Foreword

Many countries worldwide are reinforcing their education and training systems’ capacity to respond to the pressures of globalisation and the challenges of the knowledge society. Closer cooperation between business and education is one of the tools for providing learners with new skills and competencies for work. However, available knowledge on the current forms and modes of cooperation between the education and economic sectors and the roles and responsibilities of the different stakeholders is limited and fragmented.

DG EAC has entrusted the ETF to carry out a study on education and business cooperation in the EU neighbouring countries and territories (involved in the enlargement process according to the Instrument for Pre-accession Assistance, or in the European Neighbourhood Partnership Instrument, or in Central Asia) with the aim of:

- Drawing up an inventory of current cooperation between education and business;
- Identifying to what extent EU approaches and policies are relevant to the EU neighbours;
• Providing tailored information and recommendations to national policy makers and donors for future programming initiatives and capacity building measures.

For the purpose of this study, the term education includes VET, postsecondary non-tertiary and tertiary education, including public and private institutions. The term business covers any entity involved in economic activity regardless of its legal status, including multinationals, public and private large companies and SMEs, micro-businesses and actors in the informal economy, social partners (employers' and employees' organisations, civil society organisations and their training bodies), and national, regional and local authorities. While the focus of the study will be to identify and reflect on policy or strategically driven approaches to cooperation, the study considers education–business cooperation in a very broad sense, meaning any kind of relevant policy provision and/or formalised or non-formalised interaction between an education/training provider and a business organisation.

The present paper is the country-specific contribution for Kosovo. It has been elaborated as a joint effort and follows a study design consisting of desk research, data exchange with partner institutions, focus group meetings in March and May 2010, and a validation workshop conducted on 29 June 2010. During this intensive consultation process, facilitated by the ETF, the main national stakeholders (representatives from relevant ministries, social partners, the education system, businesses and the civil society) discussed the state of play and provided recommendations for its improvement. The ETF has produced the final report, based on the key discussion points and messages.

This report will serve as an input for a regional ETF study, relevant for the context of the Instrument for Pre-accession Assistance region and for a cross-country ETF study of education–business cooperation that will reflect on the findings of all the countries with which the ETF cooperates. Both documents are due to be published in spring 2011.

The ETF is grateful for the opinions shared and insights provided by participants during the rich discussions at all the meetings, and expresses special thanks to Ms Drilona Emrullahu for her support during the May 2010 mission.

Executive summary

The Ministry of Education, Science and Technology (MEST), in collaboration with the various donors working in Kosovo, is working towards a modernised education system at all levels under a SWAp.¹ Given the relatively short span of time and the available resources, much has been achieved so far. The importance of education–business cooperation is evident to all stakeholders and several initiatives are being organised to strengthen this link. Policies for further improvement of the education–business relationship need to create a win–win situation for all parties involved and need probably also to include the creation of appropriate incentive systems for companies. Quality assurance could be an important tool for continuous improvement in this area and systematic impact monitoring is needed to evaluate the results of the various initiatives. Finally, the high level of informal employment is also impeding human and social development in addition to reducing the fiscal revenues of Kosovo and appropriate policies are needed is this area.

Context / policy

About a decade after the war and two years after the declaration of independence in 2008, the Kosovo authorities face multiple economic and human development challenges. With a GDP per capita of €1,731 in 2009 and a steady GDP growth of 3.8%, the country’s economy is expanding slowly compared to other transition countries in the region. The increase in GDP per capita is fuelled by foreign assistance and remittances from abroad, which entails a risk for the sustainability of economic development. Kosovo’s unemployment levels are among the highest in Europe: young people, women and minorities are particularly affected, with an unemployment rate of over 60% for the groups at risk (World Bank, 2010).

SMEs are the backbone of Kosovo’s economy but there is also an important informal economy operating in the country and impeding important social and fiscal contributions. SMEs account for

¹ The sector-wide approach (SWAp) is a pooling of financial resources of the government and donors to carry out the Comprehensive Education Strategy in Kosovo. Other, more far-reaching definitions are possible, but, given the fact that the SWAp is an evolving concept worldwide, the authors have preferred to keep various options open.
approximately 40% of GDP, 60% of employment, and 99% of businesses. However, only 35,000 out of 90,000 registered businesses are active, and only 5,000 make a profit and pay taxes. In Kosovo, the informal economy is estimated to be at 50% (Hoti, 2009). Informality has negative consequences for fiscal outcomes, productivity and growth, economic and social vulnerability, and the rule of law. Among these, the economic and social vulnerability of informal workers is the most important. Informal workers face lower wages, higher risks of lay-offs and worse working conditions than formal workers. Informality is more often widespread among the less educated and the returns to education in the informal sector are very low. This relation is the main aspect of informal employment that impedes growth and human development.

