Policies for Human Capital Development

Kosovo*

An ETF Torino Process Assessment

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence – hereinafter ‘Kosovo’.
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PREAMBLE

This European Training Foundation (ETF) assessment provides an external, forward-looking analysis of the country’s human capital development issues and vocational education and training (VET) policy responses in a lifelong learning perspective. It identifies challenges related to education and training policy and practice that hinder the development and use of human capital. It takes stock of these challenges and puts forward recommendations on possible solutions to address them.

These assessments are a key deliverable of the Torino Process, an initiative launched by the ETF in 2010 aimed at providing a periodic review of VET systems in the wider context of human capital development and inclusive economic growth. In providing a high-quality assessment of VET policy from a lifelong learning perspective, the process builds on four key principles: ownership, participation, holistic analysis and evidence-based analysis.

Human capital, in this context, is the provision of support to countries for the creation of lifelong learning systems that provide opportunities and incentives for people to develop their skills, competences, knowledge and attitudes throughout their lives for the sake of employment and realisation of their potential, and as a contribution to prosperous, innovative and inclusive societies.

The purpose of the assessment is to provide a reliable source of information for planning and monitoring national education and training policies for human capital development, as well as for programming and policy dialogue in support of these policies by the European Union and other donors.

The ETF assessments rely on evidence from the countries collected through a standardised reporting template (i.e. the national reporting framework) through a participatory process involving a wide variety of actors with a high degree of ownership by the country. The findings and recommendations of the ETF assessment have been shared and discussed with national authorities and beneficiaries.

This assessment report starts with a brief description of the strategic plans and national policy priorities of Kosovo (Chapter 1). It then presents an overview of issues related to the development and use of human capital in the country (Chapter 2), before moving on to an in-depth discussion of problems in this area, which in the view of the ETF require immediate attention (Chapter 3). Chapter 4 provides a conclusion of the analysis. Annex 1 summarises the key recommendations in table format, while Annex 2 provides a chart of Kosovo’s education and training system. The National Report of the Torino process can be found at: https://openspace.etf.europa.eu/trp/torino-process-2018-2020-kosovo-national-report.
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EXECUTIVE SUMMARY

The European Training Foundation (ETF) Torino Process assessment provides an external, forward-looking analysis of the country’s human capital development issues and VET policy responses in a lifelong learning perspective. It is based on evidence provided in the Kosovo National Torino Process Report compiled in 2018 using a standardised questionnaire (National Reporting Framework – NRF) and additional information sources, where relevant.

Findings on human capital

**Economic context and challenges**

The very small domestic market, limited integration into international markets and a suboptimal business environment, including issues related to infrastructure (e.g. energy), the regulatory and business support framework and widespread informality, have led to low levels of formal job creation and, hence, a sluggish labour demand. These have compounded problems on the labour market.

**Demographic developments**

Demographic developments point to a major decline in the youth population due to both continuously falling birth rates and the emigration of young people and families.

**Labour market context and challenges**

Labour market indicators for Kosovo lag considerably behind other countries in the Western Balkan region and the European Union (EU). High numbers of new labour market entrants every year and the lack of jobs translate into high inactivity and unemployment rates. Kosovo records the lowest female activity and the highest youth unemployment in the Western Balkan region, which results in huge underutilisation of their skills. University graduates stand better chances on the labour market, although many of them may end up in jobs requiring lower skills. This leads to a further deterioration of labour market chances of people with medium or low qualifications and reinforces the trend of young people who wish to enrol in higher education. Almost one in four employed persons in Kosovo work in precarious employment conditions, which implies an inefficient use of human capital. Furthermore, the high share of people not in employment, education or training (NEETs) poses a risk to equitable human capital development.

Young people benefit most from labour market training, the most frequently used active labour market policy (ALMP) of the public employment service. However, participant numbers are small and training alone does not always improve the position of young people on the labour market. Kosovo has by far the lowest female labour force participation rate in the region. Key explanations include family responsibilities and limited access to child and elderly care, social norms and discrimination, lower levels of education and work experience, the high cost for employers of lengthy maternity leave, and women’s limited access to assets and productive inputs. Increasing women’s participation has become one of the public policy priorities by including more women in ALMPs, but respective measures are yet to be implemented.

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1 The six Western Balkan countries include Albania, Bosnia-Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.
Access, participation and early leaving from education
Participation in early childhood and basic education remains an issue for children from vulnerable backgrounds. One in ten young people leave school without completing upper secondary education, which leaves them with inadequate skills to cope with work and life challenges and puts them at a disadvantage in the labour market. Relatively high progression rates from VET to higher education and the low completion rates in higher education point to inefficiencies in public skills formation systems. Once out of school, few possibilities remain for adults to develop their skills. Efforts are taken to include adults in formal programmes at vocational schools and jobseekers in non-formal short courses at publicly funded vocational training centres (VTCs). However, capacity is highly restricted and low-skilled jobseekers benefit the least from training provision in VTCs, which hinders people from moving off the unemployment register.

Quality and relevance of basic education, VET and higher education
The lack of basic skills ill-equips Kosovo’s young people for later learning and work. At least 30% of vocational schools offer vocational programmes for which there is little demand in the market (MEST, 2016, p. 27). Problems of aligning VET with labour market needs, in tandem with a generally poor practice orientation, form obstacles to the development of more relevant professional skills. Curricula are insufficiently oriented towards developing the skills contained in qualifications. Many teachers lack an insight into the world of work and practical skills. Equipment and consumables are missing and relations with employers are weak. In the field of higher education, issues with academic staff, outdated content, corruption, little quality control and limited business cooperation currently prevent better skills outcomes.

Recommendations for action
The European Training Foundation assessment provides recommendations about improvements in education and labour market policies that can help address the key human capital challenges discussed in this report.

Economic context and challenges
Human capital development – or, within our context, education, skills and employment policies – are horizontal issues that are to underpin the economic and social priorities of a country’s development. Several recommendations emerge from Kosovo’s Economic Reform Programme (ERP), which sets out priorities for the period from 2019 to 2021. Related human capital challenges are broadly to do with:

- mapping economic priorities and using skills needs analyses at national, sectoral and regional (intra-country) levels to align skills formation systems for young people and adults with labour market requirements;
- nurturing cross-sectoral/cross-curricular key competences with a specific emphasis on entrepreneurship and digital skills across the education continuum;
- implementing a number of integrated measures that equally address labour demand and supply-side issues and combine skills training with support to business start-ups and growth.

Demographic developments
Adequate educational planning and an adjustment of the network of education institutions and staff would allow the Kosovo government to make economies of scale and to invest saved funds into upgrading facilities and improving the quality and outcomes of education and training.
Labour market context and challenges

Adopting a joined-up, cross-governmental approach is central to promoting female participation as part of the gender equality agenda. The ability of women to work is contingent on:

- high-quality, affordable child and elderly care, particularly outside the capital and in rural areas;
- changing labour regulations to improve working hours and conditions for women with children and to shifting part of the financial burden for maternity leave away from employers, which discriminates female job candidates;
- improving education and skills of women;
- increasing the property ownership rate of women;
- increasing female entrepreneurship;
- other factors including improved information on job vacancies and employment services, the creation of professional networks, and adequate transport facilities.

Young people face enormous difficulties to enter the formal labour market due to both skills and labour demand issues. In response to employers’ claims that they cannot find people with the right skills despite the high youth unemployment rate, continuous efforts are needed to further align education and training with labour market requirements, to help young people in their career orientation and to improve their practical skills. Structured cooperation of vocational schools, VTCs and higher education institutions with businesses could lead to more practical assignments and work-based learning opportunities for students. Setting up career centres in educational establishments could be a way for pupils and students to make more informed choices about educational and future careers, as are being suggested and established in vocational schools, for example by the Enhancing Youth Employment (EYE) project funded by the Swiss Agency for Development and Cooperation (SDC).

Working on the supply-side or skills issues alone will not suffice in the current context of job shortages. Entrepreneurship and self-employment are typically seen as alternatives and could be promoted at national and local levels through embedding entrepreneurial skills into curricula, training teachers, organising dedicated training sessions, and providing adequate levels of grant financing and coaching to start up and run businesses. Economic cluster approaches that link together different businesses in one region or along a specific value chain can help new businesses to start or grow and people to acquire new skills. Donors, partly with the help of local non-governmental organisations, are implementing integrated and individualised support measures. These are more costly but also more effective in helping disadvantaged people into jobs. However, issues pertinent to Kosovo’s business environment also need to be addressed.

Participation, quality and relevance in education

More measures are needed to enhance participation in early childhood education, especially of girls, children from rural areas, ethnic communities and vulnerable groups.

The Ministry of Education, Science and Technology (MEST) and local actors are encouraged to sustain and expand their positive efforts to ensure the inclusion of all children in both compulsory and upper secondary education. This is important because skills deficiencies reinforce existing inequalities. MEST will need to accelerate basic education reforms towards a competence-based curriculum. But, for the new approaches to take root, adequate teaching and learning materials are required to be in place and teacher training intensified. For jobseekers with weak basic skills, there is an issue of organising upskilling training in combination with vocational skills training.
As a matter of priority, key actors in Kosovo are encouraged to revisit governance arrangements for VET and subsequently VET legislation. It is recommended that this law be turned into a genuine piece of legislation that regulates all VET system functions in a comprehensive manner and covers VET for all target groups, in different forms, by different public, private or other providers, leading to different levels of competence.

The general skills shortage in Kosovo calls for creating more opportunities for adults to develop their skills. In view of the limited capacity of VTCs to respond to the demand of jobseekers, in particular low-skilled people, any VET institution that is well equipped to do so should be encouraged to expand their basic and vocational skills training courses for adults. An adjustment of the network of VET institutions and offers would contribute to making economies of scale and enhancing the relevance of VET provision. It would mean dismantling the boundaries between the two hitherto separately functioning systems of vocational education and vocational training. It also means bringing all types of public VET providers under one legal framework and having the Agency for VET and Adult Education manage all VET institutions.

VET providers are to be allowed to generate and reinvest their own income. At the same time, giving VET institutions more autonomy in terms of staff, courses, budgets, premises, facilities and procurement agreements needs to take place within clearly defined national frameworks. These include frameworks of qualifications and quality assurance, as well as accountability. This implies capacity building for VET institutions, the development of computer-based management (accounting, reporting) systems and the implementation of various quality assurance mechanisms at national and institutional levels.

Strengthening practice orientation in VET can only be achieved through structured solutions aimed at improving curricula, developing teaching and learning materials, better qualifying teachers, strengthening school–business collaboration, as well as allowing schools to generate their own income and reinvest it in new equipment and consumables. Company internships to promote work-based learning of VET students are to become an integral part of the VET curriculum. Guidelines and forms for implementation have already been developed. School coordinators, practice teachers and company instructors are being trained. The business liaison function in schools needs to be institutionalised and company internships – for school or university students or jobseekers – need to be regulated at national level. The aim must be that such schemes ensure maximum benefits for interns in terms of enhancing their skills and work experience.

Overcrowding in higher education institutions has led to major quality issues. Also, Kosovo’s labour market cannot absorb the high number of graduates with academic qualifications, while there is a demand for vocational skills. The Kosovo Accreditation Agency capacity needs to be strengthened to allow them to fulfil their important quality assurance functions with regard to higher education staff, institutions and programmes.

Present challenges and difficulties can only be overcome through dialogue and cooperation. That is why politicians, public agency staff, social partner representatives, experts, practitioners and members of civil society are encouraged to work together at national and local levels to develop a common vision for human capital development and revisit education, training and labour market policies in line with economic, labour market and social objectives.
1. INTRODUCTION

1.1 About this assessment

The present Torino Process assessment analyses the main challenges for the development and use of human capital in Kosovo and how education, training and labour market policies could respond. It discusses in more detail current key issues and policy responses related to governance in vocational education and training (VET), the high youth unemployment rate and female inactivity. It draws on information provided in the national Torino Process report for Kosovo\(^2\) and other sources. The assessment is addressed to policy-makers and their partners in the country who are concerned with the design and implementation of education, training and labour market policies. At the same time, the assessment can inform the design of new programmes or projects by the European Union (EU) or other donors.

