

SKILLS 2020

KOSOVO

Working document

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Acknowledgments

The Skills 2020 Kosovo* Report is the result of professional contributions of representatives from key policy makers and stakeholders in Kosovo during two workshops (supporting on-going processes and activities, in particular the drafting of the MLSW Sectoral Strategy 2014-2020), three foresight workshops and a RIA workshop. This process started in September 2013 and the final results were compiled in April 2014. This document was produced thanks to the teamwork of participants and the coordination of the Strategic Planning Office in the Office of the Prime Minister of Kosovo (PMO).

The ETF has facilitated the exercise and provided technical and thematic expertise, through the inputs and work of ETF education, VET and labour market specialists, statistical experts and external international foresight experts and institutional capacity and financial experts. Human Resources Development national experts have also highly contributed to the elaboration of the present document, by providing important insights from the country.

The Decision to draft the “Kosovo Vision for Skills 2020”, including priorities and a roadmap, took force on 19 September 2013 with the Kosovo Prime Minister’s Letter to the ETF for the establishment of a Working Group with 29 members, representing education, employment and business development. All the Ministries have engaged actively in the exercise and cooperated with the Working Group, responding to its requests.

The full list of all those who took part is provided in Part II.

* This designation is without prejudice to position on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

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List of Acronyms

ACES	Agency for the Curriculum, Assessment and Standards
ALMP	Active Labour Market Policy
AVETA	Agency for Vocational Education, Training and for Adults
BRPM	Body Responsible for Priority/Measure
CSO	Civil Society Organisation
CSP	Country Strategy Papers
CVET	Council for Vocational Education and Training
ETF	European Training Foundation
EU	European Union
FDI	Foreign direct investment
FS	Foresight
GDP	Gross Domestic Product
HE	Higher Education
HRD	Human resource development
ICA	Institutional capacity assessment
ILO	International Labour Organisation
IPA	Instrument for Pre-accession Assistance
IPAIL	Instrument for Pre-accession Assistance programming period 2014 - 2020
IVET	Initial vocational education and training
KESP	Kosovo Education Strategic Plan
KCC	Kosovo Chamber of Commerce
LFS	Labour Force Survey
LLL	Lifelong learning
LM	Line ministries
MCYS	Ministry of Youth, Culture and Sports
MIS	Monitoring Information System
MED	Municipal Education Director
MEST	Ministry of Education, Science and Technology
MLSW	Ministry of Labour and Social Welfare
MTEF	Mid-Term Expenditure Framework
MTBF	Mid-Term Budget Framework
MTFF	Mid-Term Fiscal Framework
MTI	Ministry of Trade and Industry
NDP	National Development Plan
OP	Operational Programme
OS	Operating Structure
PAF	Performance Assessment Framework

PAR	Public Administration Reform
PEFA	Public Expenditure and Financial Accountability
PEF	Public Expenditure Framework
PEP	Pre-Accession Economic Programme (PEP)
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Finance Management
PBB	Programme-Based Budgeting
PMO	Office of the Prime Minister
PPF5	Project Pipeline Facility 5
RIA	Review of Institutional Arrangements
SA	Sector Approach
SIGMA	Support for Improvement in Government and Management
SIMP	Employment Information Management System (alb.SIMP)
SSP	Sector Support Programmes
VET	Vocational education and training
WBL	Work based learning

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OVERVIEW

Foreword

IPA, the Instrument for Pre-Accession Assistance, offers assistance to countries engaged in the EU accession process. The current programming cycle is drawing to an end and IPA II covering the period 2014-2020 is now being planned. IPA II will support accession countries in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership. This new programme is more strategic, efficient and better targeted than before, and aims to adopt a 'sector wide approach', connecting Human Resources Development (HRD), employment and social cohesion issues.

Under IPA II Human Resources Development, labour market and social cohesion will be treated as a single coherent sector (policy area) that requires linked policies across a variety of domains such as:

- Higher Education
- Vocational Education
- Life Long Learning
- Social Inclusion
- Job creation
- Industrial competitiveness
- Poverty reduction
- Entrepreneurship
- Skills and capabilities needed for accession to the EU

The sector-wide approach poses a challenge because it requires a wide number of policy areas that moved ahead more or less independently in the past, to cooperate more closely, to develop more coherent and evidence-based policy approaches for HRD in line with the EU 2020 Strategy. There is a need to integrate these fragments so that it is easier for the relevant actors to plan their response, identify their needs and acquire the resources necessary to enable them to function over time.