The government has recognised the importance of education reforms if Kosovo is to be prepared to compete in the global knowledge economy, but additional administrative reforms are needed to boost Kosovo’s economy. In a 2010 World Bank study on doing business in 183 countries, Kosovo ranked 113th out of 183 economies, with Singapore as the highest-ranked economy in the ‘Ease of Doing Business’ category, Bulgaria 44th, Czech Republic 74th, Albania 82nd, Croatia 103rd and Bosnia and Herzegovina 116th. To promote private sector development, the study identifies the following critical reform areas comparing Kosovo with the other 182 countries:

i. construction permits (176/183);
ii. protecting investors (172/183);
iii. time, procedures and capital needed to set up a business (164/183);
iv. enforcing contracts (157/183);
v. trading across borders (132/183) (World Bank, 2010).

The overall education reform strategy of the Ministry of Education, Science and Technology (hereinafter the Ministry) is supported by a sector-wide approach (SWAp) coordinating the efforts of the various donors. The SWAp is the cornerstone of the strategy to address the multiple and competing demands in the education sector in an efficient manner. The main purpose of the SWAp is to use the available resources efficiently while avoiding overlapping activities and blind spots in the design and implementation of the education modernisation strategy.

There is a high level of awareness of the importance of education–business cooperation in Kosovo at all levels of policy and implementation. Policy commitments were made at the highest political level by three relevant ministries – the Ministry of Education, Science and Technology (MEST), the Ministry of Labour and Social Welfare (MLSW) and the Ministry of Trade and Industry (MTI) – involving a wide range of stakeholders and social partners in the National Strategy for Entrepreneurship and Training, which comprises all levels and sectors of education (MEST, MTI and MLSW, 2007). This high-level policy commitment created a positive environment for education–business cooperation which was noted by the European Charter for Small and Medium Enterprises in the Western Balkans in the 2009 progress report (OECD, 2009). The Chamber of Commerce of Kosovo, which is the main employers’ organisation, along with the American Chamber of Commerce and other business organisations, have expressed their awareness of the need to improve the links with education and their readiness to support this.

In 2010, the new Kosovo Curriculum Framework will be introduced as a result of the cooperation between the Ministry and several donors. It will be competence-based and outcome-oriented and will promote the development of core competences such as problem solving, ability to work in teams and communication skills. These competences are in high demand in the private sector and also constitute the hard core of entrepreneurship competences.

In collaboration with the Ministry, donors have launched a number of interesting initiatives in education–business cooperation, which provide important learning opportunities for scaling up. As mentioned previously, donors are supporting the government’s education strategy through a SWAp. In addition, Swisscontact and Eco Net have launched initiatives in vocational education and training (VET) and VET Economic Schools, which have made local industry and commerce more aware of school activities. Other initiatives are the introduction of the European Business Driver’s Licence by Swisscontact and GTZ. DANIDA is currently working with four municipalities – Pea, Yushtrri, Gjilan and Ferizaj – and four upper secondary professional VET schools to promote closer linkage with the

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labour market in the agricultural sector. Every participating school has appointed a half-time careers guidance officer to work closely with the Municipal Directorate for Education. The Lux-Development project is supporting the MLSW’s VET training centres in the development of training curricula with the involvement of local businesses. Another interesting initiative is organised by the Lux-Development project, where training is being organised by the private sector in the fields of ICT, business and administration management, and accounting. For implementation purposes Lux-Development has established a partnership with the French Embassy and Don Bosco.