Key messages include revising current governance and legal arrangements in VET to further advance VET system reforms at this point in time, with a view to better aligning VET provision with labour market needs and enhancing VET quality. Youth employment requires a multifaceted approach, ranging from developing young people’s practical skills to offering targeted training and job opportunities by employment services and employers. Furthermore, a joined-up, cross-government approach, addressing child and elderly care issues, maternity regulations, women’s property ownership, women’s education, skills and entrepreneurship, can help address the huge female inactivity levels.

This report starts with a short country overview and the strategies for human capital development (Chapter 1). Chapter 2 looks at demographic developments and their implications for educational planning, the economic and labour market contexts, as well as education and training, and related key challenges for human capital development. Chapter 3 reviews the current governance and institutional arrangements in VET, which currently appear to form a major stumbling block to further VET reforms in Kosovo. In addition, this chapter discusses in more detail the issues, policies and recommendations related to youth unemployment and the high female inactivity rate and the related huge underutilisation of skills. Chapter 4 provides a conclusion. Finally, Annex 1 summarises the key recommendations in table format, while Annex 2 provides a chart of Kosovo’s education and training system.

1.2 Country overview

Kosovo is a relatively young country, having gained independence in 2008. The country is also young for another reason: in 2019, young women and men under the age of 25 made up 42.4% of the population, compared to a rate of 47.3% in the 2011 census (KAS).

The legacy of the war, which ended in 1999, is still manifest and has contributed to economic underdevelopment, high unemployment, and dependency on the international donor community and emigrants’ remittances.

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\(^2\) Dukagjin Pupovci compiled the national report in 2018, which was endorsed by national stakeholders. It can be accessed at the following web link: https://openspace.etf.europa.eu/trp/torino-process-2018-2020-kosovo-national-report.
The EU has played a leading role in the international effort to build a new future for Kosovo since 1999. The EU Office in Kosovo ensures permanent political and technical dialogue between Kosovo and the EU institutions. Kosovo has a European perspective as part of the wider Western Balkans region. On 1 April 2016, a Stabilisation and Association Agreement between the EU and Kosovo entered into force. In November 2016, the Kosovo government together with the European Commission launched the European Reform Agenda to define reform priorities.

A government programme for the period 2017 to 2021 (Kosovo government, 2017) was adopted, building on four pillars:

1. Rule of law – with a focus on combating corruption and organised crime by introducing changes in legislation and conducting a full functional review of the rule of law sector;
2. Economic development and employment – with the aim to ensure sustainable economic development at an average growth rate of 5–7% annually;
3. Euro-Atlantic integration – strengthening Kosovo’s position in the international community by increasing recognition by other countries and ensuring membership in relevant international organisations;
4. Sectorial development – with a focus on education, health, social welfare, environment and spatial planning, as well as culture, youth and sports’ (Pupovci, 2019, p. 8).

1.3 Strategic context for human capital development


The strategies and action plans provide longer lists of relevant challenges and reform priorities. To name just a few, interventions linked to human capital development as the first pillar of the NDS include: 1) enhancing the quality of teaching and learning; 2) linking education programmes with labour market demand; 3) improving testing, inspection and accreditation in education; 4) optimising expenditure in education by advancing data collection systems; and 5) addressing informal employment and creating adequate working conditions for employees (Prime Minister’s Office, 2016).

KESP was a widely consulted document and sets the path for developing the entire education system. The main challenges in VET, as one of seven KESP areas, are described as: 1) the non-compliance of VET programmes with labour market requirements; 2) the lack of teaching materials for VET; 3) a missing core curriculum for VET; 4) issues with students’ professional practice in schools and internships in companies; and 5) the lack of career guidance and counselling.

MLSW’s Sector Strategy cites the following key challenges: 1) the limited inclusion of unemployed people in employment services; and 2) the lack of active labour market measures that particularly focus on women and young people (Pupovci, 2019, p. 8 ff.).

The MLSW’s Action Plan has a cross-sectoral nature, covering key challenges in VET in relation to young people’s transition to the labour market and listing relevant measures (MLSW, 2017b).
In its Economic Reform Programme (ERP) 2019–2021, the Kosovo government views skills and employment policies mainly within the confines of the existing education, training and labour market policy delivery systems. The government (Kosovo government, 2019) commits itself to:

- improving the quality and increasing the inclusion of children in *pre-university education*, which includes a new law, additional public institutions and a core curriculum for pre-school education (p. 89 ff.);
- increasing the quality of *VET* based on labour market requirements by reviewing or drafting standards, curricula and teaching materials; supplying workshop facilities, cooperating with employers and undertaking professional practice in schools and companies (p. 88 ff.);
- reforming *higher education* through completing and implementing the legal framework; developing quality assurance mechanisms; and increasing participation in international higher education and research programmes (p. 91 ff.);
- increasing the *access of young people and women to the labour market* through quality employment services and active employment and entrepreneurship measures (p. 93 ff.).

These measures aim to increase the quality of education, enhance the employability of the workforce and ultimately contribute to economic development and growth.
2. HUMAN CAPITAL: DEVELOPMENT AND CHALLENGES

2.1 Educational planning in the context of demographic change

The total population in Kosovo grew from 1,778,000 in 2016 to 1,791,000 in 2017 – or by 0.7%. Simultaneously, the working-age population (15+ years old) increased by 2.6% (from 1,276,000 in 2016 to 1,310,000 in 2017) and another 3.5% (to 1,358,000) in the first quarter of 2018 (WB/wiiw, 2019, p. 84). The working-age population is expected to continuously grow over the next decade. Every year, many young people enter the labour market for the first time and face difficulties finding employment.

However, recent demographic developments and a population projection until 2061 by the Kosovo Agency of Statistics (KAS) (Kastrati et al., 2017) show a major demographic decline over the mid to long term.

In the period from 2011 to 2016, the number of births steadily fell, from 34,569 in 2011 to 29,290 in 2015 (and slightly increasing again to 29,428 in 2016).

**TABLE 1: NUMBER OF BIRTHS AND TOTAL FERTILITY RATE (TFR), 2011–2016**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Births</td>
<td>34,569</td>
<td>34,643</td>
<td>32,528</td>
<td>32,067</td>
<td>29,290</td>
<td>29,428</td>
</tr>
<tr>
<td>TFR</td>
<td>2.41</td>
<td>2.40</td>
<td>2.25</td>
<td>2.23</td>
<td>2.07</td>
<td>2.10</td>
</tr>
</tbody>
</table>

Source: Kastrati et al., 2017, p. 13

Dissatisfaction with socio-economic conditions and the lack of employment opportunities are fuelling emigration. Migration by Kosovars to Western Europe, both legal and illegal, is quite widespread (Pupovci, 2019). The International Organisation for Migration (IOM) notes that one of the reasons for migration is the lack of confidence in the future of the country and its economy, especially among Albanian Kosovars with higher levels of education (IOM, 2017). In most cases people return only when they are denied residence (Pupovci, 2019). IOM also assists migrants from Kosovo with voluntary return and reintegration programmes.

Net migration data reflects the high emigration flows, especially during the turbulent years of 2014 to 2015. Emigration data used in the projection (Kastrati et al., 2017) is that received from the four main destination countries: Germany, Italy, Sweden and Switzerland.

**TABLE 2: NET MIGRATION ACCORDING TO KAS HARMONISATION OF DATA, 2011–2016**

|------|------|------|------|------|------|------|

Source: Kastrati et al., 2017, p. 18

It is males in particular who leave Kosovo, reversing a trend from before 2011: new data included 62.7% males and 37.3% females (ibid.). Migration is highest for those aged 20 to 30, reaching a peak at 25 years of age; thereafter, this number decreases steadily to negligible numbers beyond the age of 55 (ibid., p. 19).
KAS’s projections for ten-year periods until 2061, as shown in Table 3, use a ‘medium variant’ scenario that implies continuously declining birth rates and an assumed net migration of 10,000 people per year. However, the latter figure may well be higher. Anecdotal evidence suggests that emigration trends will remain significant. According to a survey conducted by the United Nations Development Programme (UNDP) in 2018, ‘almost 60% of the young respondents consider leaving Kosovo in the next three years’ (UNDP Kosovo, 2018, p. 5). At the time of writing this report, the Kosovo Parliament discussed the ‘mass exodus’ of young people and their families (Begisholli, 2019).

**TABLE 3: KOSOVO POPULATION BY AGE GROUPS AND YEAR, 2017–2061 (MEDIUM VARIANT)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population by age group</th>
<th>Total</th>
<th>0–14</th>
<th>15–64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.783.531</td>
<td>446.633</td>
<td>1.192.181</td>
<td>144.718</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>1.809.458</td>
<td>431.526</td>
<td>1.211.592</td>
<td>166.341</td>
<td></td>
</tr>
<tr>
<td>2031</td>
<td>1.818.674</td>
<td>364.294</td>
<td>1.217.592</td>
<td>236.787</td>
<td></td>
</tr>
<tr>
<td>2041</td>
<td>1.759.492</td>
<td>290.436</td>
<td>1.150.779</td>
<td>318.277</td>
<td></td>
</tr>
<tr>
<td>2051</td>
<td>1.652.090</td>
<td>247.855</td>
<td>1.034.147</td>
<td>370.088</td>
<td></td>
</tr>
<tr>
<td>2061</td>
<td>1.492.192</td>
<td>199.518</td>
<td>892.803</td>
<td>399.871</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kastrati et al., 2017, p. 21

Tables 4a and 4b show demographic trends for young people at the ages of 6, 15 and 19 years, which represent key transition points in education and to the labour market.

**TABLE 4A: KOSOVO POPULATION AT AGES 6, 15 AND 19, 2017–2024 (MEDIUM VARIANT)**

<table>
<thead>
<tr>
<th>Age</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>28.458</td>
<td>32.184↑</td>
<td>32.088↓</td>
<td>30.093</td>
<td>29.905</td>
<td>27.721</td>
<td>28.404↑</td>
<td>27.728↓</td>
</tr>
<tr>
<td>15</td>
<td>34.191</td>
<td>32.125↓</td>
<td>29.679</td>
<td>29.703</td>
<td>28.514</td>
<td>27.599</td>
<td>27.670</td>
<td>27.982</td>
</tr>
<tr>
<td>19</td>
<td>32.050</td>
<td>31.944</td>
<td>31.189</td>
<td>40.885↑</td>
<td>33.773↓</td>
<td>31.893</td>
<td>29.416</td>
<td>29.391</td>
</tr>
</tbody>
</table>

**TABLE 4B: KOSOVO POPULATION AT AGES 6, 15 AND 19, 2031–2061 (MEDIUM VARIANT)**

<table>
<thead>
<tr>
<th>Age</th>
<th>2031</th>
<th>2041</th>
<th>2051</th>
<th>2061</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>23.674</td>
<td>18.696</td>
<td>16.311</td>
<td>12.857</td>
</tr>
<tr>
<td>15</td>
<td>27.150</td>
<td>22.467</td>
<td>17.877</td>
<td>15.463</td>
</tr>
</tbody>
</table>

Tables 4a and 4b show that the number of children at the age of six enrolling in first grade is projected to shrink from 32,184 in 2018 to 28,404 in 2023, i.e. by 3,780 (or 11.7%) in only five years. Data for children at the age of 15 who enter upper secondary education is expected to fall even more rapidly – from 32,125 in 2018 to 27,670 in 2023, i.e. by 4,455 (or 13.9%). These trends will be reinforced in the years thereafter.
In contrast, the number of 19-year-olds who we assume to enter the labour market for the first time does not show marked differences between 2017 (32 050) and 2022 (31 893). However, a sharp, one-off rise is expected for 2020 (40 885), while numbers begin to fall slowly but continuously after 2022 (with another peak in 2031).

