

Reversing the Impact of Brain Drain in Azerbaijan

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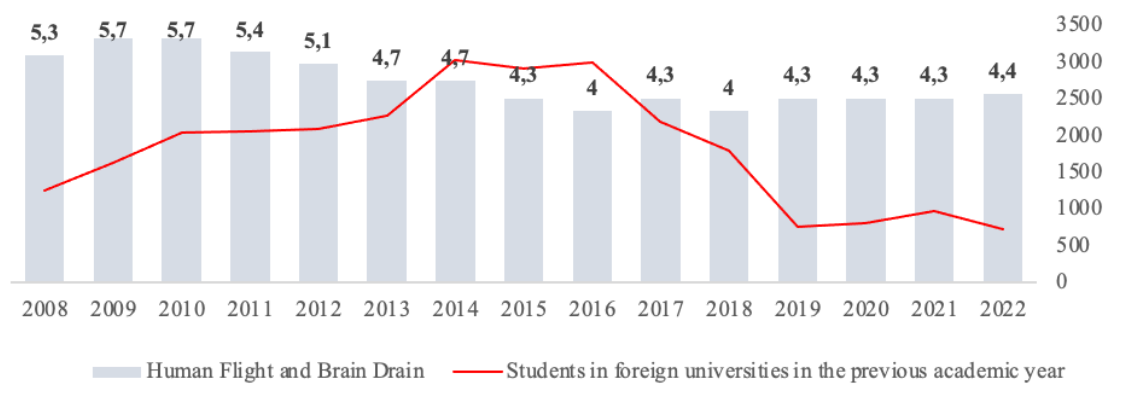
Brain drain is a phenomenon whereby a large percentage of educated and skilled workers migrate, resulting in a variety of negative implications for the country of origin. Besides leading to a gap in the workforce that becomes hard to fill with qualified professionals, brain drain causes a loss of tax revenue and may result in a lower quality of education, healthcare, and industry. Therefore, it is vital for countries to have an acute awareness of migration trends and to have well-established practices and policies to reduce the impact of brain drain. This IDD Analytical Policy Brief will discuss the effectiveness of current policies in Azerbaijan and provide recommendations based on the current situation globally and within Azerbaijan.

The two main motivations influencing brain drain are students seeking an education abroad, who may not return, and professionals seeking better opportunities abroad. Due to this, policies aimed at reducing the impact of brain drain should primarily be focused on either education or career development reform (or a combination thereof). Currently, Azerbaijan has put some successful policies in place, such as the establishment of local double-degree programs with prestigious international universities and the prerequisite of the government's Study Abroad Scholarship that students must return to Azerbaijan to work for a set amount of time ensuring, at least in the short term, brain gain. The government should continue to make Azerbaijan an attractive place to work in the long term by incentivizing higher salaries, more career development opportunities, and better working and living conditions. Moreover, this brief will ultimately argue that Azerbaijan should capitalize on the globalization of the workforce and the growing trend of remote working that has occurred in the wake of the COVID-19 pandemic.

Education

The below graph shows the amount of brain drain in Azerbaijan compared to students studying abroad based on statistics provided by the Fund for Peace Research Institute

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and the State Statistical Committee of the Republic of Azerbaijan. It shows a correlation where brain drain is reduced as more students study abroad, but the reality is more complicated.

There was a clear upward trend in studying abroad between 2008 and 2016, aligning with the development of the government’s previous study abroad scholarship program. During this time, 3,302 students studying Bachelor and Master of Science programs abroad were sponsored by the government, and it appears that most of these students returned to Azerbaijan. However, since 2016, the number of students studying abroad has decreased while brain drain has steadily increased. The drop in students abroad can be explained twofold. Firstly, the COVID-19 pandemic prevented a lot of students from studying abroad. Secondly, the 2008-2015 scholarship program period ended and was replaced with a focus on establishing four local double-degree programs and sponsoring PhDs to study abroad (126 were sponsored between 2019 and 2022). The double-degree programs allow students to gain an education accredited by a prestigious, internationally renowned university from within Azerbaijan and benefit the government by reducing the capital required to provide students with a high-quality international education. Moreover, the funded PhD students are under obligation to teach in Azerbaijan for five years upon their return, which furthers the quality of teaching and research within Azerbaijani institutions and universities.