In the area of education–business cooperation, several donors are active in tertiary education, creating opportunities to strengthen the cooperation between faculties and companies. For example, supported by USAID, the Faculty of Electrical and Computer Engineering at Pristina University has formed a partnership with the University of Pittsburgh in the USA and has established an advisory board for the Faculty, where key businesses and stakeholders in the telecommunications sector are represented. This initiative promotes the provision of a number of elective entrepreneurship-related courses at the Faculty. Moreover, it has contributed significantly to increasing awareness among the Faculty’s management and teaching/research staff of the need to equip the new graduates with entrepreneurship skills. Similarly, based on a Memorandum of Understanding, the Faculty of Economics and the Faculty of Applied Business Sciences have been working together with the Business Start-up Centre of Kosovo (an NGO supported by the Dutch government) to develop a number of entrepreneurship courses, which will be included in the curricula of these two faculties. This joint work has involved some activities that contribute to improving the teaching of the existing modules by bringing entrepreneurial elements into teaching practices. However, this remains an ad-hoc initiative for promoting learning on entrepreneurship, as only two entrepreneurship-related courses at the Faculty of Economics have been amended based on the outcomes of this joint work (ETF, 2009).

EU support and policies are promoting education reform at all levels, including strengthening the links between education and business. In VET, the KOSVET projects previously funded by the EU have introduced entrepreneurship modules for grade 12 in pilot schools. Also, KOSVET VI will promote entrepreneurship among unemployed adults and job seekers in the period 2009–2011. In tertiary education, the Tempus programme supported business incubator units for students and graduates at the University of Pristina. Opportunities were also created to train students in business start-up and business plan development. In addition, supported by the Tempus programme, the Faculty of Economy is expected to start implementing a Master’s programme in Entrepreneurship and Local Economic Development in the coming academic year 2010/11. The aim of the programme is to develop the capacity of the university to serve the needs of society at large by strengthening people’s links with the labour market and offering programmes promoting entrepreneurship.

The Tempus programme is jointly implemented with a number of EU-based universities, as well as some local partners (the MTI, the Kosovo Chamber of Commerce, the municipality of Pristina) and two private companies, Comtrade Computers and Galanteria Group Sh.p.k. In 2010, the University of Mitrovica submitted four projects for evaluation by Tempus, each of which aims to create stronger linkages between the university and the private sector.

In general, the Bologna process is, and continues to be, an important vehicle for reforms in tertiary education in Europe. With the recent focus of this process on labour market relevance and quality assurance, it is expected that the Bologna process will fuel initiatives in education–business cooperation in Kosovo.

The EU’s support to the National Qualification Framework establishes a platform for a systematic reform of the entire education system with the clear ambition to promote collaboration and exchange with the EU partner countries through the European Qualifications Framework (EQF).

Structures / methodologies / approaches

The National Qualification Framework (NQF) is expected to become a crucial mechanism for aligning the education and business worlds in Kosovo, but implementation is in its very early stages. A blueprint of the Framework was elaborated in 2008. The emphasis on competence-based modules with employers engaged in setting standards enables strengthening of the linkages between education and the demands of the labour market, including the development of a coherent system for testing and certification. To the extent that sector committees, in charge of defining the competences,
continuously monitor changes in the demand for skills, the NQF approach can also increase the
diversity of the workforce. EU support, made available through the new IPA programme, aims at
implementing the NQF and supporting the establishment of the National Qualification Authority. It
covers, among other things, the development of occupational standards and their translation into
qualifications, and support to the National Qualifications Authority to establish the effective functioning
of a quality assurance system.

For the NQF to have an impact on the quality and relevance of training, it is important that the
curricula are realigned with these competences, that the development of the competence-based
curriculum is monitored by the National Qualifications Authority, and that the employers play a leading
role in ensuring that the framework is used to certify workers.

At present, the Ministry is registering all qualifications offered by the VET system in the NQF. This
process should be completed by 2011, but it is clear that the implementation of the NQF will take
many years of dedicated commitment on the part of the Ministry and donors, including the involvement
of social partners.

Governance structures to facilitate regular cooperation between education and business across levels
of education, sectors, and territories are emerging but are still at an early stage of development.
Although there is no national body, which coordinates actions among stakeholders on the
implementation of education–business cooperation, the entrepreneurship education strategy is backed
up by a cross-stakeholder partnership with a formal monitoring role provided by the prime minister’s
office. In addition, the government has made it a priority that students’ professional practice be
organised in close cooperation with enterprises by 2011. Municipalities will have a greater role in
advising and careers counselling together with the schools. Clear criteria will be developed for
companies to host practising students and a company register will be established.

