

TORINO PROCESS 2012

KOSOVO*

EXECUTIVE SUMMARY



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Kosovo has the weakest employment track record in Europe. High unemployment and a lack of quality jobs have contributed significantly to poverty and income insecurity as well as to gender inequality, social instability and ethnic tensions. The situation is compounded by a poor overall investment climate (including for foreign investment), limited growth and a small private sector. The current economic situation is likely to be exacerbated in the near future as the age distribution of the population will inevitably lead to further expansion of the labour force and the consequent need to create more jobs. The key development challenge facing Kosovo today is how to stimulate economic growth that sustainably creates better opportunities and quality jobs for a growing population of young people.

Kosovo's economy continues to be seriously constrained by factors such as limited access to finance, weak infrastructure, poor governance and a poorly skilled workforce. High relative and absolute poverty levels and high unemployment rates for women, young people (including among educated and skilled young people) and minorities (especially the Roma, Ashkali and Egyptian ethnic groups) are part of a broader problem characterised by weak labour markets that simultaneously offer few and poor employment opportunities.

Widespread income poverty limits opportunities for investment in education and training and other key social entitlements, as evidenced by relatively low social indicators. Although Kosovo has increased its net primary enrolment rate to 96%, its secondary and higher education enrolment rates lag behind those for the Western Balkan region. Gender disparity and high dropout rates characterise Kosovo's education and training system, which is failing to equip its students with the skills required by the labour market. Figures for educational attainment show marked urban/rural disparities: only half the children living in rural areas attend secondary school compared to two thirds in urban areas. Gender disparities are evident, with females representing under half of all students on average. Approximately 4% of the Kosovo population is illiterate, but the significant gender gap is evident in the fact that illiteracy is three times higher among women.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the International Court of Justice's Opinion on Kosovo's declaration of independence – hereinafter 'Kosovo'.

The development of vocational education and training (VET) and other work-related skills policies is crucial to equip Kosovars with skills and competences that will be decisive for national and local economic growth. Overall reforms are in progress; the government has designed an overarching framework and set ambitious goals for the education and training system in Kosovo.

The Kosovo Strategic Education Plan 2011-2016 is fully operational, even in terms of structures for its management and supervision. Positive developments have culminated in the organisation of the first Government and Development Partners Education and Training Joint Annual Review, which took place in Kosovo on 28 to 30 March 2012. The Analytical Framework for Vocational Education and Training System Review (the Torino Process) of the European Training Foundation (ETF) has been adopted by the Kosovo government for annual VET sub-sector reporting.

In considering the overall vision for VET, VET governance and VET management, policy efforts are currently focusing on key building blocks such as the national qualifications framework, centres of competence and improved school management in terms of financing, teaching, facilities, teaching materials development and professional development for teachers.

Efforts are being made to determine, jointly with employers and trade unions, the state of play and vision for the VET system in Kosovo. Legislation on VET and adult education are in the pipeline for approval. Policy discussions are at an advanced stage regarding the establishment of the planned VET and Adult Education Agency with the support of key VET donors.

There have been significant improvements in VET centre management, teaching, facilities and materials development. Two new sectoral centres of competence have been built and two more are under construction. Efforts are being made to integrate these centres of competence into the national VET system. Progress has been made with career counselling, the training of trainers in career guidance and counselling and developing professional standards and new curricula for new job profiles. Efforts are being made to better manage and enhance the transparency and efficiency of financial flows to VET schools.

There is still great scope for improvement in managing these affordable VET policies and in achieving the set goals. Successful implementation of the Kosovo Strategic Education Plan and other reform efforts will all depend greatly on a coordinated approach by all the institutions and other stakeholders involved in the process.

Donors are reducing support to vocational training and planned public expenditure on VET is inadequate. Although the business community appears willing to share funding for the VET system, as yet no structured discussions have taken place with enterprises/employers on possible co-funding and the diversification of funding sources for VET.