**Challenge 1: Demographic developments are to inform educational planning**

In conclusion, there is an issue of reflecting, in educational planning for the short to mid term, the sharply declining numbers of students enrolling in primary and secondary education. With a maximum of 20 pupils per class\(^3\), class sizes are already small (MEST, 2018, p. 85). MEST collects education statistics, including for each municipality, which helps to get a picture of the regional distribution of declining enrolments in general and secondary education. While student numbers have declined over the past ten years, the number of teachers has risen. Communities, including a few which have more teachers than students, do not want to give up on schools as the provider of public jobs, although transport of children to bigger schools in the vicinity could be organised at lower costs. The KESP 2017–2021 speaks rather in favour of maintaining current employment levels in education (MEST, 2016, see KESP section 1.3 on ‘Social considerations’).

Adequate educational planning and an adjustment of the network of education institutions and staff would allow the Kosovo government to make economies of scale and to invest saved funds into upgrading facilities and improving the quality and outcomes of education and training. The ultimate aim must be to develop relevant skills for both young people and adults.

Adjusting the labour market situation will not be easy, with many new entrants for the years to come requiring continuous focus on economic development and job creation.

### 2.2 Participation in the labour force and employment growth

#### 2.2.1 A note on statistics

KAS has been collecting Labour Force Survey (LFS) data for the working-age population, i.e. those aged 15 to 64, for a number of years now. However, this data is seen as ‘unreliable’ (Nimani, no year) or ‘suffer[ing] from questionable validity’ (MCC, 2018, p. 8). As a consequence, the Millennium Challenge Corporation (MCC) undertook a large-scale, one-off Labour Force and Time Use Survey covering the period May to July 2017 (MCC, 2018). Both surveys use Eurostat definitions. MCC data provides a more optimistic picture. However, most data is not directly comparable, as MCC considered Kosovo’s working population to be for those aged 15 to 74.

Divergence of data is likely due to ‘the higher rates of agricultural and unpaid family workers captured by the MCC study. These individuals seem to have been classified as economically inactive in past estimates, artificially dampening employment rates. [...] past estimates are substantially more aligned with the colloquial, rather than economic, definition of employment’ (MCC, 2018, p. 23). Another reason for the divergence of data is widespread informal employment and people declaring themselves inactive or unemployed rather than informally employed in official surveys. For labour market entrants, especially women, the informal sector is often the only way to find a job in an economy that provides an extremely limited number of jobs (Pupovci, 2019, p. 28).

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\(^3\) The only exception is Prishtina with an average of 24 pupils per class.
2.2.2 Trends in labour market participation

Labour market participation (for those aged 15 to 64) in Kosovo has been rising since 2015, to (a still low) 42.8% in 2017, which compares to a regional average of 62.2% in the six Western Balkan (WB6) countries. In other words, 57.2% of Kosovo’s working-age population were economically inactive in 2017 (KAS, 2018). According to the Eurostat definition, this means that they were not employed and were not active in searching for employment over the four weeks prior to the LFS and/or were ready to start work within two weeks.

**TABLE 5: ACTIVITY RATE, % OF 15- TO 64-YEAR-OLDS, 2012–2017**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>36.9</td>
<td>40.5</td>
<td>41.6</td>
<td>37.6</td>
<td>38.7</td>
<td>42.8</td>
</tr>
<tr>
<td>Male</td>
<td>55.4</td>
<td>60.2</td>
<td>61.8</td>
<td>56.7</td>
<td>58.3</td>
<td>65.3</td>
</tr>
<tr>
<td>Female</td>
<td>17.8</td>
<td>21.1</td>
<td>21.4</td>
<td>18.1</td>
<td>18.6</td>
<td>20.0</td>
</tr>
</tbody>
</table>

Source: KAS, LFS data, online database (‘Labour market/Yearly indicators’)

According to MCC (2018), the labour force participation rate reached 49.6%, which is a better rate than the official rate, considering also the wider age range (15–74). Labour force participation was highest in Gjakova and lowest in Ferizaj. MCC also found that, among the 50.4% of the economically inactive population, ‘85.4% reported never having been regularly employed before’ (MCC, 2018, p. 10).

**Challenge 2: Many women remain inactive, underutilising their skills despite desire to work**

There are big gender differences as regards labour market participation. The high inactivity rate among females (KAS: 80.0%; MCC: 68.7%) presents a huge, untapped human capital potential. Women would work if affordable and good-quality childcare and, of course, suitable jobs were available in their vicinity. This challenge is further discussed in section 3.2.2.

2.2.3 Trends in employment

The employment rate for those aged 20 to 64 was 34.4% in 2017 (WB6 average: 56.0%; EU28 average: 72.1%, EU target 2020: 75%), which presents an improvement over 2016 (32.3%). The gender gap is very high – only 14.6% of working-age females were employed in 2017, compared to 54.0% of working-age males.

**TABLE 6: EMPLOYMENT RATE, % OF 20- TO 64-YEAR-OLDS, 2012–2017**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>29.7</td>
<td>33.0</td>
<td>31.3</td>
<td>29.1</td>
<td>32.3</td>
<td>34.4</td>
</tr>
<tr>
<td>Male</td>
<td>46.6</td>
<td>51.5</td>
<td>48.4</td>
<td>44.9</td>
<td>49.9</td>
<td>54.0</td>
</tr>
<tr>
<td>Female</td>
<td>12.4</td>
<td>14.9</td>
<td>14.5</td>
<td>13.2</td>
<td>14.6</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Source: KAS, LFS data, online database (‘Labour market/Yearly indicators’)

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The highest rate of employment for males can be found in the age group 45 to 54, while for females it is the age group 25 to 34.

MCC (2018) established an employment rate of 41.1% (2017; age group 15–74), evidencing also ‘a stark gender divide, with males employed at 2.4 times the rate of females (58.3% and 24.1%, respectively)’ (MCC, 2018, p. 10).

**Challenge 3: Highly qualified people have better labour market chances but may end up in lower-skilled jobs**

Completing higher levels of education improves people’s chances on the labour market. Data shows that ‘66.4% of the working-age population with tertiary education are employed, as opposed to 34.9% (males: 48%, females: 14.4%) with secondary vocational qualification and 35% with secondary general education (gymnasia)’ (Pupovci, 2019, p. 27). MCC (2018) confirms this trend.

The private sector provided approximately 60% of the jobs, while the government or public sector emerged as the second largest employer, providing 25% of the jobs (MCC, 2019, p. 55). There are differences between private and public sector employment: ‘Holders of a secondary vocational qualification are the most represented among private sector employees (43%), while the public sector is dominated by employees with tertiary qualifications (60.2%)’ (Pupovci, 2019, p. 28).

According to the LFS by KAS, the economic sectors with the highest levels of employment include: wholesale and retail trade, car and motorcycle repairs (total: 16.8% of employed, females: 18%), education (total: 11.7%, females: 22.4%), construction (total: 11.6%, females: 1.2%) and manufacturing (total: 9.5%, females: 5.5%) (KAS, 2018).

In contrast, the MCC survey provides a different picture of employment by economic sectors. Most jobs were offered in agriculture (total: 21.7%, females: 33.3%), followed by construction (total: 13.9%, females: 0.6%) and other service activities (total: 13.7%, females: 14.3%) (MCC, 2018).

Elementary occupations were the most common types of occupations among respondents, which include cleaners, food preparation assistants, agriculture and construction workers (30.2%), followed by services and sales workers (16.3%), and craft and related trades (16.1%) (MCC, 2018, p. 51). A higher percentage of elementary occupations (34.6%) can be found in rural areas.

**TABLE 7: OCCUPATIONS BY GENDER AND GEOGRAPHIC LOCATION (%)**

<table>
<thead>
<tr>
<th>Occupations</th>
<th>Male (%)</th>
<th>Female (%)</th>
<th>Urban (%)</th>
<th>Rural (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary occupations</td>
<td>29.1</td>
<td>33.4</td>
<td>14.5</td>
<td>34.6</td>
<td>30.2</td>
</tr>
<tr>
<td>Services and sales workers</td>
<td>15.9</td>
<td>17.3</td>
<td>24.5</td>
<td>13.9</td>
<td>16.3</td>
</tr>
<tr>
<td>Craft and related trade workers</td>
<td>18.8</td>
<td>8.4</td>
<td>14.4</td>
<td>16.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Professionals</td>
<td>8.8</td>
<td>19.2</td>
<td>20.2</td>
<td>9.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Skilled agricultural, forestry and fishery workers</td>
<td>6.9</td>
<td>11.2</td>
<td>1.2</td>
<td>9.9</td>
<td>8.0</td>
</tr>
<tr>
<td>Managers</td>
<td>6.4</td>
<td>2.7</td>
<td>10.1</td>
<td>4.2</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Source: MCC, 2018, p. 51

Overall, highly qualified people have better labour market chances, but many work in elementary occupations. This reflects an inefficient use of human capital.
Challenge 4: Inefficient use of human capital due to precarious employment conditions

Furthermore, almost one in four employed persons in Kosovo find themselves in a form of vulnerable employment (Table 8), which implies self-employed workers and contributing family members. Percentages are slightly better for females, as they are often in public sector jobs, including health, teaching, business, science and legal professions.

TABLE 8: INCIDENCE OF VULNERABLE EMPLOYMENT IN % FOR THOSE AGED 15 TO 64

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>17.0</td>
<td>23.8</td>
<td>25.0</td>
<td>22.7</td>
<td>22.9</td>
<td>23.1</td>
</tr>
<tr>
<td>Male</td>
<td>18.4</td>
<td>25.1</td>
<td>26.8</td>
<td>23.9</td>
<td>24.0</td>
<td>24.3</td>
</tr>
<tr>
<td>Female</td>
<td>11.6</td>
<td>19.1</td>
<td>18.9</td>
<td>18.7</td>
<td>18.9</td>
<td>18.4</td>
</tr>
</tbody>
</table>

Source: KAS, LFS data, online database (‘Labour market/Yearly indicators’)

In contrast, MCC found that ‘one in three employed individuals were in vulnerable employment and … that this situation was 50% more common among females than males (46.0% and 30.7%, respectively)’ (MCC, 2018, p. 11). This suggests that more needs to be done to improve the business environment including tax regulations and encouraging informal businesses and jobs to be turned into formal ones, thereby also complying with international labour standards and decent forms of work.

2.2.4 Trends in unemployment

Out of 42.8% of the economically active population, as many as 30.5% were unemployed in 2017 – a 3 percentage point (pp) reduction over 2016 (27.5%) (KAS, 2018). Unemployment affects 7.9% more females than males.

TABLE 9: UNEMPLOYMENT RATE, % OF 15- TO 64-YEAR-OLDS, 2012–2017

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>30.9</td>
<td>30.0</td>
<td>35.3</td>
<td>32.9</td>
<td>27.5</td>
<td>30.5</td>
</tr>
<tr>
<td>Male</td>
<td>28.1</td>
<td>26.9</td>
<td>33.1</td>
<td>31.8</td>
<td>26.2</td>
<td>28.7</td>
</tr>
<tr>
<td>Female</td>
<td>40.0</td>
<td>38.8</td>
<td>41.6</td>
<td>36.3</td>
<td>31.8</td>
<td>36.6</td>
</tr>
</tbody>
</table>

Source: KAS, LFS data, online database (‘Labour market/Yearly indicators’)

MCC established a national unemployment rate of 16.3% (2017; 15–74), with notable differences again between females (22.4%) and males (13.6%) (MCC, 2018, p. 11).

