opportunity.

### 3. Youth Business Leadership Project (YBLP)

**Date:** 2012- 2014

**Region:** Baku / Ganja Universities

- Baku State University
- Azerbaijan State Economic University
- Gafgaz University
- Khazar University
- Azerbaijan State Oil Academy
- Ganja State University
- Azerbaijan Technological University
- Azerbaijan State Agrarian University
- Academy of Public Administration under President of the Republic of Azerbaijan
- Azerbaijan University of Languages

**Participants: 130 (Age 19-23)**

**Program description:**

**YBLP** helps students develop professional and business skills relating to their personal development, and cultivate the future business leaders' character, creativity and leadership. Within the framework of the YBLP Junior Achievement Azerbaijan (JAA) aims to provide professional skills development training programs, internship opportunities and mentorships for the students, with more focus on female students, from different educational backgrounds.

#### **Program Purpose**

The primary purpose of **YBLP** is to prepare the next generation of young professionals in Azerbaijan by providing university students the opportunity to gain real world experience through an internship at various private companies while providing them with mentorship opportunities with successful professionals and with networking opportunities with like-minded peers.

### **Key Activities**

1. Select and train university students;
2. Provide an internship opportunity for selected students;
3. Provide Professional Development Training on
  - JA Success Skills
  - JA Careers with a Purpose
  - JA Business Ethics
  - JA Personal Finance
  - JA IT in Business
  - Presentation and Communication skills
4. Organize mentorship at the host organization/company for selected students during internships.

### **Anticipated Results**

Youth Business Leadership Project will highlight the positive role youth can play in improving local communities and the broader society as they improve their business and professional skills and are exposed to professional role models who can provide them with career and development guidance. The project will show the students the value of education, bridge the gap of what they are learning in the classroom with the real world, and equip them with the skills and tools they need to be more successful in education and their future careers.

As a result of the proposed program undergraduate and graduate students will be prepared for their careers through real world employment opportunities, professional development workshops, and role models who will offer advice and guidance.

## **4. School Economics Education Program (SEE)**

**Date:** 2000, 2003-2015

**Region:** Schools in Baku, Sumgayit, Absheron, Lankaran, Shirvan, Mingachevir, Barda, Ganja, Yevlakh, Ismayilli, Agdash, Qaradag, Sheki, Kurdemir, Goranboy.

**Participants:** 7000 (age 13 - 17)

**Program Description:**

The School Economics Education Program (SEE) brings theoretical and practical knowledge of basic economic and business components to secondary school and undergraduate students by fostering work-readiness, financial literacy, business ethics and entrepreneurship skills. The Program helps developing the business workforce through economic and business training for students and educators.

### **Program goals**

SEE program uses hands-on experiences to help young people understand the economics of life. In partnership with business and educators, Junior Achievement brings the real world to students, opening their minds to their potential. Junior Achievement's unique approach integrates program materials, training and support. Junior Achievement is the success bridge between education and business.

### **Program Objectives**

- Form private-public partnerships consisting of international and local business as well as public entities to support program activities.
- Prepare students from secondary schools for their career through work-readiness training, competitions, internships and on-site experience.
- Teach students from secondary schools the fundamentals of personal finance and banking industry through financial literacy training and interactive contest.
- Teach students from secondary schools entrepreneurship by organizing and operating actual business enterprises.
- Support students to learn applied economics through consultations and educator training.
- Foster ethical decision-making in students through business ethics training and responsible business competition.

According this program, the following programs, trainings and competitions are implemented:

- JA Economic program
- JA Company program
- Business Ethics
- Success Skills
- JA Titan economic competition

## **5. Students Career Preparedness Program (SCPP)**

**Date:** 2012-2014

**Region:** Baku Universities

- Azerbaijan State Economic University

- Gafgaz University

**Participants:** 40 (age 19-23)

**Program Description:**

The Student Career Preparedness Program engages undergraduate and magister students from Azerbaijan State Economic and Gafgaz universities in the training activities on career preparedness and the industry-related internship at Deloitte Baku office. The program introduces employee engagement activities for Deloitte staff members by engaging them as business mentors to support the program participants in their career determination.

**Program Stages:**

- **Student Recruitment** – Junior Achievement Azerbaijan recruits and selects last year bachelor and magister students from universities to participate in the program.
- **Business Ethics Training** – Junior Achievement Azerbaijan conducts business ethics training to foster ethical decision-making in students as they prepare to enter the workforce. Students learn to recognize, analyze, and apply basic terminology, theories, and concepts common to the study of ethics. The program materials were developed by Deloitte Foundation and Junior Achievement Worldwide. The program is adapted for Azerbaijani audience by Junior Achievement Azerbaijan.
- **Work-Readiness, Presentation and Communication Skills Training** – Junior Achievement Azerbaijan conducts work-readiness and self-assessment skills training to the participants. The project meets the needs of a diverse group of students by providing engaging, academically enriching, and experiential learning sessions in work-readiness education and career perspectives. The program is built around 16 success skills necessary for finding and being able to keep a job.
- **MESE Business Simulation** – The students learn the essentials of management through JA MESE business simulation program. They act as CEOs of hypothetical companies and make decisions on pricing, production, marketing, capital investment, and research and development, within the changing market conditions.
- **Student Internship Program** – Junior Achievement Azerbaijan engages 10 most successful program participants in the internship with Deloitte Baku office. During the internship program, the students observe

how businesses function – they participate in job interviews, learn about each department’s activity, relations between different departments, and create personal action plans that include educational, professional and personal life objectives.

Students with the best performance during internship program will get job offers from Deloitte.

## 6. Business and Professional Development of Regional Youth (BPDRY)

**Date:** 2016

**Region:** Vocational Schools in Gabala and Ganja

**Participants:** 60

### **Program description:**

The Project provides “Company program” and “Personal Finance” training programs for vocational school students in the regions. The aim of the project is to make an opportunity for students to develop their economic, entrepreneurial and professional skills. Students will learn about business administration and understand the structure and benefits of a market-based economy.

### **Program Objectives:**

- Provide basic economic education
- Help students appreciate and better understand the role of business in our society;
- Teach students to learn how businesses function, about structure of free enterprise system and benefits it provides by organizing and operating actual business enterprise;
- Help students to recognize the significance of personal responsibility and financial literacy in making positive life decisions;
- Support students to apply their business and entrepreneurial skills to education, career and service pursuits.

**Implementation:** The program is implemented in two stages.

#### Stage 1: Preparation Phase

- Establish a Company: Students establish an efficient team environment, while outlining specific leadership roles for the future company. Working as a company, students learn about each department’s specific responsibilities - selling stocks, product production, marketing, and maintaining transaction records.

- Initiate a Business Plan: Students review the company's business strategies and create business, product, financial and marketing plans. They will learn to develop their leadership skills, write and implement business plans, and create sales goals for their products.

#### Stage 2: "Student Business Day"

- Trade Fair Stand - Students get to present their product/ service to the panel of judge and the public.
- Business Plan Presentation - The business plan presentation summaries the key experiences and achievements of the students' company.

By the end of Company Program, students will understand how to run a successful business enterprise. This will give them confidence and empower them to become Azerbaijan's future CEOs.



[oecd.org/finance/financial-education/](https://oecd.org/finance/financial-education/)