To help pre-accession countries to get the most out of this new approach, the European Commission contracted the European Training Foundation to launch the *Frame – Skills for Future* initiative to help in the development of coherent policy approaches for human resource development in line with the EU 2020 Strategy. As such, the FRAME exercise has aimed at providing a clear overview of the main priorities for Kosovo in the HRD sector so to have a coordinated action plan among key stakeholders and a linked monitoring instrument to be consequently used to assess progress.

The vision document, together with the capacity development plan for institutions in charge of HRD and the monitoring instrument, allow the education and training system to be better aligned with the needs of the economy and the labour market and to strengthen institutional capacities and inter-institutional co-operation to ensure joined-up policy approaches across government. This required a future-oriented participatory approach that brought together all relevant stakeholders involved in higher education and research, vocational education in a lifelong learning perspective, including labour market policy, job creation, entrepreneurship and social inclusion, to create a skills vision for Kosovo in 2020 along with a roadmap that accommodates all HRD-related initiatives in a coherent strategy involving the national actors and stakeholders.

In order to make the most of existing experience, the FRAME initiative consists of four interrelated components, treated as unique interventions as they constitute the building blocks of the sector approach in HRD, namely:

- **Component 1 – Foresight:** Implement a foresight methodology for vision-building of future skills towards 2020 as an input for building coherent national HRD strategies in EU enlargement countries, including priorities and roadmap for the vision. The methodological approach was road-tested in two of the enlargement countries (Montenegro and Serbia) and then rolled out in the other beneficiary countries.
- **Component 2 – Review of Institutional Arrangements (RIA)** Implement a methodology to review institutional arrangements in the HRD sector in relation to the capacity to achieve the country vision for skills 2020, and consequently to develop capacity-building responses. The methodology developed was rolled out directly in all beneficiary countries.
- **Component 3 – Monitoring:** Develop a performance-monitoring and indicators-based system to monitor progress and strengthen accountability in implementing the sector-wide approach in HRD in line with the national strategic objectives and EU 2020 goals, as well as headline targets put forward in the South East Europe Strategy 2020.
- **Component 4 – Regional:** Facilitate a mutual learning process among enlargement countries in the region through the organization of regional meetings and peer learning activities that allow exchange of results and pave the way for future joint activities.

Executive Summary

As part of the European Commission support for the preparation of the second cycle of the Instrument for Pre-Accession Assistance (IPA II), the ETF facilitates this process in the enlargement countries through the Future Frame initiative. The FRAME initiative places skills at the centre for HRD and social development as skills are one of the key elements contributing to the prosperity of national economic growth and the better lives of individuals. The focus is on the adaptation of the education and training system in a lifelong learning perspective covering initial and continuing vocational education and training (VET) and higher education. It also includes adult learning, company based training and training of the unemployed. Kosovo with the support of ETF has formulated and produced tangible and interrelated results for a shared Vision for SKILLS 2020, with Priorities and a Roadmap for the Human Resource Development (HRD) sector. The results are presented in this Report. This report is a preparatory input to IPA II programming, and specifically should inform the Country Strategy Paper (CSP) for Kosovo.

This work aimed at taking into account what the European Commission refers to as a sector-wide approach, which links all policy initiatives related to education and training in a lifelong learning perspective, with employment and social inclusion in a single unified framework. The work on the foresight component started in 2013 with a number of exploratory visits by the ETF team, followed by three interactive workshops held in the period December 2013 to April 2014, using a highly participatory foresight approach that brought together the relevant ministries, government agencies and other bodies, along with other major actors in education, training and lifelong learning.

The assistance provided by the ETF team included:

- Close cooperation and communication with the Strategic Planning Office in the Office of the Prime Minister of Kosovo.
- Alignment of activities with on-going processes and activities and in particular the drafting of the MLSW Sectoral Strategy 2014-2020.
- Mapping of skills-related strategies and alignment of priorities and measures.
- Facilitation of workshops and discussions.
- Participatory approaches and active involvement of target group.
- Use of national experience and expertise in workshops.
- Building on existing institutional reviews.
- Coordination with international donors working in the HRD sector.