Although tertiary qualifications act as a better safeguard against unemployment than lower qualifications, the unemployment rate for holders of such qualifications still remains relatively high – at 18% in 2017.
### Table 10: Unemployment rate by educational attainment, % of 15- to 64-year-olds

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>30.9</td>
<td>30.0</td>
<td>35.3</td>
<td>32.9</td>
<td>27.5</td>
<td>30.5</td>
</tr>
<tr>
<td>Low</td>
<td>45.4</td>
<td>45.6</td>
<td>46.5</td>
<td>47.1</td>
<td>32.8</td>
<td>39.9</td>
</tr>
<tr>
<td>Medium</td>
<td>31.1</td>
<td>39.0</td>
<td>37.0</td>
<td>33.7</td>
<td>29.5</td>
<td>28.4</td>
</tr>
<tr>
<td>High</td>
<td>15.7</td>
<td>19.9</td>
<td>18.9</td>
<td>18.9</td>
<td>18.0</td>
<td>18.0</td>
</tr>
<tr>
<td>VET</td>
<td>m</td>
<td>35.5</td>
<td>35.3</td>
<td>35.9</td>
<td>m</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Source: ETF calculations from KAS data (2017), online database ('Labour market/Yearly indicators').

Notes: Low: No school or I–VII/IX classes; Medium: secondary vocational and secondary gymnasium; High: tertiary; VET: secondary vocational. m = missing data.

Most unemployed people remain so for a period longer than 12 months, which equally affects men and women.

### Table 11: Long-term unemployment, % of 15- to 64-year-olds

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>59.8</td>
<td>68.9</td>
<td>73.8</td>
<td>72.2</td>
<td>65.5</td>
<td>71.5</td>
</tr>
<tr>
<td>Male</td>
<td>59.1</td>
<td>71.0</td>
<td>73.0</td>
<td>71.1</td>
<td>65.6</td>
<td>72.5</td>
</tr>
<tr>
<td>Female</td>
<td>61.3</td>
<td>68.9</td>
<td>75.6</td>
<td>75.5</td>
<td>65.0</td>
<td>69.0</td>
</tr>
</tbody>
</table>


According to the MCC survey, 33.6% or one third of the unemployed individuals have been searching for a job for more than 12 months (MCC, 2018, p. 72).

**Challenge 5: Huge underutilisation of young people’s skills due to high youth unemployment**

The highest unemployment rate is recorded among young people aged 15 to 24, at 52.7% in 2017, which is well above the WB6 average of 38.6%. Of this, 63.5% of young females and 48.4% of young males were affected, which points to a huge underutilisation of their skills.

### Table 12: Youth unemployment, % of 15- to 24-year-olds

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>55.3</td>
<td>55.9</td>
<td>61.0</td>
<td>57.7</td>
<td>52.4</td>
<td>52.7</td>
</tr>
<tr>
<td>Male</td>
<td>52.0</td>
<td>50.4</td>
<td>56.2</td>
<td>54.2</td>
<td>47.2</td>
<td>48.4</td>
</tr>
<tr>
<td>Female</td>
<td>63.8</td>
<td>68.4</td>
<td>71.7</td>
<td>67.2</td>
<td>65.4</td>
<td>63.5</td>
</tr>
</tbody>
</table>

Source: KAS, LFS data, online database ('Labour market/Yearly indicators')
Considering the 15 to 74 age range of the workforce, MCC established a youth unemployment rate (those aged 15 to 24) of 29.2%, with females still at a striking 41.8% and males at 22.8% (MCC, 2018, p. 68). This challenge will also be discussed further in section 3.2.1.

2.2.5 Young people neither in education nor employment

Not finding a job is compounded by the problem of highly limited opportunities to engage in further education and training and enhance one’s skills, which translates into a high share of young people not in employment, education or training (NEETs). NEETs accounted for 27.4% of the young population in 2017, which contrasts with the WB6 average of 22.3% (WB/wiiw, 2019).

Challenge 6: High share of young NEETs as a risk to equitable human capital development

However, the 2017 NEETs rate improved 2.7 pp over 2016 (30.1%). Young women remain more exposed to such risk: almost one in three young women are NEET, while it is one in four for young men.

TABLE 13: PERSONS NOT IN EMPLOYMENT, EDUCATION OR TRAINING (NEETS), % OF 15-TO 24-YEAR OLDS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>35.1</td>
<td>35.3</td>
<td>30.2</td>
<td>31.4</td>
<td>30.1</td>
<td>27.4</td>
</tr>
<tr>
<td>Male</td>
<td>30.7</td>
<td>30.0</td>
<td>26.6</td>
<td>28.3</td>
<td>26.5</td>
<td>23.8</td>
</tr>
<tr>
<td>Female</td>
<td>40.1</td>
<td>40.9</td>
<td>34.0</td>
<td>34.9</td>
<td>34.2</td>
<td>31.4</td>
</tr>
</tbody>
</table>

Source: KAS, online database (‘Labour market/Yearly indicators’)

2.3 Access, participation and early school leaving

Equitable access to early childhood education and care can improve learning outcomes of children in later years of education, but quality is key (see e.g. OECD, 2018). However, according to the first report on progress made under the KESP 2017–2021, participation in pre-school education ‘remains a challenge’ (KEEN, 2017, p. 12). Almost half (46.4%) of the children aged 4 to 5 enrolled in pre-primary education in the school year 2016/17\(^4\), which presented a major improvement by 5.7 pp over the school year 2014/15 and was a step closer to the KEST target of 55% (MEST, 2016). When considering 5-year-olds only, enrolment in pre-school education reached a satisfactory 85.5%\(^5\) in 2016/17 – an improvement of 5.9 pp over 2014/15 (MEST, 2016; data quoted in EU Office in Kosovo, 2018, p. 4). The lack of pre-school institutions at affordable costs impedes higher participation rates.

The government and the EU are continuously investing in new facilities for early childhood education and care, which is also mentioned as a priority in Kosovo’s ERP (Kosovo government, 2019). More measures are needed to guarantee the participation in early education and care of more girls, children from rural areas, minorities and vulnerable groups. Also, investing continuously into childcare facilities

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\(^{4}\) Number of children aged 4 to 5 in pre-school education, 25 348 (MEST, 2017), as a percentage of population aged 4 to 5 in 2016 (Kastarati et al., 2017, p. 41).

\(^{5}\) Number of children aged 5 in pre-school education, 23 394 (MEST Education Statistics, 2017), as a percentage of population aged 5 in 2016 (Kastarati et al., 2017, p. 41).
is important with a view to allowing more Kosovar women, whose skills are currently underutilised, to participate in the labour market, as will be discussed further in section 3.2.2.

For compulsory education that starts at the age of six and lasts nine years, KEEN (2017) found that participation in Kosovo had achieved ‘a desirable level’ and that the school dropout rate was ‘at a rather low level’⁶. The report admitted, however, that the higher school leaving rate among Roma, Ashkali and Egyptian communities ‘required particular attention’ (KEEN, 2017, p. 12). Children often have to contribute to their family income. They work in car washes or go begging on the street, which is why school is often neglected.

The participation of children from Roma, Ashkali and Egyptian communities in education has improved over the last decade, mainly thanks to support from the EU and other donors. There is an operational network of around 40 learning centres that address the specific educational needs of these communities. An Administrative Instruction on the Establishment and Functioning of Learning Centres, issued by MEST in August 2017⁷, provides the conditions that such centres have to meet to be eligible for government funds (ibid.).

Central and local authorities have been mobilised to improve the inclusion of children with special needs. MEST is in the process of piloting new assessment instruments in the seven largest Kosovo municipalities (European Commission, 2018). Also, making available scholarships for upper secondary students in the form of cash transfers, on condition of regular school attendance, proved to be an important lever for increasing enrolments (ibid.). However, the competent municipal authorities may not be making enough effort to ensure that every child attends compulsory education. Ethnic segregation, disability, economic conditions and traditions still constitute barriers in access to education for children from vulnerable and poor backgrounds.

**Challenge 7: One in ten young people leave school without completing upper secondary education**

Upper secondary education, divided into general and vocational secondary education streams, is not compulsory. This is an issue, as it prompts some young people to leave education early, especially those with poor learning outcomes and/or from disadvantaged backgrounds. ‘Early leaving’ is defined as those young people aged 18 to 24 who have left education without completing upper secondary education. Despite improvements over the past few years, in 2017 this still concerned more than one in ten young people aged 18 to 24 in Kosovo. Females are more affected by this phenomenon than males (13.1% vs 11.4% in 2017). Some young people do not have secondary school facilities or only have unattractive offers in their vicinity and may not be in a position to go elsewhere.

**TABLE 14: EARLY LEAVERS FROM EDUCATION, % OF 18- TO 24-YEAR-OLDS**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>18.4</td>
<td>18.4</td>
<td>16.5</td>
<td>14.5</td>
<td>12.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Male</td>
<td>15.7</td>
<td>16.0</td>
<td>14.2</td>
<td>11.8</td>
<td>11.0</td>
<td>11.4</td>
</tr>
<tr>
<td>Female</td>
<td>21.6</td>
<td>21.0</td>
<td>19.0</td>
<td>17.5</td>
<td>14.6</td>
<td>13.1</td>
</tr>
</tbody>
</table>

Source: KAS

⁶ Although some experts doubt the official statistics in this respect.
MEST and local actors need to sustain and expand their positive efforts to ensure inclusion of all children in both compulsory and upper secondary education. This is important because skills deficiencies reinforce existing inequalities. Individuals from families with lower education backgrounds have persistently fared worse in basic skills tests, have used and processed less knowledge, and scored lower in skills that are important for success in the labour market (World Bank, 2018a). Low educational attainment is nowadays considered inadequate for preparing people to cope with work and life challenges and puts people at a disadvantage in the labour market, as we have seen in section 2.2.

### 2.4 Quality and relevance of VET

Much depends on the literacy, numeracy and science skills acquired by young people before they enrol in secondary education. As a rule, VET programmes absorb the ‘weaker’ students. The lack of these basic skills – as evidenced, for example, through the Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) results – ill-equips Kosovo’s young people for later learning and work (see Halili, 2016, among others).

**Challenge 8: Lack of basic skills ill-equips Kosovo’s young people for later learning and work**

Secondary vocational education itself faces a number of issues with regard to quality and relevance, despite major improvements in pilot institutions in recent years.

#### 2.4.1 Teachers in VET

A recent survey by the European Training Foundation (ETF) on the conditions and professional development of teaching staff in VET (ETF, 2018) involved teachers and directors from 62 vocational schools and Centres of Competence (CoCs) in Kosovo. The survey reveals that, formally, the teaching workforce is highly qualified. ‘74% of current VET teachers report that they have achieved a master degree or equivalent, 12% a bachelor degree or equivalent and 1% a PhD’. In addition, 65% of respondents declared that the content of the subject they teach was covered during their formal education and training, 28% declared that it was partially covered’ (ibid., p. 15).

However, ‘only 35% of vocational teachers have completed initial education, 34% are in the process of training and preparation, while 30% did not complete initial education and are not in training’ (ibid., p. 15). The Faculty of Education offers a Master’s degree for VET teachers, but only for a small number of participants. ‘Direct interactions with employers are unusual for about 50% of teachers and lecturers so they cannot benefit from an up-to-date understanding or social contact with the world of work’ (ibid., p. 30). Finally, ‘although some teachers are not qualified for the subjects they teach they are not offered relevant training’ (ibid., p. 63).

Most teachers in Kosovo have received a licence which requires participation in continuous professional development (CPD). However, ‘VET teacher licensing ‘does not take into account the VET teacher training programmes developed by different donors’, including the EU KOSVET, GIZ, Swiss Agency for Development and Cooperation (SDC), Danida and Luxembourg Development Cooperation (LuxDev) projects, even though the MEST Teacher Training Division had been involved in its design

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8 The response rate was 26.3%. Unfortunately, the survey did not make a distinction between general and vocational subject teachers in VET institutions. Hence, results have to be interpreted with caution, in particular as regards teachers of vocational theory and practice.
before 2013. In general, teachers in VET identify the lack of relevant CPD as ‘the major barrier’ to participating (ibid., p. 63). The process of teacher performance assessment has not yet started (ibid., p. 64).