However, in 2022-2026, the government plans to sponsor up to 400 students a year to study undergraduate and postgraduate programs abroad, and many COVID-19 restrictions are being lifted globally. Due to this, a spike in the number of students studying abroad should be expected in the coming years. Moreover, although brain drain has decreased overall since 2008, it has steadily risen since 2016. Considering the expected increase in students abroad and the upward trend of brain drain, the government should consider more student- and education-based policies to reduce the impact of brain drain.

The international student mobility that results from studying abroad has the potential to make positive economic, academic, cultural, and political contributions to Azerbaijan—

presuming that the students eventually return home. They can contribute to tax revenue, become high-quality teachers and researchers, and extend and strengthen cultural and political ties with different countries through personal and institutional connections. Therefore, the continuation of support and opportunities for students wishing to study abroad is vital to the continuing development of Azerbaijan.

Azerbaijan supports studying abroad primarily through the granting of scholarships. The government, and to a lesser extent SOCAR, are the two leading local sources of funding for Azerbaijani students in this category. Moreover, various international sources such as Chevening (UK) and Fulbright (U.S.) are available. Most funding providers stipulate that students must return to Azerbaijan for two to five years after completing their degree to reduce the impact of brain drain. This policy is also utilized in Kazakhstan—the Bolashak scholarship enables students to study abroad at top global universities and requires students to return to Kazakhstan for three to five years. However, recent research in the context of the Kazakhstan scheme suggests that many students who are “forced” to return to Kazakhstan eventually plan to leave the country after completing their obligations; something similar could be the case in Azerbaijan. Therefore, while the stipulation ensuring the return of students to their home country is beneficial to that country in the short term, more should be done to encourage graduates from foreign universities to voluntarily remain once their compulsory period of home-country residency has been completed.

Two clear ways to achieve this are improved salary and career development opportunities. Students studying abroad become privy to knowledge about the average salaries in their host country, which in countries such as the United Kingdom and the United States are often higher than they could attain for the same job role in Azerbaijan. This can lead to a desire to return to the host country to achieve a higher pay rate following their contractual obligations in Azerbaijan. One solution to this problem is to increase the salaries for graduates of prestigious foreign universities, specifically those with a high GPA in a field of particular interest for Azerbaijan’s development. However, economically, salaries in Azerbaijan cannot be matched to salaries in other countries, so the focus should be on establishing a similar standard of living. If students have a similar quality of life, and a similar amount of disposable income, they are more likely to choose to remain in Azerbaijan than work abroad.

In conjunction with this, graduates of foreign universities funded under the schemes indicated above should be provided with a clear path and potential for career development upon graduation. Although these ideas are already acknowledged and practiced in Azerbaijan, there ought to be more uniformity and standardization across all sectors. This could be achieved by establishing mentorship programs, where recent graduates are mentored by a fellow graduate from a foreign university occupying a leadership position in the same field in Azerbaijan. This would allow the graduate to feel seen, receive advice, and see the potential for career progression. Similarly, the sponsorship program should establish annual checks and reports on the graduate’s status through communication

with both the mentor and the mentee to ensure career progression. This would provide a sense of achievement and recognition they might not have achieved as easily in the host country and allow Azerbaijan to capitalize on the international expertise and knowledge in which the country invested. Unfortunately, some of the returning graduates find themselves in low-level jobs with poor pay, feel trapped in that situation, and eventually become alienated. Although low starting salaries are common and are to be expected, to remain motivated recent graduates enjoying the benefits of the schemes indicated above should be able to see a clear career progression path. The provision of mentorship programs instead of providing high salaries immediately after graduation would provide the government with a cheaper solution for the retention of internationally educated professionals.