Foresight is primarily a change management tool which supports the design and implementation of policies with a medium to long-term perspective, using systematic participatory approaches. Foresight provides a methodology and mix of qualitative tools which are adapted to address a range of goals and objectives in FRAME. These relate to building common understandings between actors and stakeholders, formulating an overall strategic direction for skills ("Skills Vision 2020 Kosovo"), identifying priorities for joint actions to be implemented in the period 2014-2020, integrating the results of the RIA for HRD policy making and implementation and readiness for the sector approach in HRD and building capacities for foresight as a tool to ensure a more efficient sector approach.

The vision building process in Kosovo has resulted in this shared Skills Vision 2020:

By 2020 Kosovo is a globally competitive knowledge society, with skills that adapt to the needs of the economy, fostering innovation and entrepreneurship, and attracting investment for sustainable development and social inclusion.

In order to achieve the skills vision, four key priorities with related measures were identified. The first priority relates to competency-based learning and improving the responsiveness of the education and training system to labour market demands. Linked to this priority is the need to foster entrepreneurship and innovation and the reform and modernisation of employment services to meet the needs of the labour market. The fourth priority focuses on enhancing capacities for coordinated sector policy development and implementation.

A review of institutional capability to manage the policy cycle was undertaken from March to May 2014 with an emphasis on four main functional capacities corresponding to the policy cycle phases: 1) Policy design; 2) Planning and budgeting; 3) Implementation; and 4) Monitoring and evaluation (including reporting and learning). This entailed a mapping of capacities, interviews and the convening of a policy design workshop to discuss the findings. The RIA Report highlights the need for investment to improve institutional capacities through an injection of resources, thereby enabling implementation of the Skills Vision recommendations and actions.

The monitoring component was launched in Kosovo in November 2013 and completed in July 2014. The main points that emerged referred to the need for more efforts to further explore data availability (additional calculations of key indicators based on currently available data and adjustment of statistical production methodologies so as to gradually capture key evidence on HRD). The current evidence gaps seriously impede evidence-based decision making in HRD sector and benchmarking against international and EU progress in the field. Follow-up work (post FRAME) on monitoring progress toward achieving the Skills Vision 2020 should combine the assessment of progress in implementation of institutional development and skills system modernisation actions with the monitoring of indicators and trends, including evaluation of eventual gaps against EU2020 and SEE2020 targets and averages. It may be appropriate to link skills monitoring with the National Development Strategy.

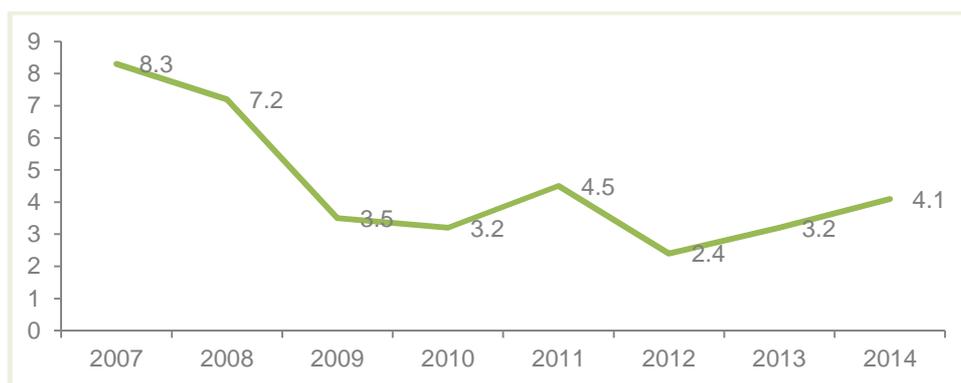
Part I – Vision for Skills 2020: The Foresight Vision Building Process

1. Background and Context

1.1. Economic Backdrop

Since the end of the war Kosovo has experienced solid economic growth, being among the few countries that registered positive growth during the global crisis (Figure 1). It is estimated that in 2013 GDP grew at a rate of 3.2 percent, reflecting an increase of 0.8% compared to the growth recorded in 2012. Based on projections, GDP will continue to grow further and by 2014 reach a growth rate of 4.1%. The main driver for this growth is expected to come from increased consumption and private investments, accounting for around 3.2 % and 1.8 % respectively (Ministry of Finance, 2014). Kosovo suffers from a high negative trade balance (Figure 2). However, according to the 2015-2017 Mid Term Expenditure Framework, export of goods is expected to increase on average by 8% over a period of four years, contributing to economic growth to a level estimated at 1.1% (Ministry of Finance, 2014). Remittances and other Diaspora inflows are expected to remain among the main drivers of domestic demand and growth.