MEST’s Strategic Teacher Development Framework defines the quality and standards for teacher competences at different stages – from pre-service education, introduction into the profession and throughout career development. This is an example where general education standards for teachers cannot simply be extended to VET: competences and CPD programmes for VET teachers should meet the criteria of the National Qualifications Authority (NQA) for validation and accreditation.

MEST, municipalities and schools are formally in charge but lack the mechanisms and capacity for organising and coordinating sufficient and relevant CPD for VET teachers. The Education Inspectorate does not judge the quality of teaching and learning. The Agency for VET and Adult Education (AVETAE) does play some role in supporting and coordinating CPD, but mainly for the six CoCs only. In addition, AVETAE offers ‘a supplementary pedagogical programme nationally for beginning vocational teachers’ (ibid., p. 41).

Sustainable financial resources to fund professional teacher development remains an issue. Schools cannot generate their own income and implement training in line with annual development plans. CPD for VET teachers is mainly designed and implemented by donors.

2.4.2 Instructional materials

The shortage or inadequacy of instructional materials hinders the quality of instruction. Around 40% of teachers point to a lack of teaching materials, appropriate tools and equipment in order to acquire practical skills. Around 50% report a lack of sufficient consumables to develop practical skills (ibid., p. 30). The same proportion laments ‘insufficient access to reliable and appropriate computer hardware, software and internet in order to use digital technology in their respective subjects’ (ibid., p. 30). According to the evaluation report on the education strategy (KEEN, 2017), appropriate teaching and learning materials are available only for 24 out of 135 programmes, with the rest requiring improvisation.

According to the teachers and principals consulted in December 2018, there is an issue of identifying and prioritising the needs for resources in consultation with schools and teachers. Better use should be made of existing resources and steps planned to meet the gaps. School principals wish to have more discretion over the courses they offer, teacher salaries and the school budget. Ambitious teachers might be entrusted with the task of leading on the improvement of teaching, developing new instructional materials and liaising with employers. However, their teaching load would need to be reduced and extra responsibilities should be rewarded. Career licensing should be linked to the professional development of VET teachers, and relevant CPD offers need to be in place. Those have been developed by donors and should be taken into consideration. Teacher training needs need to be linked to curricula based on quality-assured qualifications, meeting NQA criteria.

2.4.3 Practice orientation in VET

The prevailing subject-based approach to curricula and the insufficient orientation towards skills; the lack of insights into the world of work and the skills of teachers; the above-mentioned shortage of relevant teaching materials, equipment and consumables; and a lack of relations with businesses to arrange for company internships of VET students currently form obstacles to developing more relevant practical skills and enhancing graduates’ employability.
Challenge 9: Partial lack of labour market and practice orientation in VET hinders development of relevant skills

Initiatives to introduce work-based learning for VET students exist, but they are almost all donor-driven. Work-based learning is promoted, for instance, by the SDC-funded “Enhancing Youth Employment” (EYE) project and the GIZ “Youth Employment and Skills” (YES) project. Career offices in EYE project-supported schools include staff who are in charge of liaising with businesses – an initiative that points to the way forward. Pilot institutions signed cooperation agreements with employers and the latter offer internships to VET students. Furthermore, with a view to improving in-company training, GIZ developed a programme at various levels and trained in-company trainers, and is now seeking the accreditation of such training.

Pupovci concludes that ‘the non-adequate development of the VET system, including the discrepancy between curriculum contents and market needs and a lack of integrating learning with work result in a mismatch between the supply of skills and labour market needs’ (2019, p. 29).

Overall, there is an issue of vocational programmes becoming more practice-oriented. For this to happen, outcome-based curricula are to be designed around the necessary skills and competences, as identified in qualifications. Teachers require learner-centred instructional materials and professional development that supports the use of active and practice-oriented pedagogical approaches. Classroom lessons should be closely intertwined with practice in workshops and companies. To achieve this, schools or centres require support, resources and coordination, including from a national agency (see chapter 3 for further details).
3. ASSESSMENT OF KEY ISSUES AND POLICY RESPONSES

This chapter reviews in more detail some of the key challenges Kosovo faces with regard to the development and use of its human capital. What currently appears to be blocking a better alignment of VET provision with labour market needs are overall governance and institutional arrangements in VET, which are discussed further in section 3.1. Section 3.2 reviews issues and policies related to the high youth unemployment and female inactivity rates, which point to a huge underutilisation of skills and will require multi-actor, joined-up approaches.

3.1 Governance and institutional arrangements to better align VET provision with economic and labour market needs

Issues

Measuring the skills demanded by employers, the World Bank (2018a) found that most of the businesses in Kosovo face challenges in hiring workers. About 59% of the businesses who tried to fill a low-skill position and 77% who tried to fill a higher-skill position faced problems because candidates did not have the required skills and job experience. According to the report, skills problems seem to be more pronounced among young jobseekers, compared to those with work experience. Larger and more innovative companies, i.e. companies that introduce new or improved methods of producing goods or services, and manufacturing companies are more affected by skills gaps than other companies. Although businesses do not consider skills shortfalls as the biggest obstacles, these do limit the ability of businesses to hire or create new jobs and grow (World Bank, 2018a).

While employers are looking for people with adequate skills, results of the ETF tracer study (2019) among 21 of the 68 VET schools show that many of the young VET graduates are affected by unemployment. Over 40% have never been employed in the 15 to 19 months since they graduated from school. This in turn may increase the likelihood of young people leaving the country. Almost one third (29.4%) of the graduates have considered working abroad, while 10.3% actually sought to do so but did not succeed and 19.1% received an offer to work abroad.

Reasons for the obvious skills mismatch are manifold. One reason is that what the VET system offers in terms of programmes or qualifications is still not fully aligned with what employers are looking for. The education strategy (MEST, 2016) estimates that at least 30% of the vocational schools offer vocational programmes for which there is little demand in the market (p. 27). The evaluation report (KEEN, 2017) finds that around 47% of VET students attend programmes in business and law or health care, for which there is little local labour demand. Apart from these macro-planning issues, many providers are facing problems with delivering the practical skills and competences and lack the necessary links with employers, as mentioned in section 2.4.3.

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9 The World Bank survey showed that businesses in Kosovo consider the high levels of informality, lack of finance and the impact of corruption as the biggest obstacles to business growth.
1. Improve basic education skills

- Accelerate the move towards competence-based curricula.
- Intensify teacher training and provide adequate teaching and learning materials.
- Enhance reading, writing, mathematics and science in basic education.

2. Review governance and financing arrangements and the legislative framework

- Regulate vocational training for all target groups and providers.
- Establish a fully-resourced agency for vocational and adult education.
- Grant more autonomy to schools.
- Develop the capacity of school leaders.

3. Optimise education planning, the school network and vocational training in line with the economy

- Make better use of data and needs analyses to inform planning and enrolments in each region and institution.

Promote economic cluster approaches
Further align education and training provision with labour market requirements, help young people in their career orientation and improve practical skills
Combine skills training with entrepreneurial skills & mindsets and start-up support
Use ‘Coaching for employment’ approaches for young unemployed people

Provide more affordable child and elderly care facilities.
Change labour regulations to improve working conditions for women.
Ensure access, participation and completion of education for young women and provide second-chance education suitable for women.
Strengthen professional networks and entrepreneurship schemes for women.
Ensure that employment policies are gender sensitive
1. Improve basic education skills

KOSOVO

RECOMMENDATIONS FOR POLICY MAKERS

2. Review governance and financing arrangements and the legislative framework

3. Optimise education planning, the school network and vocational training in line with the economy

4. Tackle youth unemployment

5. Tackle the issue of low participation of women in the labour market

4. Tackle youth unemployment

Provide more affordable child and elderly care facilities.

Change labour regulations to improve working conditions for women.

Ensure access, participation and completion of education for young women and provide second-chance education suitable for women.

Strengthen professional networks and entrepreneurship schemes for women.

Ensure that employment policies are gender sensitive

5. Tackle youth unemployment

Promote economic cluster approaches

Further align education and training provision with labour market requirements, help young people in their career orientation and improve practical skills

Promote economic cluster approaches

Further align education and training provision with labour market requirements, help young people in their career orientation and improve practical skills

Combine skills training with entrepreneurial skills & mindsets and start-up support

Use ‘Coaching for employment’ approaches for young unemployed people

TORINO PROCESS 2018-20
3.1.1 Revisiting agencies and multilevel management arrangements

Policies

Despite the fact that the 2013 Law on VET (no. 04/L-183) envisaged different management arrangements, MEST and municipal education directorates (MEDs) continue to manage 62 out of the 68 VET institutions, following earlier provisions of the 2011 Law on Pre-University Education. In these VET institutions, VET offers and enrolment planning primarily take account of the conditions prevailing in schools and the teaching staff available. There is little room or incentive to depart from this supply-driven approach: neither MEST nor MEDs have in the past years been making major adjustments to bring VET offers and enrolment numbers better in line with labour market demand.

According to MEST, progress in a decentralised system ‘depends largely on the management capacity of the municipal and school levels’ (MEST, 2016, p. 35). However, even if school principals want to offer different VET programmes, they have little autonomy, including over their budgets, staff and the courses on offer. Schools cannot top up the insufficient resources they receive from public sources by generating and reinvesting their own income. Thus, municipalities continue to take important decisions such as those concerning budgets and the recruitment of school directors or teachers, with such employment often linked to favouritism.

MEDs manage VET institutions much the same way as secondary general schools, although, for example, their educational norms and standards, teacher standards and teacher education, the content of general subjects, criteria for school buildings and education inspections are not always suitable for VET institutions. They do not take due account of the specificities of VET, such as the curriculum framework, subject-based syllabi, the cost of VET programmes, the need for workshop facilities or more practice hours.

Thus, the decentralised setting for managing VET institutions and their lack of autonomy have become major obstacles to the reforms required in Kosovo today, in particular with a view to ‘rationalise the school network and improve the relevance and quality of vocational education’ (Pupovci, 2019, p. 77) in line with the changed demographic, economic and social needs.

The case is different for the six CoCs, which are managed centrally by AVETAE. CoCs were set up from scratch with substantial donor support from LuxDev. They focus on specific sectors. Occupational profiles were identified and curricula developed, based on the needs of this sector. Intensive capacity building of CoC staff took place, including training of the teachers on the new curricula.

The current hierarchical structure in VET is summarised in Figure 1.
FIGURE 1: HIERARCHICAL STRUCTURE FOR THE MANAGEMENT OF VET IN KOSOVO

Source: adapted from Pupovci, 2019, p. 79

MEST is responsible for overall education policy and legislation, including for VET, higher education, lifelong learning, and research and development. Following the recent functional review of MEST (PPF of MEI, 2018), a separate VET department was established within MEST with three divisions: 1) school infrastructure, 2) curricula and labour market analyses, and 3) VET standards and quality assurance. However, for non-CoC VET institutions, crucial functions are currently only inadequately covered in the VET system. These include, for example, the development of qualification-based curricula or courses (modules) and teaching and learning materials, as well as the systematic professional development of VET teachers and trainers.

As per the VET law, the Council for VET and Adults (CVETA) is the tripartite body to advise government actors on the design and implementation of VET policies. The way this role has been defined suggests that MEST is very much in control. In addition, CVETA has been assigned the authority to approve occupational standards. CVETA is currently not operational. One reason is that members claim they do not get paid, which also reflects a lack of belief that council members could play a useful role and influence decision-making.

Both the NQA and the Kosovo Accreditation Agency (KAA) are independent bodies with important roles for quality assurance – one in the area of VET and the other in the area of higher education. The former is in charge of qualifications and the accreditation of providers. However, the NQA is currently blocked as it is not in a position to implement the legal requirement, according to which ‘all qualifications are to be approved [by CVETA] and all VET providers accredited’ (Pupovci, 2019, p. 78).

The current role of education inspectors remains unclear as regards quality assurance in VET and its specific emphasis on developing skills and competences, as required by the labour market.