Providing higher-level roles with higher pay for internationally educated professionals could produce an elitist hierarchy in industry, which overlooks the quality of graduates from Azerbaijani universities. Therefore, while internationally educated professionals certainly have an important role to play in the development of Azerbaijan, it is vital not to overlook the development and encouragement of Azerbaijani universities and vocational training.

Several Azerbaijani institutions of higher learning have adopted promising ways forward. For example, ADA University has increased its number of double-degree programs affiliated with international universities. ADA University has also partnered with five leading Italian universities (Luiss University, Bologna University, Politecnico di Milano, Politecnico di Torin, and Sapienza University of Rome) to ultimately provide degree programs in globally acknowledged fields of Italian excellence like agriculture and food science, interior and industrial design, and entrepreneurship. This enables collaboration with top universities and enables students to receive an education aligned with these standards while remaining in their home country. Moreover, ADA partners with dozens of foreign universities on exchange programs whereby its students can study at the affiliated universities for up to one year.

Similarly, Baku Higher Oil School developed a curriculum in partnership with Herriot-Watts University in Edinburgh and has clear industry links with companies such as SOCAR. Azerbaijan State Oil and Industrial University (ASOIU) has also established double-degree programs, primarily in geoscience and petroleum. These developments are crucial to Azerbaijan's educational development and should be further utilized by other local universities. Similarly, further expansion of these programs should be a continuing goal. Appropriate public funding should be allocated to enable universities in Azerbaijan to establish and maintain strategic partnerships with internationally renowned universities.

Additionally, as mentioned in a policy memo published by IDD on 1 June 2022 in cooperation with the Azerbaijan France Chamber of Commerce, a higher level

of interaction between higher education and the corporate sector needs to occur in Azerbaijan. Due to a suboptimal level of interaction, curricula are often outdated and do not match the rapidly changing needs of the corporate sector—especially those related to technology and innovation. This ultimately limits the development of Azerbaijani higher education, as students are not adequately prepared for engagement in skilled work. As a result, local graduates are less likely to be employed in the field in which they studied, resulting in demotivation and brain waste (where individuals are employed in jobs that do not match their education and skills). To counteract this, universities should collaborate with industry in designing, implementing, and teaching degree programs, and the government should encourage the standardization of this practice across the country.

Moreover, local universities should work to establish prestigious postgraduate degrees in close partnership with industry. These programs would benefit the industry by educating students in line with industry's contemporary needs and benefit the universities by offering a high-quality education with practical implications. Moreover, these programs could incentivize students by effectually guaranteeing all those with a high GPA a job offer with an appropriately generous starting salary. Additionally, universities should partner with industry to offer re-skilling programs to improve the quality of current workers in Azerbaijan. Although there are currently data and computer science courses aimed at experienced staff, they do not guarantee a job offer or an improvement in income. By partnering with industry and corporations, the universities could increase engagement with these programs by offering participants tangible economic and professional benefits for participation, perhaps in conjunction with the newly-established Center for Analysis and Coordination of the Fourth Industrial Revolution.

Although improving local education and policies to attract internationally educated graduates to stay in Azerbaijan will benefit the country, policies should also be directed at capitalizing on the potential of the Azerbaijani diaspora to fully reduce the impact of brain drain. Inevitably, some students who study abroad will ultimately choose to remain in the host country in the long term for a variety of reasons, such as job opportunities, an affinity for aspects of the host country's culture, or marriage to a citizen of the host country.