Capacities and the institutional policy evaluation culture are not adequate to the declared strategic goals. A main concern is administrative capacity, impaired by political agendas, a chronic lack of suitable human resources, high staff turnover and insufficient implementation and monitoring capacities. A Joint Financing Arrangement for Education has been developed but has yet to be put in place and a pooled fund is expected to come on line in 2013, with the government and several development partners expressing interest in this arrangement. Support to capacity development for central entities and municipal education departments will be the focus of the pooled fund.

Structural and systemic VET sector changes versus more of the same VET. Kosovo has managed to avoid recession in recent years and has even registered small increases in gross domestic product (GDP). However, it is still one of the poorest countries in Europe, largely reliant on remittances and donor aid. Furthermore, the informal economy continues to represent about half of GDP. The economy is dominated by the services sector (over two thirds of GDP), followed by industry (one fifth of GDP) and agriculture. Internal and external imbalances as triggered by poor fiscal policy,

high inflation rates and a dysfunctional labour market are the main features marking the socioeconomic situation in the country.

The services sector is the largest source of employment. There are a number of policy measures undertaken by the government in the agricultural sector. Although they appear to have positively influenced efficiency in the agriculture sector, the results should be interpreted with caution, given the available qualitative and quantitative information.

The initial and adult education and training systems are under pressure, due to consistently high birth rates; around a quarter of the population is below the age of 15 years while just under two thirds of the population are aged 15 to 65 years.

Severe weaknesses are evident in the VET system, raising concerns about its capacity to produce competent and skilled workers. Policies and practices aimed at preparing young people for work, developing the skills of adults and responding to labour-market needs continue to be hindered by the limited data available, most especially data that can be reliably compared. There is, for instance, a lack of internationally comparable data regarding whether VET graduates have the right skills and competencies for the job market. Policy makers also still lack a clear picture of school-to-work transition.

Skills acquired versus skills required. VET supply to the labour market is of limited relevance. Since a major problem is that educators and employers operate on entirely different institutional turfs, the solution lies in bringing these two universes together. Cross-sectoral policy makers – because they understand better what firms demand and what education institutions supply – are designing and implementing policies that will improve the fit between these two universes. Designed policies and practices need to enable and facilitate the institutional partnerships responsible for the delivery of VET.

Reforms initiated under individual projects need to be assessed and good practices need to be disseminated throughout the system. The centres of competence are the most prominent initiative in terms of helping to raise VET attractiveness and prestige and articulating VET with the labour market on a sectoral basis. These centres, however, need to be made fully functional; furthermore, critical reform features such as autonomy, multi-service provision, work-based learning and flexible pedagogical organisation need to be promoted and disseminated. Success will largely depend on building linkages with tertiary education and on the involvement of enterprises and their sectoral representatives.

In the policy-making process, the setting of strategic goals and the initiative to strengthen cooperation between VET governance institutions and the labour market are of great importance in improving external economic efficiency. Any progress made in better linking VET to the labour market does not rely solely on the VET system, but also on prospects for the country's economic sectors. Better VET is not a cure-all for the jobs crisis in Kosovo: thousands of young people will continue to be unemployed as long as demand remains slack and economic growth remains sluggish. But VET can at least help overcome the huge mismatch that hampers economic growth not just through the shortage of jobs but also through the shortage of skills.

Overall, based on the limited and fragmented information available, it could be inferred that the VET system has made some progress in addressing and improving external economic efficiency. But although demand for some VET professions is growing, employers still state that the VET system fails to equip young people with skills that match the vacancies available. Employers increasingly complain about the shortage of skilled workers and the lack of workers with good behavioural qualities.

A number of priorities need to be considered when gearing VET policy initiatives towards improving external economic efficiency while responding to sociodemographic, economic and labour market issues. The government's initiative in providing incentives for key economic sectors should guide VET

policies in terms of linkages with the labour market. Measures for reducing the high unemployment rates prevailing in the country should include: (i) restructuring the education and training system to meet labour-market demands; (ii) increasing VET capacity to meet the needs of job-seekers and the unemployed; (iii) offering specialised services such as information and career guidance; (iv) establishing a reliable labour-market information system aligned with education statistics; and (v) developing a clear plan (using incentives, tax exemptions or other means-based measures) to encourage local and international businesses to hire VET graduates.