Kosovo was actually the first in the Western Balkan region to adopt, in 2013, a genuine Law on VET (no. 04/L-183), departing from earlier ex-Yugoslav traditions of regulating pre-university education as one comprehensive system. The VET law was an attempt to re-design VET system governance structures, inputs and processes in a way that VET provision better responds to labour market requirements and develops learners’ vocational skills and competences. However, this ambition has not yet been fully accomplished. The VET law is rather short and covers mainly initial VET delivered...
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by public vocational schools and CoCs. The public vocational training centres (VTCs), which provide training for adults including jobseekers, stayed under the jurisdiction of a different ministry (MLSW) and agency (Employment Agency of the Republic of Kosovo – EARK).

Laws adopted earlier continued to be applied and new ones were adopted – all with elements relevant to managing the VET system. These laws include:

- the 2008 Law on Education in the Municipalities of the Republic of Kosovo (no. 3/L-068);
- the 2008 Law on National Qualifications (03/L-060);
- the 2011 Law on Pre-University Education (no. 04/L-032);
- the 2011 Law on Higher Education (no. 04/L-037);
- the 2013 Law on Adult Education and Training (no. 04/L-143);
- sublegal acts on AVETAE, EARK and numerous others.

This has resulted in a complex and at the same time fragmented legal framework for VET. Some responsibilities overlap, such as of CVETA and the Council of AVETAE. Others are not clearly defined. Key actors in the system, including VET school directors, may find it difficult to operate in such environments and may recede to an overly cautious, risk-avoiding behaviour. Hence, what is missing is clear regulation of all governance functions in VET, including those of ministries, executive agencies, social partner bodies at different levels, municipalities, VET institutions, and other authorities or partners, which would allow all stakeholders to act in a legally safe, independent manner.

Also, the VET law assigns to AVETAE the administration of all public VET providers, including CoCs, schools and adult education institutions. As mentioned above, AVETAE is successfully managing the six CoCs, but sublegal provisions and the necessary budget have not been endorsed for AVETAE to manage all VET schools. The functional review referred to above (PPF of MEI, 2018) concludes that the functioning and capacity of AVETAE remain a challenge.

Recommendations

The above suggests that key actors in Kosovo revisited governance arrangements in VET in a way that covered all key functions comprehensively and rationally, bearing in mind the overarching objectives of the VET system, how it should and could be organised, also in the context of making economies of scale with the backdrop of scarce resources. Subsequently, there is an issue of creating an all-encompassing, clear legal framework for VET, ensuring also coherence with the Law on National Qualifications and other relevant laws.

VET must increasingly become a valid alternative to academic education in Kosovo, because the labour market demands vocational skills. Hence, it is advisable to think of VET as one system that serves various clients, including young people and adults. The VET law could be turned into a law that covers VET for all target groups at different stages of people’s lives, that is delivered in different forms and by different public, private or other providers and that leads to different levels of competence. Vocational education and vocational training institutions can share resources. A revised VET law could absorb provisions of the Law on Adult Education and Training. In the process of revising this law, innovations introduced by donors at pilot level could be assessed for their potential to be sustained and mainstreamed in Kosovo’s VET system.
CVETA is suggested to be a self-steered, independent tripartite body that fulfils its advisory role to both the ministries for education and labour on all matters related to skills – or VET – for both young people and adults.

The inspectorate requires specific standards and criteria for VET which underpin its labour market orientation and are linked with the NQA criteria for validation and accreditation.

Local actors suggest that NQA and KAA be merged, as both have important regulatory functions at national level with regard to the quality of qualifications and providers.

A reorganisation of the network of VET institutions and their offers would help create economies of scale and enhance the relevance of VET programmes, which requires the management of VET institutions to be brought in line with the national level. AVETAE could take over this important role, as already envisaged under the current VET law. At the same time, AVETAE’s remit could be extended to cover the coordination of curriculum design, teaching and learning materials and the CPD of all VET teachers and trainers in the system. It goes without saying that this requires that AVETAE is properly resourced to fulfil these enormous tasks.

3.1.2 Improving the use of data and evidence to support policy

Policies

MEST collects education statistics, including for each municipality, which helps to get a picture of the regional distribution of declining enrolments in general and secondary education. However, at the moment we are not aware of MEST drafting a short- to long-term plan for adjusting the network of schools and the number of staff.

In addition, the authorities have access to multiple reports and analyses that illustrate and illuminate the country’s various human capital challenges. These include, inter alia, skills needs analyses at national level, such as:

- the survey of the labour market demand by the Alliance of Kosovo Businesses in 2014 (quoted in USAID, 2015);
- From University to Employment: Higher Education Provision and Labour Market Needs – Country report Kosovo (EC, 2016);
- Job Diagnostics Kosovo (Cojocaru, 2017);
- skills gap analysis undertaken by the SDC-funded EYE project and the American Chamber of Commerce in Kosovo (Hapciu, 2017);
- Labour market needs assessment by the EU-funded ALLED I and II projects (ALLED, 2016a and Krasniqi, 2019).

Furthermore, the vacancy database of the EARK covers skills demand. Kosovo ministries and agencies in charge of education and employment are committed to further developing their datasets, to expanding information collection, and to linking the labour market and education management information systems. The objective is to create an integrated, comprehensive overview of data and information on students and graduate flows, vacancies and overall labour market and social dynamics, although that may be ambitious.
Skills needs analyses carried out at sectoral level include:

- the Information and Communication Technology (ICT) skills gap analysis (Kosovo Association of ICT – STIKK, November 2013a) and Kosovo ICT market analysis (STIKK, November 2013b);
- the study report for the main agribusiness subsectors in Kosovo (University "Haxhi Zeka", April 2014);
- market assessment for the construction sector (Strategy & Development Consulting, June 2015);
- market system analysis of traditional sweet producers (EYE project, 2015);
- skills assessment for the wood processing sector (Strategy & Development Consulting, March 2016) – all by the SDC-funded EYE project;
- mechanical engineering, agriculture and food processing sector profiles by the EU-funded ALLED project (2016b).

Donors who commissioned the above-mentioned skills needs analyses have been using these to inform (mostly their own) newly developed qualifications, curricula and training provision. As regards decisions by MEST and MEDs concerning VET school enrolments and adjusting VET programme offers, this link is not obvious. Such decisions are often taken based on the conditions prevailing in schools and the subject teachers available. VET schools and their governing boards cannot, as a rule, decide freely about which courses to offer.

Adequate use of educational and labour market data would need to support VET planning. An adjustment of the network of education institutions and staff would allow the Kosovo government to make economies of scale and to invest saved funds into upgrading facilities and improving the quality and outcomes of education and training.

In an international market, Kosovo needs to develop subsectors, including human capital, where the country can excel in the global value chain through concentrating resources. According to the Kosovo Investment and Enterprise Support Agency (KIESA10), key sectors with growth potential include:

- **ICTs**, with the possibility to offer business services, such as software development or call centres, to local and foreign clients. Kosovo claims to have a certain advantage here, as English language skills are relatively common and internet penetration is high compared to other countries in the region (76.6% based on users and 84.8% based on households);
- **food processing and packaging**, with Kosovo having 588 000 hectares of agricultural land with fertile, nutrient-rich soils and a strong tradition in agribusiness;
- **mining and metal processing**, as Kosovo is rich in natural resources, such as lignite, aluminium, gold, lead, zinc, copper, bauxite, magnesium, asbestos, chromite, limestone, marble and quartz. While the majority of the resources remain unused, the World Bank considers Kosovo’s natural resources a great potential for future growth. Kosovo’s government is currently working on a new strategy for the Trepca Mines – at the time one of the largest companies in Yugoslavia with about 23 000 employees;
- **energy**, with significant potential for renewable energy sources, including hydro, wind, solar, biomass and thermal energy;
- **textile and leather processing**;

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10 For more information about KIESA, see: [https://kiesa.rks-gov.net/page.aspx?id=2,18](https://kiesa.rks-gov.net/page.aspx?id=2,18)
- **wood processing**, with an estimated 53 million m³ of wood available from public forests and a tradition in exporting raw materials, semi-finished and finished products (doors, windows, kitchens and furniture);
- **tourism**, offering opportunities for all sorts of mountain, adventure, farm, cultural/spiritual and thermal bath tourism.

Recommendations for human capital development are broadly to do with better translating economic priorities and labour market opportunities at national, sectoral and regional (intra-country) levels into the overall planning of vocational and higher professional education for both young people and adults. Continuing efforts are fine for analysing job vacancies and trends in line with the International Standard Classification of Occupations (ISCO) and NACE\(^{11}\) and to fill gaps concerning VET data, such as the number of VET teachers trained, VET students benefiting from work-based learning arrangements, VET completion rates and employment rates of recent graduates. However, it is important to also use the available evidence to inform policy and adjust provision.

Furthermore, entrepreneurship, digital and other skills are important key competences relevant across all sectors, which is why there is an issue of nurturing them as cross-curricular competences and along the education continuum. Skills training for (unemployed) adults could be combined with ICT training and support to business start-ups.

### 3.2 Weak transitions to the labour market and employment for young people and females

**Issues**

Both the high youth unemployment and female inactivity rates make Kosovo an outlier in the WB6 region and require specific policy responses.

#### 3.2.1 Youth unemployment

Kosovo has the highest youth unemployment rate (15–24) in the region with 52.7% in 2017 (source: KAS; WB6 average: 38.6%), affecting 63.5% of young women and 48.4% of young men. Even if the MCC survey (2018) established a much lower percentage of 29.2% (females: 41.8% and males: 22.8%), this presents a major challenge as young people’s skills are underutilised.

In 2015, the regional YOU SEE Platform for Social Innovation in Youth Employment compiled a national baseline report on youth unemployment in Kosovo. Challenges are seen on both the supply and demand sides: there is a ‘low level of skills and work experience, but also issues of working ethics, of young people who completed formal education and enter the labour market’, as well as ‘the limited absorption capacity of the labour market’ (YOU SEE, 2015, p. 16).

Employers mostly require people with work experience, which young people do not have. Recruitment practices are seen as biased towards hiring relatives or acquaintances. In the context of an almost closed job market, becoming self-employed could be an option. However, operating a business in Kosovo is seen as very challenging due to the ‘complex (tax) reporting procedures and corrupt tax administrators who put pressure on small and weak businesses; competition from bigger companies;

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\(^{11}\) NACE = ‘Nomenclature statistique des activités économiques dans la Communauté européenne’, which is the Statistical Classification of Economic Activities in the European Union.
the low purchasing power of consumers, and the difficulty to close down and delete businesses from administrative registers’ (ibid., p. 20).

Another issue relates to the availability of tools to establish one’s own strengths and interests, as well as of information, counselling and guidance on training and labour market opportunities. The aim is to prevent young people making the wrong career choices. Praiseworthy steps to address this issue have been taken, among others, by LuxDev, who designed the www.bussula.com website tools and developed a Level 5 qualification and programme for career guidance counsellors. Currently, young people continue to ‘hunt for diplomas’ despite the lack of practical skills that academic education offers and the fact that the majority of job offers require low- to medium-level skills. Young people ‘search for jobs, such as office jobs or managerial positions’ and ‘stay away from jobs that are not attractive to them’ (ibid., p. 21).

Young people and their families living in rural areas and/or extreme poverty face additional obstacles. Businesses and jobs ‘tend to be concentrated in urban areas’ and ‘workers in the private and service sector need to work long hours, causing difficulties to travel if employees live in more distant locations’ (ibid., p. 23). Poor people cannot at times afford the opportunity cost of attending training at VTCs.

Young females are not hired by employers due to the lengthy maternity leave provision of Kosovo’s Labour Law12 (ibid., p. 23). Albanian business owners ‘do not want to work with people from the Roma, Ashkali and Egyptian community’ (ibid., p. 24). Finally, there is ‘a negative public opinion regarding the hiring of people with disabilities’ (ibid., p. 25). The employment of differently abled people is voluntary and only very few employers do employ people with disabilities as part of their social responsibility.