NGOs are picking up the importance of engaging students in society and the business world in
Kosovo. An example is JADE, the European Confederation of Junior Enterprises, a non-profit
international umbrella organisation of enterprises founded and managed by students. The network
currently brings together 280 junior enterprises in 15 European countries. JADE’s members, called
Junior Entrepreneurs, are students who want to acquire practical experience during their studies by
developing their own professional projects and by offering a variety of consulting services,
experiencing unique learning opportunities in the real business world. JADE is organising workshops
and entrepreneurship job fairs in Kosovo involving the Chamber of Commerce.

New institutional models to strengthen the link between education and the business world are
emerging. To promote better cooperation between the education sector and the business world, seven
Centres of Competence (COCs) are being established. Each centre will offer high-quality
programmes in line with the standards set by the NQF. In addition, tailor-made short courses will be
made available in close cooperation with the business community in the respective regions. Careers
guidance and close links with labour market services will also enhance the links with the private sector
(GTZ, 2010).

Another interesting initiative to strengthen social partnerships and school autonomy is ongoing in
Kosovo through the ‘Employment Promotion through Business and Skills Development’ project. In
collaboration with the Ministry, DANIDA supports capacity development for self-governance in four
upper professional secondary vocational schools in Pea, Vushtrri, Ferizaj and Gjilan. The goal is to
strengthen the school boards and school management in school administration. Decentralised school
management is crucial to improving local and regional cooperation between VET stakeholders. The
American University in Kosovo, in partnership with the Rochester Institute of Technology, has set up
the Training and Development Institute, which is a centre for continuing education. Among other
courses, the Institute offers courses to obtain the European Business Competence License (EBC*L),
a qualification certificate that demonstrates that the holder has the core knowledge needed to enter
the business world for the first time.

Because of both a shortage of data and limited experience, it is difficult to assess the impact of the
initiatives at the various levels of intervention. Kosovo is building up its institutions and reforming its
education system with limited financial and human resources over a relatively short time span.
However, the need for monitoring and evaluation is well accepted. Recently in 2010, the Chamber of
Commerce has launched an initiative to monitor human capital developments in the SME sector

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5. Forestry and Wood Processing, Peja; 6. Agriculture, Suhareska/Theranda; 7. ICT, Prishtina.
systematically. There are also plans to develop the capacity to conduct enterprise skills surveys through the regional chambers of commerce so as to obtain more data on start-ups and growing businesses.

During the interviews conducted (on a limited scale) for this study, companies expressed their interest in working more closely with educational institutions, especially VET institutions, as a way to contribute to students’ training of and to have an opportunity to pre-select future employees. This engagement would also help employers to voice their views on the skills needed in the workplace. Figures about the impact of in-company training on future employment are not available.

Challenges

In Kosovo, bringing the huge informal sector into the formal economy through carefully designed policies yields important prospects for economic growth, human development and social inclusion. Although this topic is outside the realm of the present study, the results of the World Bank report (World Bank, 2010) suggest that important opportunities could emerge in Kosovo with the creation of a more business-friendly environment.

Kosovo’s main challenges in education are its limited financial resources and its relatively young institutions facing a daunting set of tasks. Limited human and financial resources are probably the most important challenge to the implementation of the very ambitious programme of reforms designed to transform Kosovo’s education system to meet the demands of the global economy. At this stage, Kosovo’s governance and administrative capacity is developing, but, given the important tasks ahead, there is a strong need to set priorities and to aim for realistic targets. At present, donor support through the SWAp configuration is strongly coordinated, but additional fine-tuning may be needed in the next stage, when the agreed strategies will be implemented.

The experiences so far with business-education cooperation are very interesting, but there is a need to scale up successful initiatives after systematic impact monitoring. The lessons learned from the various efforts contain a solid knowledge base for the education sector. However, systematic data collection is needed as well as impact monitoring of the various initiatives so that the most successful modes and models can be identified.

Appropriate incentive schemes to promote education–business cooperation are lacking. At present, there are no specific funds allocated by the Ministry to promote education–business cooperation or to organise public awareness activities; neither are there tax incentives in place for companies willing to invest time and effort in training students and participating in educational institutions. More specific legal regulations on insurance for students in workplaces and the responsibilities of schools and companies need to be elaborated further.