Recognizing that the Azerbaijani diaspora can further contribute to Azerbaijan's development in diverse ways is essential. A recent study in Georgia found that some recent political and legal reforms in the country can be traced back to members of the Georgian diaspora. One member consults with the Georgian Ministry of Justice on aspects of German law that can be adjusted and implemented in Georgia. This increases the flow of transnational ideas into the country and has potentially far-reaching benefits that are not necessarily dependent on the return of Azerbaijanis to their home country. Similarly, the Azerbaijani government has implemented the 'brain gain program,' which facilitates meetings between experts within the Azerbaijani diaspora and local staff

and students. This allows for a double benefit for the country—the knowledge of the diaspora is returned to Azerbaijan, and knowledge is increased among those living in Azerbaijan. However, the utilization of the diaspora network to facilitate brain gain and brain circulation is not yet fully realized and integrated within policy. More networking between the diaspora and locals should be encouraged on a governmental level, with Azerbaijani diplomatic missions playing a more prominent role. Committees could also be established to facilitate communication on various current issues. Platforms such as the Azerbaijani Alumni Association should establish working groups within the diaspora that can easily bring together people from the same background. For example, given the current water crisis, a group could be set up for scientists specializing in this field from across the diaspora and within Azerbaijan, who could work together to find solutions to this issue. Many Azerbaijanis, both within and outside the country, would want to participate to support their country, network with other experts in their field, and work towards proposing practical solutions for real-world problems.

Career and Industry Development

Azerbaijan has invested heavily into educating its workforce, by both local education reform and sponsoring study abroad, through financing that is largely provided by public sources. However, if educated professionals choose to leave Azerbaijan, they no longer contribute to tax income and are likely to not contribute to the country's development. Therefore, it is important to encourage highly educated citizens to continue to be financially and developmentally valuable to Azerbaijan. This can be achieved in three main ways: encouraging educated professionals to remain or return to Azerbaijan, utilizing the Azerbaijani diaspora from abroad, and persuading foreign nationals and companies to establish themselves in Azerbaijan.

Like the state's recent PhD sponsorship program, industry should be encouraged to sponsor PhD research undertaken by their employees. Organizations should have a quota of sponsorships that reflects the needs of specific fields per year to ensure this development occurs. This would stimulate development and innovation, provide a clear path for further education and career development for top employees, and encourage the retention of employees by providing a clear and financially viable path to becoming experts in their industry. Similarly, the government should prioritize and encourage Azerbaijani citizens to develop their own businesses and start-ups with additional grants and investments. This would diversify the market in Azerbaijan, encourage development, and provide citizens with the opportunity for innovation and career independence.

Furthermore, a leaf can be taken out of Ukraine's book to encourage students to return home. Just prior to the onset of the war in Ukraine, President Volodymyr Zelensky established a loan program for small- and medium-sized businesses. The program provided affordable low-interest loans to Ukrainians with businesses living abroad and Ukrainian residents who wanted to start a business. These loans facilitated not only the

citizen's return but provided the capital to grow their business in Ukraine itself—a financial opportunity they would not get if they remained abroad. Despite this, the program was criticized for not being enticing enough (The loan provided up to 55,000 USD with annual rates of 5-9 percent). It has been suggested that countries should instead provide reimbursement for relocation costs (including travel and housing) and the provision of subsidiaries and tax benefits to encourage citizens to move their businesses back to their home country.

However, Azerbaijan does not need to facilitate the movement of all diaspora members back into the country to eliminate the effects of brain drain. Research in Kazakhstan has shown that Kazakhstanis working abroad do not necessarily need to be physically present to influence the country's development, with an increase in digital start-ups and mentoring and consultancy initiatives being seen. Azerbaijan could also capitalize on this trend by establishing stronger support and community initiatives with the Azerbaijani diaspora to encourage collaboration between those living abroad and locally. For example, Azerbaijan could establish a similar program to India's Overseas Citizenship (OCI) program. The OCI provides multi-entry and multi-purpose visa-free travel to India for the children, grandchildren, and great-grandchildren of Indian citizens, spouses of Indian citizens or OCI card holders, and other groups. This program works to extend India's links to its diaspora on a multi-generational and multi-national level. As the Azerbaijani diaspora grows with each new generation born into it and the increased prevalence of marriages with foreign citizens, this program would have the clear benefits of establishing stronger links and ties between the diaspora and Azerbaijan. Instituting such a program could ensure an easy means for those with links to Azerbaijan to travel more freely to the country, thus providing more opportunities for interaction, cooperation, and collaboration.