3.2.2 Female inactivity

The female inactivity rate amounted to around 80% in 2017 (KAS, age group 15–64; MCC 68.7%, age group 15–74).

The lower the level of education and the older they are, the higher the likelihood of women being economically inactive. Also, where women reside matters: more women residing in urban areas tend to participate in the labour market (36.2%), compared to those in rural areas (29.8%) (MCC, 2018, p. 76).

The most common reasons for women’s inactivity were:

- looking after children (32.2%);
- undergoing school, education or training (21.7%) (which concerned a total of 71.4% individuals aged 15 to 24 and 11.6% of those aged 25 to 34);
- belief that no work is available (16.0%);
- retired (10.0%);
- not qualified to work (7.8%);
- illness or disability (6.4%).

12 Article 49 of the Labour Law of the Republic of Kosovo guarantees employed women the right of 12 months’ paid maternity leave.
Women quoted the following main reasons for their inactivity rather infrequently: ‘do not want to work’; ‘looking after ill/elderly/incapacitated/disabled adults’; ‘lack of reliable/safe/affordable transportation’ (MCC, 2018, p. 78).

In recent years, substantial research has focused on understanding the obstacles to women’s integration in Kosovo’s labour market. As mentioned above, family responsibilities in combination with limited access to quality and affordable child and elderly care are an issue. The government acknowledges the ‘underdeveloped family care system’ (MLSW, 2018, p. 11), which could help address the low female participation issue. Women would work if affordable and good-quality childcare (and, of course, suitable jobs) were available in their vicinity. Thus, the non-availability of childcare facilities acts as a major impediment to women’s equal opportunities on the labour market.

Other explanations include the ‘conservative social norms and discrimination, lower levels of education and work experience among women, legal barriers to women’s employment (e.g. high cost of maternity leave for employers), and women’s limited access to assets and productive inputs’ (World Bank, 2018b, p. 4). However, part of women’s inactivity is also explained by the high reservation wages influenced by remittances from abroad (ibid., p. 6).

An interesting finding by the World Bank (2018a) is that there is no significant measurable difference in skills acquisition levels between men and women that may explain the worse results in the labour market for women.

**Policies**

The reasons for the partly overlapping problems of high youth unemployment and female inactivity are complex and require multifaceted responses to tackle them. MLSW’s Action Plan summarises the main actions (MLSW, 2017b). However, progress with implementation of this plan has generally been slow to date.

Apart from the overall sluggish labour demand, policy priorities to address the problems with early school leaving and the poor alignment of VET with labour market requirements have been discussed in sections 2.3, 2.4 and 3.1.

To address the urgent challenges of labour market participation, the government has developed an employment strategy (MLSW, 2018) and has introduced a new employment agency with a suite of support programmes designed to help people into employment.

Employment policies consist of the services and activities of the public employment service (PES), including career guidance and counselling, job placements, services to employers, labour market monitoring and skills needs analyses, as well as active labour market policies (ALMPs). The latter aim to activate unemployed jobseekers and other target groups, and typically comprise training, start-up incentives, public works and wage subsidies.

The EARK is a young institution that was established in 2017 by outsourcing employment policies from the Ministry. Continuous capacity building has been a positive step. However, the capacities of the EARK remain limited to implementing an effective active labour market strategy in line with Kosovo’s sector strategy of the MLSW (2018).

Expenditure on labour market policies increased in 2017, compared to 2016, but have not yet reached 2015 levels. Expenditure as a percentage of gross domestic product (GDP) is very low.
TABLE 15: EXPENDITURE ON LABOUR MARKET POLICIES, IN EUROS

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<th>2013</th>
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<td>Expenditure on labour</td>
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<td>1,224,922,18</td>
<td>1,424,922,18</td>
<td>946,841,07</td>
<td>1,221,982,70</td>
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<td>market policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure on labour</td>
<td>0.001%</td>
<td>0.017%</td>
<td>0.021%</td>
<td>0.0014%</td>
<td>0.0017%</td>
</tr>
<tr>
<td>market policies (% of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP)</td>
<td></td>
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</table>


During 2017, 9,173 out of a total of 93,866 registered unemployed jobseekers – or 9.7% – benefited from active measures, which corresponds to 79% of the EARK target for 2017.

Over two thirds (69%) of the ALMP beneficiaries in 2017 took part in vocational training, 9.5% in public works, 7.9% in internships, 7.8% in wage subsidies, 5.2% in on-the-job training and 0.4% started self-employment (MLSW, 2018, p. 13).

This means that the bulk of funding goes on vocational training as an ALMP, while subsidised employment, which in neighbouring Albania is the most efficient and most frequently used measure, remains underexplored as an ALMP in Kosovo.

Groups that benefited the most from ALMPs are jobseekers with upper secondary education (about 56%), followed by those with lower secondary education (28%). Young people aged 15 to 24 account for around 34% of those who benefited from programmes (i.e. 7 pp lower than the target rate for 2017). The percentage of men who benefited from ALMPs was 66%, compared to women with 34%. If we look at ethnic-based figures, then about 93% of beneficiaries were Albanians, 2% Serbs, 3% other communities, and 3% Roma, Ashkali and Egyptians. In vocational training, 39.6% of the participants were young people aged 15 to 24 and 34% were females (MLSW, 2018, p. 13).

This means that low-skilled, older and female jobseekers, as well as those from Serb and ethnic minorities (including Roma, Ashkali, Egyptians and other communities) are underrepresented among ALMP beneficiaries. On the one hand, such a provision bias is understandable, as labour demand concentrates around medium-level qualifications. On the other hand, low-qualified jobseekers are even more in need of training and other support measures.

The issue is particularly serious for women, who are generally discriminated against on the labour market and represent 55% of all registered unemployed people (EARK, 2018). The Kosovo government has acknowledged this challenge and included a respective performance indicator in its ERP 2019–2021: ‘The number of women benefiting from ALMPs in 2017 amounted to 3,022. The target for 2022 is to have 3,654 women benefiting from ALMPs’ (Kosovo government, January 2019, p. 94).

Furthermore, the Kosovo government plans to modernise and strengthen the capacities of the EARK; develop curricula for vocational training; implement ALMPs focused on young people and women (including new self-employment and entrepreneurship programmes); support voluntary work initiatives that contribute to youth employment; and provide in-service training for higher education graduates (ibid., p. 93 ff.).

While all these efforts are praiseworthy, with the small ALMP coverage rate and the limited duration of these measures, no sizable labour market impact can be expected.
Employment offices are still not considered the primary place for people to start their job search. They may approach the office only when their individual efforts have been unsuccessful. Registering as unemployed is a condition for receiving social assistance benefits and enrolling in training at VTCs. Not all registered unemployed people are actively searching for jobs. The high case load and the highly restricted range of services and active measures make it almost impossible for employment office staff to successfully contribute to people’s labour market integration. Message boards are used in individual offices to publish vacancies in the absence of functioning ICT connections and a national vacancy database (ibid., p. 27 ff.). However, there are a number of private employment agencies who maintain online vacancy databases, including jobs abroad, and individual mediation services to which especially young, more highly skilled people refer.

The general public perception is that the PES deals mainly with low-skilled and long-term unemployed people, which in turn makes the employment service less attractive for employers when trying to fill their vacancies. The high number of unemployed people registered and the few job opportunities available nurture a general belief that employment offices cannot offer much of a service. Furthermore, incidences of the PES mediating jobs in companies that offer rather unfair contracts and/or irregular salary payments have not contributed to a more positive image (ibid., p. 27 ff.).

In addition to the PES programmes, measures for activation and training and to start up or grow businesses are also integrated in numerous donor projects in Kosovo. Donors, with the help of local non-governmental organisations (NGOs), are implementing integrated and individualised support measures. These are more costly but also more effective at helping disadvantaged people into jobs. More integrated interventions and partnership approaches at the local level are necessary to tackle the labour market challenges of young people or other categories of unemployed or inactive people.

The following projects are therefore also relevant: The Support to Economic Diversification of Rural Areas in Southeast Europe (SEDRA; implemented in 2018 to 2021), which strengthens the capacities of local actors and public/private stakeholder networks in order to support community-led and area-based development. The project follows the LEADER approach, which stands for “links between the rural economy and development actions” and has been a success story in supporting rural areas across Europe since 1991. Only a bottom-up approach, which builds on broad, cross-sectoral partnerships between administration, civil society and the private sector, can mobilise resources and pool energies that enable an area or a region to develop further and its people to successfully integrate.

Also, innovative measures for activating unemployed jobseekers such as mechanisms for the recognition of prior learning, combined with vocational training, can be of great benefit for semi-skilled jobseekers and returning migrants.

**Recommendations**

Youth employment requires a multifaceted approach ranging from developing practical skills to targeted training and job opportunities by employment services and employers.

In response to employers’ claims that they cannot find people with the right skills despite the high youth unemployment levels, continuous efforts are needed to further align education and training with labour market requirements, to help young people in their career orientation and to improve their

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13 Information taken from the GIZ project website: [https://www.giz.de/en/worldwide/71939.html](https://www.giz.de/en/worldwide/71939.html)
practical skills. Structured cooperation of vocational schools, VTCs and HEIs with businesses could lead to more practical assignments and work-based learning opportunities for students, as we have seen for example in Albania. Setting up career centres in educational establishments could be a way for pupils and students to make more informed choices about educational and future job careers, as are being suggested and established in VET schools, for example by the EYE project (Business Foundation for Education/Helvetas, 2018).

Incentives could be given to employers who hire young people up to a certain age. Internship schemes with guidelines, forms for implementation, and training for coordinators, practice teachers and company instructors could become more commonplace. However, we also recommend that the business liaison coordination function in schools be institutionalised and that company internships – for school or university students or jobseekers – be regulated at national level. The aim must be that the misuse of such schemes by employers is prevented and maximum benefits for interns are ensured in terms of enhancing their skills and work experience. Again, several countries in the Western Balkan region, including Albania, are preparing such a national regulation.

Working on the supply-side or skills issues alone will not suffice in the current context of job shortages. Entrepreneurship and self-employment are typically seen as alternatives and could be promoted at national level through embedding entrepreneurial skills into curricula and training teachers, by organising dedicated training sessions and providing adequate levels of grant financing and coaching to start up and run businesses. Economic cluster approaches that link together different businesses in one region or along a specific value chain (see e.g. USAID, 2008) can help new businesses start or grow and people to acquire new skills. However, issues pertinent to Kosovo's business environment also need to be addressed.

Partnerships between VTCs, public and private employment agencies, local youth centres and NGOs could be fostered to provide services for young people. Partnership agreements could include an exchange of information on vacancies and the provision of certain services for vulnerable groups. Targeted ALMPs for young people must include individual skills profiles and training and employment plans, following a ‘coaching for employment’ approach to the extent possible. The option for VTCs to generate and reinvest their own income and to open up access to training could be explored, as well as continuous efforts by VTCs to widen the range of courses on offer. Employers could be further encouraged to take on students or young graduates to develop their practical skills and acquire work experience. Better information on courses on offer in the country or online could induce more young people to pick up such opportunities. Professional recruitment agencies could help companies identify the right job profiles and candidates for positions to be filled. The Kosovo government could underpin such efforts by general awareness-raising campaigns, information and databases, respective instructions, programmes and performance objectives for the PES, incentives for companies, and special allowances and support for poor people, people with disabilities and young mothers.