The relevance of VET and its multi-dimensional contributions are to be seen not only in the skills dimension, but also in the civic, social and equity dimensions. Strategies and policies aimed at combating social exclusion and poverty are key government priorities, driven by aspirations for European Union (EU) membership. The government is fully aware that low skill levels and poor educational attainment contribute to social disadvantage because they are associated with poorer labour-market outcomes and labour force non-participation.

There is still a long way to go to achieve compatibility with EU social inclusion requirements in terms of better educational provision for disadvantaged people and groups in need. Issues of equity and inclusion, however, have not been central to the main or core business of the VET system or of most VET providers, but have usually been considered as an optional extra (usually supported by donors) rather than as an integral part of the day-to-day functioning of the VET system.

The concepts of social inclusion, social cohesion and equity are unfamiliar and relatively new. Furthermore, the capacities of the existing system for dealing with social inclusion are limited. There is also a lack of research capacity, solid evidence and analysis that could inform the policy-making cycle on social exclusion and social inclusion. Key policy issues and challenges are related to enhancing equity, access and participation by marginalised groups in education, employment and society.

The most economically, socially and politically marginalised youth sub-groups – individuals with disabilities, women, ethnic groups (especially the Roma, Ashkali and Egyptians), people living in rural areas and the children of single-parent families and from families with a history of parental illiteracy and unemployment – miss out on VET and employment opportunities. VET schools, moreover, seem incapable of optimising the possibilities of a school–home–employer–community collaborative approach to their students.

The time is ripe for a new approach in which equity and inclusion are adopted as central objectives for VET, i.e. as integral to the system rather than additional to ‘real VET’. Efficiency and equity arguments should be brought into play in boosting employability and competence at work. One way to do this would be to increase access to relevant, well-designed and properly delivered programmes through VET schools and providers.

Participation (and therefore also education attainment) in VET would be improved if policies and practices in the system were re-developed according to universal design principles that assume a diverse student body rather than ‘typical students’ and ‘other students’. This approach should include paying attention to funding models, national/state agreements, reporting requirements, training package design, teaching and learning materials development, all teaching and assessment practices, the professional development of staff and the methods and media through which training is delivered.

Large numbers of young people enter the labour market each year and encounter very limited job opportunities. The risks of poverty continue in both rural and urban areas (in particular among the long-term unemployed, the inactive population, large families, individuals with low educational achievement, ethnic/non-Serb minorities etc.). The approach to supporting these groups should go beyond the individual donor-led approach and become more systemic, integrated, tailored and

targeted. Eligibility and access, including for adult education and training, should be enhanced in a context of specialist and dedicated packages aimed at inclusion.

Interventions often remain low-scaled because of a lack of resources to fund adult education and training and active labour market programmes. Enhanced evidence would have a positive impact on the monitoring of interventions and on building an information infrastructure as a crucial tool for the proper use of public funds. There is a need to move beyond single-sector strategies to strengthen partnerships and inter-ministerial cooperation so that mutually reinforced social inclusion strategies can be developed.

The national authorities are seeking to improve national VET system quality. A key instrument to achieve this aim is the national qualifications framework, managed by the National Qualifications Authority and currently being implemented. Criteria have been set for the validation of qualifications and the accreditation of providers developing and/or awarding qualifications. Several qualifications have already been incorporated in the framework and a number of providers have been accredited.

The National Qualifications Authority can, by now, be said to be a major player in the national VET system, as it plays an increasingly important role in promoting VET system quality, in supporting schools in self-assessment processes and in providing guidance on issues such as developing occupational standards.