Moreover, since the COVID-19 pandemic, there has been a rapid increase in the number of remote workers, which, in turn, has led to the globalization of the workforce. Nowadays, people do not need to be physically present in a country to work for a company based there. This has led to an increase in Azerbaijanis working remotely for international companies, providing citizens with international opportunities and higher salaries. To capitalize on this, the government should establish a more friendly remote worker environment within Azerbaijan for both the retention of Azerbaijanis and to attract international workers. This can be achieved by simplifying tax regulations and providing easy access to visas for remote workers. An example of this is Portugal, which has capitalized on remote working by providing the D7 visa, which allows foreigners to reside in Portugal if they can provide proof of their income from a non-Portuguese company. The establishment of such or similar policies could motivate foreign remote workers to reside in Azerbaijan.

Similarly, the government should consider initiatives currently being taken by some Central and East Asian countries to attract foreign workers. These countries attract

immigration by placing adverts (primarily on social media) that redirect users to websites that offer easy relocation, governmental support, business financing initiatives, and job adverts. While this may only result in a small influx of internationally educated professionals, it will contribute to the establishment of Azerbaijan as a potentially fruitful place to relocate and work in the minds of such categories of foreigners.

Moreover, Azerbaijan should consider taking advantage of the current geopolitical situation that has resulted in many international companies pulling out of Russia due to the West-led sanctions and export restrictions regime imposed on that country. Azerbaijan could provide such companies with a new base of operations with carefully-designed tax benefits and other such initiatives. International companies generally provide higher salaries, eventually pushing up salaries in the entire job market. As a result of these higher salaries, local workers are more likely to be motivated to remain in Azerbaijan. The establishment of global companies in Azerbaijan will, in turn, attract talented international staff who can simultaneously increase brain gain and pay local taxes on their income. However, international companies entering the Azerbaijani job market could potentially concurrently have the opposite effect. The existence of the Azerbaijani branch would establish easier opportunities for locals to relocate to other branches, contributing to brain drain. Despite this, the overall impact of international companies would be positive. The job market would diversify, an influx of internationally educated and qualified professionals would occur, and collaboration would be achieved between local and international workers and companies.

Summary of Recommendations

- Continue to fund the development and expansion of double-degree programs and semester/year abroad partnerships between Azerbaijani and foreign universities.
- Incentivize higher starting salaries for graduates with top GPAs in fields of specific interest for Azerbaijan's development.
- Establish mentorship programs for recent graduates from foreign universities with experts in their field.
- Encourage sponsorship programs to conduct annual check-ins and reports on their graduates.
- Encourage universities and industry to collaborate in developing degree programs in line with current industry needs.
- Partnerships between universities and industry for prestigious postgraduate degrees for students with high GPAs and re-skilling courses for current employees.
- Increased official networking channels and groups for the Azerbaijani diaspora, particularly targeted at connecting experts in 'groups' to find solutions to national issues.
- Encourage industry to sponsor PhD research undertaken by employees.
- The prioritization of grants and investments for small- to medium-sized businesses and start-ups.
- Relocation incentive programs for small- to medium-sized business owning Azerbaijani's abroad.

- Multi-entry and multi-purpose visa entry for multi-generational and transnational members of the Azerbaijani diaspora.
- Establishment of a remote workers visa to encourage migration.
- Tax reforms, benefits, and initiatives to encourage the establishment of international companies in Azerbaijan, including those wishing to relocate from other countries in the region.