Adopting a joined-up, cross-governmental approach to promote female participation as part of the gender equality agenda

Increasing women’s participation in Kosovo’s labour market would require a joined-up approach across many government departments and policy changes on multiple fronts. A dedicated workshop organised by the World Bank, jointly with MLSW and EARK, in June 2018 came to the conclusion that the ability of women to work is contingent on:
- high-quality, affordable child and elderly care, particularly outside the capital and in rural areas (see respective suggestions by Kosovo Women’s Network, 2016a);
- changing labour regulations to improving working hours and conditions for women with children and to shifting part of the financial burden for maternity leave away from employers, which discriminates female job candidates (see Kosovo Women’s Network, 2016b);
- improving education and skills of women;
- increasing the property ownership rate of women;
- increasing female entrepreneurship (see Riinvest, 2017);
- other factors, including improved information on job vacancies and employment services, the creation of professional networks and adequate transport facilities (see World Bank, 2018b, p. 5, and Democracy for Development Institute, 2017).

Employers see women’s ‘competing demands given their family obligations’ and the ‘higher costs of employing women’ as the most severe constraints to recruitment – more severe than, for example, the lack of skills (World Bank, 2018b), which is why care facilities and lowering employment costs become key.

While most of the above-described measures go beyond the remit of labour authorities, the latter can adopt a variety of labour and employment policies that take into account women-specific barriers for labour market entry and make programmes more ‘gender-sensitive’. These range from women-friendly communication and outreach campaigns, to safe spaces, flexible schedules, proper career guidance, training to enhance women’s self-esteem, positive discrimination in the selection of jobseekers to benefit from ALMPs, childcare facilities during the attendance of ALMPs, linking training to job placements, strengthening women’s professional networks, setting up female entrepreneurship schemes, and targeted measures addressing women from poor backgrounds and with multiple disadvantages on the labour market (see e.g. OECD, 2012; Otobe, 2014; GIZ, 2015; Buvinic and O’Donnell, 2016; Datta and Kotikula, 2017; Kring, 2017).
4. CONCLUSION

Young people are a great asset to Kosovo. However, upon graduation from education and training, they face enormous challenges entering the labour market – a trend which is likely to persist for the years to come. However, demographic developments also suggest continuously declining birth rates and a rapidly shrinking working-age population in the mid to long term. While the former affects educational planning already today, the latter will affect the labour market tomorrow. In combination with the persisting emigration of young, skilled people, this could lead to serious supply-side constraints, which in turn would imperil further economic growth. Active measures to further improve skills supply and to increase labour market participation, including of young people and women, would present strategies to address these constraints.

The feeling around the country is that there are significant issues holding the country back from modernising its education system. One of the key problems is that teachers are continuously hired based on political party affiliation and that leadership positions are given as political favours. ‘An example of a seemingly structural issue is that new teachers are recruited by two members of the municipal government and by the principal of a school. In this system, the municipalities have the final say in which teachers are hired; meanwhile, principals have expressed that their lack of autonomy makes it difficult to successfully lead a school. This politicization is one example of a myriad of systemic issues that need to be addressed for Kosovo’s education system to excel’ (Gashi, 2019).

Many public VET schools lack adequate facilities and teachers to develop the necessary practical skills of their students, while links with businesses are weak. One question is why the Kosovo government continues to invest in VET programmes for which there is no labour demand or that fail to produce the necessary skills. That said, there are highly practice-oriented training courses in (often donor-supported) training centres, where participants do acquire specific trade-related skills that help them find jobs. These centres, however, would require co-funding from government to make such training sustainable when donors leave.

One strategy to address the issue of poor resources of VET providers is to allow and enable them to generate and reinvest their own income. This could be embedded into an effort to generally give VET institutions more autonomy in terms of their staff, courses offered, budgets, premises, facilities and procurement decisions. Such a shift would require legal changes and agreed national frameworks of qualifications and quality assurance, transparency and accountability, within which providers would operate. In addition, such a shift would require national support in the form of new management tools, guidelines and capacity building for VET providers, for example for quality assurance, accounting and reporting.

Kosovo needs workers with hands-on skills. For example, as construction is booming thanks to investments from Kosovars working abroad, there is demand for people who are able to build frames or roofs, or do electrical or sanitary installations on building sites. It will remain difficult for people with the wrong or insufficient practical skills, even if they graduated from higher education, to find employment.

The general skills shortages in Kosovo call for the creation of more opportunities for adults to develop their skills. In view of the limited capacities of VTCs to respond to the demand of jobseekers, in particular low-skilled people, any VET institution that is well equipped to do so should be allowed to offer basic and vocational skills training to adults. A reorganisation of the network of VET institutions
and their offers would contribute to making economies of scale and enhancing the relevance of VET programmes or courses. This would mean dismantling the boundaries between the two hitherto separately functioning systems of vocational education and vocational training. It means bringing all types of public VET providers under one legal framework and having AVETAE manage all VET institutions.

International donations, including those earmarked for education, VET and employment policies, are of a sizable nature. On the receiving end, we have people responsible in offices who have little power or will to take decisions. With a good deal of imagination, with a different understanding of the state serving the many instead of the few and with all donor funds being used purposefully, the situation in VET and people’s skills to find jobs might be different. On the donors’ end, there are issues of better coordination and the pointlessness of drafting and re-drafting papers, which are poorly matched with Kosovo’s capacities and destined to be swiftly forgotten.

It appears that currently the political will to change the system is lacking. Education in Kosovo is much about improvisation. Present challenges and difficulties can only be overcome through dialogue and cooperation. That is why politicians, decision-makers, practitioners and members of civil society should come together at national and local levels to work on a long-term vision and plan for developing the human capital potential of Kosovo in a lifelong learning perspective.
## ANNEX 1: SUMMARY OF RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Human capital development and use problem</th>
<th>Recommendations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lack of basic skills hampers further learning and working opportunities</strong></td>
<td>R.1 Improve reading/writing, mathematics and science skills in basic education</td>
<td>Expand efforts to include children in both compulsory and upper secondary education; accelerate move towards competence-based curricula, especially in the basic subjects; intensify teacher training and provide adequate teaching and learning materials.</td>
</tr>
<tr>
<td><strong>Current governance and institutional arrangements form an obstacle to VET system reforms</strong></td>
<td>R.2 Review governance &amp; financing arrangements and the legislative framework for VET</td>
<td>Enact comprehensive legislation regulating VET for all target groups and providers; assign executive functions for VET development &amp; management to a fully resourced Agency for VET and Adult Education; give schools more autonomy in terms of staff, courses, budgets and partnerships within national frameworks for qualifications, quality assurance and accountability; develop capacities of school leaders.</td>
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<tr>
<td></td>
<td>R.3 Optimize educational planning, the school network and VET offers in line with economic priorities</td>
<td>Use available demographic projections and skill needs analyses at national, sectoral and regional levels to inform network planning, VET offers and enrolment numbers in each region and institution.</td>
</tr>
<tr>
<td></td>
<td>R.4 Promote economic cluster approaches</td>
<td>Link producers &amp; service providers along the value chain or by region to generate more value, more business and jobs. Continue to address issues with informality and the ease of doing business.</td>
</tr>
<tr>
<td><strong>High youth unemployment rate points to a huge underutilisation of skills</strong></td>
<td>R.5 Further align education and training provision with labour market requirements, help young people in their career orientation and improve practical skills</td>
<td>Ensure a structured cooperation of vocational schools, training centres and higher education institutions with businesses to adjust qualifications &amp; curricula and to generate more practical assignments and work-based learning opportunities. Set up career centres in educational establishments for students to make more informed choices, following existing examples.</td>
</tr>
<tr>
<td></td>
<td>R.6 Combine skills training with entrepreneurial skills &amp; mindsets and start-up support.</td>
<td>Embed entrepreneurial skills more systematically into curricula or courses and teacher training; provide grant financing and coaching to help people start up and run businesses.</td>
</tr>
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<td></td>
<td>R.7 Use ‘Coaching for employment’ approaches for young unemployed people</td>
<td>Foster partnerships between employment agencies, training providers, local youth centres and NGOs to exchange information on vacancies and provide services for young people. Apply targeted active measures to help young unemployed people into employment or self-employment, based on their specific profile and needs. Allow training centres more autonomy to adjust their training provision, to generate and re-</td>
</tr>
<tr>
<td>R.8</td>
<td>Improve child and elderly care facilities</td>
<td>Have more high-quality, affordable child and elderly care facilities, particularly outside the capital and in rural areas.</td>
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<tr>
<td>R.9</td>
<td>Change labour regulations</td>
<td>Improve working hours and conditions for women with children and shift part of the financial burden for maternity leave away from employers, as it discriminates female job candidates.</td>
</tr>
<tr>
<td>R.10</td>
<td>Improve the education and skills of women</td>
<td>Ensure access, participation and completion of education of young females. Provide for second-chance education and skills training, taking account of women’s profiles and needs.</td>
</tr>
<tr>
<td>R.11</td>
<td>Increase the property ownership rate of women and female entrepreneurship</td>
<td>Increase the property ownership rate of women; strengthen women’s professional networks and female entrepreneurship schemes.</td>
</tr>
<tr>
<td>R.12</td>
<td>Implement ‘gender-sensitive’ public employment policies</td>
<td>Provide women-friendly communication and outreach campaigns, safe spaces, flexible schedules, proper career guidance, training to enhance women’s self-esteem, a positive discrimination in the selection of jobseekers to benefit from active labour market measures, childcare facilities, linking training to job placements, as well as targeted measures addressing women from poor backgrounds and with multiple disadvantages on the labour market.</td>
</tr>
</tbody>
</table>
ANNEX 2: KOSOVO’S EDUCATION SYSTEM

Labour market

- Universities
- Higher professional education
- Matura
- Upper secondary education
  - Gymnasium (Grades 10-12)
- General and vocational education
  - Grades 10-12
- Lower secondary education, Grades 6-9
- Elementary education
  - Grades 1-5
- Pre-school education
  - Age 0-5
<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>Description</th>
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<tr>
<td>ALMPs</td>
<td>Active labour market policies</td>
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<tr>
<td>AVETAE</td>
<td>Agency for VET and Adult Education</td>
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<tr>
<td>CVETA</td>
<td>Council for VET and Adult Education</td>
</tr>
<tr>
<td>CoCs</td>
<td>Centres of Competence</td>
</tr>
<tr>
<td>CPD</td>
<td>Continuous professional development</td>
</tr>
<tr>
<td>EARK</td>
<td>Employment Agency of Republic of Kosovo</td>
</tr>
<tr>
<td>ERP</td>
<td>Economic Reform Programme</td>
</tr>
<tr>
<td>ETF</td>
<td>European Training Foundation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>HEIs</td>
<td>Higher education institutions</td>
</tr>
<tr>
<td>ICTs</td>
<td>Information and communication technologies</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organisation for Migration</td>
</tr>
<tr>
<td>ISCO</td>
<td>International Standard Classification of Occupations</td>
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<tr>
<td>KAA</td>
<td>Kosovo Accreditation Agency</td>
</tr>
<tr>
<td>KAS</td>
<td>Kosovo Agency of Statistics</td>
</tr>
<tr>
<td>KESP</td>
<td>Kosovo’s Education Strategic Plan</td>
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<tr>
<td>KIESA</td>
<td>Kosovo Investment and Enterprise Support Agency</td>
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<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
</tr>
<tr>
<td>MCC</td>
<td>Millennium Challenge Corporation</td>
</tr>
<tr>
<td>MED</td>
<td>Municipal Education Directorate</td>
</tr>
<tr>
<td>MEST</td>
<td>Ministry of Education, Science and Technology</td>
</tr>
<tr>
<td>MLSW</td>
<td>Ministry of Labour and Social Welfare</td>
</tr>
<tr>
<td>NDS</td>
<td>National Development Strategy</td>
</tr>
<tr>
<td>NEETs</td>
<td>Persons not in employment, education or training</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NQA</td>
<td>National Qualifications Agency</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PES</td>
<td>Public employment service</td>
</tr>
<tr>
<td>SDC</td>
<td>Swiss Agency for Development and Cooperation</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>VET</td>
<td>Vocational education and training</td>
</tr>
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<td>VTCs</td>
<td>Vocational Training Centres</td>
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<tr>
<td>WB6</td>
<td>the six Western Balkan countries</td>
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