Although significant investments have been made in human resources, the available data shows that few VET teachers have a recognised teaching qualification. The legal framework for the professional development of teachers is not yet clear in Kosovo. Updating pre-service and in-service teacher education and development programmes in line with the new national curricular framework remains a key priority for stakeholders, in particular for the sub-sector working group on teacher training and development.

The VET system still struggles with poor infrastructure and a poor image and is not attractive to young people. The situation is not much better on the demand side; the business community continues to complain about VET student deficiencies in practical skills and technical competences. The need to adapt curricula to the characteristics of particular occupations is a common recommendation made by employers.

The recently introduced Kosovo Curriculum Framework, still in the early stages of implementation, does not fully consider the potential of partnership with labour-market actors. A more general challenge for the sector is better integration of learning pathways, either vertically in the same field or horizontally between different fields. A further challenge is that some employers do not recognise some of the VET certificates.

There have been a number of initiatives for promoting internships that provide some financial support to both the student and the host company. However, no evidence is available regarding mechanisms and/or incentives to enterprises in exchange for work placements for VET students. The system needs to develop mechanisms for cooperation with enterprises and to strengthen links with labour-market actors; this includes sharing and producing information and evidence of common interest.

Occupational standards are the starting point for outcomes-based curricula and qualifications. At present Kosovo has only a small number of standards, in most cases developed by external donors in cooperation with local stakeholders. As with qualifications, the number of such standards needs to be increased.

The State Council for Curricula, in close cooperation with technical teams, revised the Kosovo Curriculum Framework, shifting from curriculum-based to outcomes-based training and learning inputs.

However, learning outcomes to date have been developed only for general upper secondary education and not for VET, indicating the low priority awarded to the latter.

Another activity in the area of VET quality is the candidacy process for VET schools aspiring to become centres of competence, to be assessed against the criteria used for current centres of competence.

VET reform cannot take place without a comprehensive review of system governance and financing. This review would identify progress, even if mainly at the level of policy for the present. However, the government's vision and policy ambitions for VET governance do not necessarily correspond to the reality. VET continues to be poorly represented or absent from central education structures and budgets. VET governance and financial mechanisms have traditionally been highly centralised in Kosovo. Efforts have been made to decentralise funding to the regional or municipal levels (as with the centres of competence). There is a general interest in giving VET schools more (although limited) financial autonomy in terms of powers to retain and deploy income raised through commercial services. Consequently there is much discussion regarding the following issues: the ability of VET schools and training centres to raise funds in the local market; detailed donor (especially the World Bank) analyses and recommendations in regard to financing formula; budgetary efficiency and effectiveness measures; analyses of finance ministry (in parallel with education ministry and labour ministry) budgeting and regulatory mechanisms; and insufficient public and private funding to enable reforms to move forward rapidly.

There is widespread acknowledgement among stakeholders that the VET system is fragmented. Much experience has therefore been acquired from other countries in the region and elsewhere by observing different models/institutions composed of the various partners charged with providing policy directions and making sure that the demand for skills is met as much as possible. Recent revisions of the VET and adult education legislation reflect policy developments in this area. Discussions are being finalised on the establishment of a new VET and Adult Education Agency. The revised VET and adult education legislation clearly reflect the roles and responsibilities of this body as an operational and not a policy-making body. The implementation of these laws has also taken account of the respective roles of, and relationships between, the National Qualifications Authority, continuing VET and the VET and Adult Education Agency.

In considering the emerging governance and financing model for the VET system in Kosovo, there is a need to find the 'right' incentives to encourage enterprises and their representatives to become involved in VET management, to link decentralisation with quality and to build consistent institutional arrangements for VET system governance. The government, supported by the United Nations Development Programme Kosovo, is conducting an assessment of professional practices in Kosovo. The focus is on establishing VET school-enterprise partnerships to organise work placements for VET students based on a clear, consistent and well-documented approach across the entire network of VET schools. Enhancing the technical and managerial capacity of VET school principals and employers in terms of establishing successful partnerships of this nature is crucial to success. The government and VET school managers are currently considering a mixed funding package (by central government, social partners and municipalities) and are also taking on board the notion of managing commercial activities.