Continued improvements in education–business cooperation necessitate continued quality monitoring. In the current situation, where the linkages between education and business need further nurturing and institutional embedding, it is important that quality assurance and accreditation agencies include this aspect as a mandatory component of the self-assessment and appraisal methodology for institutions or programmes at all levels.

Recommendations

Kosovo has much to gain from bringing its economy out into the open by means of increased, better coordinated auditing and monitoring to reduce informal employment. Targeted policies are needed to bring the huge informal sector into the open economic area. Reducing the informal sector is expected to have an important impact on education and human development. As noted above, informal employment is more widespread among the less educated and the returns to education in the informal sector are very low. Reducing informal employment creates incentives to obtain the best education possible, as the returns to education are higher in the formal sector of the economy.

To promote business development it is important for Kosovo to create a regulatory environment conducive to company start-ups and growth. Although this topic is outside the realm of the present study, the results of the World Bank report (World Bank, 2010) suggest that important opportunities could emerge in Kosovo with the creation of a more business-friendly environment.

Ongoing dialogue and concise coordination are the main tools for fine-tuning the efforts of the Ministry with the initiatives of the donors involved in the education sector. The Ministry is currently...
strengthening donor coordination with a view to implementing the education strategy. Education–business cooperation is part of the common approach among donors, as most of the projects contain components to strengthen linkages with the business world or employment agencies. There is a need to scale up the most successful initiatives in education–business cooperation once these have been identified. Closer and more accurate monitoring of results and impact of the various efforts is needed to capitalise on the lessons learned related to the design and implementation of the various projects. Appropriate incentive systems for companies are needed as well as clear regulations on safety and insurance for students in work placements. A number of EU Member States have fiscal incentive systems tailored to the needs of the education system and companies. It could be worthwhile to consider what may be feasible in the Kosovo context. Additional specific regulations are needed to resolve practical issues such as insurance for internships and the responsibilities of companies and schools during work placements. Quality assurance should include a component on education–business cooperation as part of the appraisal methodology for all institutions and schools. For all policy intents and practical purposes, systematic and transparent monitoring as part of the accreditation process will have a huge impact on how education and business cooperation is perceived by all stakeholders. Sharing both positive and less positive experiences will create learning opportunities for policy makers, education managers, companies and social partners.

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**Annex: annotated structure**

The annotated structure below is derived from the analytical framework of Education and Business Studies. This part provides the key areas covered in the discussions in the focus groups and interviews that were conducted during the study.

**Context / policy**

- Is there a tradition and acceptance of education–business cooperation? Provide examples of how traditions impact on education and business cooperation.
- What have been the drivers that have influenced the tradition? What are the common interests and what are the expectations?
- Is education–business cooperation included in policies and/or strategies at national / regional / local / institutional levels?
If yes, please provide examples of policies / strategy / legal frameworks. What are their strengths / weaknesses?

How comprehensively are they implemented in terms of educational levels, economic sectors, territorial coverage?

How consistently are the frameworks applied?

What support, if any, is being provided by donors?

To what extent are EU policies inspiring education–business cooperation?

**Structures / methodologies / approaches**

What governance structures have been put in place to facilitate regular cooperation between education and business across levels of education, sectors, and territories?

What incentives are in place? Can you provide examples (including financing, accreditation, etc.)? Is the cooperation ad-hoc or systemic, and who is most active (e.g. big companies, professional post-secondary and tertiary education)?

What are the outcomes for education at different levels (financing, trainers etc.)?

What are the outcomes for business? Provide examples from economic sectors for successful modes and tools for improved supply definition and its provision in the world of work (i.e. technology transfer, apprenticeship schemes, TNA, round tables).

What are the outcomes for the learners, and do they increase their employability?

**Challenges**

Provide examples where employers or others have demanded changes in educational policies. Have the demands led to changes?

To what extent are successful sector initiatives such as cooperation in ICT adaptable to other economic sectors?

In implementation, is partnership sustainable, and what are the main success criteria for this?

What conflicting interests impede cooperation in different economic sectors or on different educational levels, and what approaches / methodologies have been found or could be identified to overcome them?

**Recommendations**

What would be the main further recommendations for education–business cooperation in terms of policy framework; structures and methodologies?

What would be the main further recommendations for education–business cooperation for implementation at different educational levels or economic sectors?

What would be suitable capacity development and overall support measures for policy formulation and implementation?