So far, government approaches are failing to strategically consider incentives for enterprises to become involved in steering, managing and financing VET. Appropriate incentive schemes to promote business-education cooperation are lacking and social partnership platforms are still in the early stages of development. Under the leadership of the Ministry of Education, Science and Technology, efforts have been made to establish an intergovernmental VET forum through the VET Council, whose role is to bring together the different interests, knowledge and skills of a range of state organisations/institutions, social partners and other stakeholders in VET.

The fundamental concern is the adequateness of financial means and the inefficiencies and unequal treatment (centres of competence versus VET schools) evident in current expenditure. Clarity, consensus and political decision making regarding investments, sources of funding and funding mechanisms will need to be addressed jointly by the government and by donors as the main funders of VET in Kosovo. For instance, Administrative Instruction No 05/2012 regarding the centres of competence lists specific responsibilities for a VET body, which still has to be established. While there is agreement among stakeholders on the objectives of the VET and Adult Education Agency, agreement still needs to be reached on its governance.

In the five sections of the report, the authors propose a number of measures to deepen reforms in inclusive education and training policies on the basis of evidence collected during this study. Although implementation is the responsibility of VET policy makers and stakeholders in Kosovo, the authors of this report believe that the education and training system should consider the following **policy and practical actions**.

Short-term

- Connect education strategies to other key development strategies to develop a medium-to-long-term vision for skills shared by key stakeholders, define strategic priorities and develop a road map explaining how these skills will be generated (e.g. setting economic, employment, social and cultural strategies).
- Move, via sector skills councils, towards more sector-based considerations (aligned with EU-level developments) in the human capital agenda of the Economic and Social Committee, the Chamber of Commerce and the Kosovo Business Alliance. In this regard, consider more formal recognition and support for sector skills development and the engagement of enterprises in policy and delivery arrangements.
- Increase responsiveness to new occupational needs and promote a more entrepreneurial culture by reinforcing entrepreneurship education and training.
- Revive a new partnership momentum, by involving education, economy and employment policy authorities in cooperation with social partners, civic interest groups and enterprises, so as to re-establish the policy drive that was a particular feature of Kosovo's early work under the European Charter for Small Enterprises. The Ministry of Education, Science and Technology can play a particular role here in providing leadership and strategic direction, particularly as the entrepreneurial learning agenda assumes further importance at the EU level.
- Improve governance and institutional arrangements for the development, implementation and monitoring of VET/employment policies by enhancing the resources and administrative capacities of institutions involved in programming and managing policies. The VET and Adult Education Agency should preferably be developed and established in cooperation with all the implicated ministries and with other stakeholders.
- Formalise VET school-enterprise partnerships to organise work placements for VET students based on a clear, consistent and well-documented approach across the entire network of VET schools and enhanced technical and managerial capacity of both VET school principals and employers.

Mid-term

- Ensure a better balance between general education and VET at the secondary level by reviewing the Kosovo Curriculum Framework and ensuring that it serves as a base for the development of the competences required by the current socioeconomic system while leaving educational options open for learners.
- Diversify higher education with the introduction or enhancement of post-secondary VET and professionally oriented university programmes and by ensuring better links between universities and enterprises.

- Attract and retain more women in the VET and adult education system, tackle the gender bias in education, training and recruitment and develop actions and policies to support adult learning (including recognition of non-formal and informal learning) so as to provide opportunities and incentives for adults to enhance their skills and hence their adaptability and employability.
- Facilitate school-to-work transition and broaden youth access to the labour market by tackling the labour-market relevance of school curricula, facilitating the acquisition of work experience and general and social skills and by providing support to young people in setting up their own businesses.
- Improve the education information system (specifically, the Education Management Information System) and harmonise education data collection at school and central level with the Kosovo Statistical Office so as to improve education data analysis and the use of statistical indicators for quality improvement and planning purposes. Provide further human and financial support, including extra qualified statistical staff, to improve policy making based on comparable information.

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