Figure 1: Real GDP growth



Source: Ministry of Finance, 2014

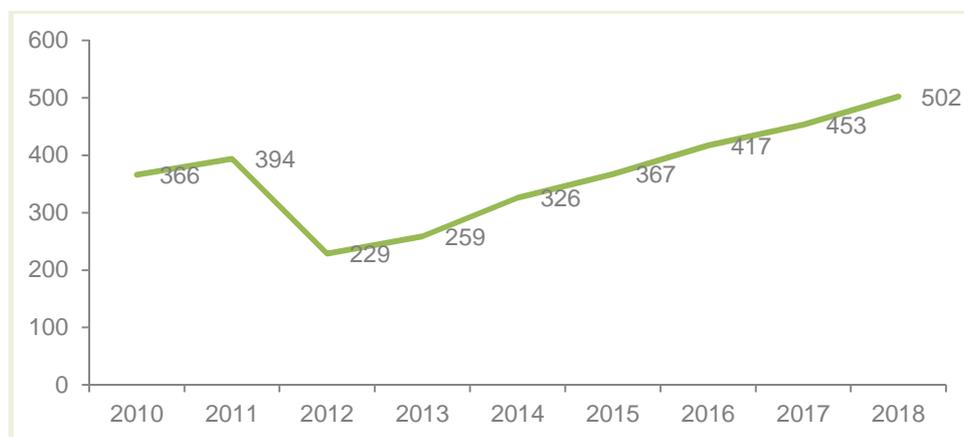
Figure 2: Trade balance (million Euros)



Sources: Ministry of Finance, 2013 (for 2010 and 2011); Ministry of Finance, 2014a (for 2010-2017: estimated for 2013 and projected for period 2013-2017);

There was a decline in Foreign Direct Investment from 394 million Euros in 2011 to 229 million Euros in 2012 and then an increase in 2013 to reach 259 million Euros (Figure 3). Based on IMF projections for the period 2014-2018, net FDI will increase the 2013 figure should double by 2018.

Figure 3: Net FDI (Million Euros)



Source: 2010 to 2013 Data from Central bank of Kosovo: IMF projections from 2014 (IMF, 2013a)

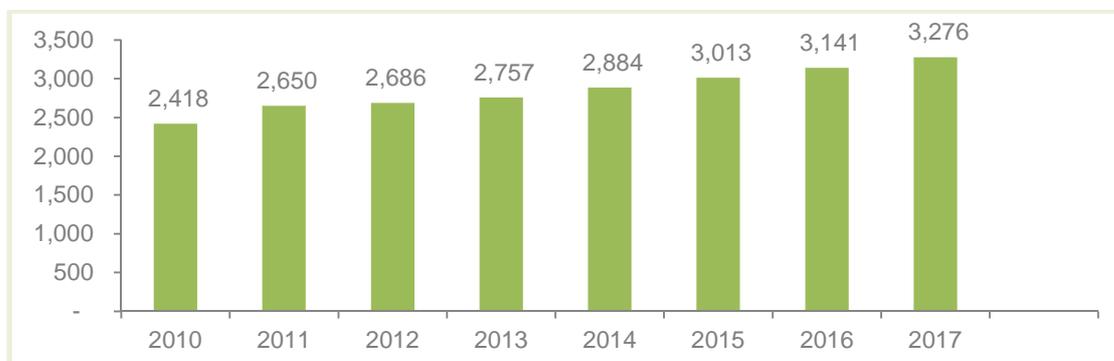
Taking the average across the years' data outlined in Table 1, indicates that the main sectors where FDI has been focused are real estate (19.4%), financial services (19%), construction (16%), manufacturing (12%) and transport and telecommunication (11.8%). In 2013, 35% of FDI was in the real estate sector, 14 % in transport and telecommunication and 11 % in financial services.

Table 1. FDI by sectors

Years	Financial services	Manufacturing	Real estate	Transport & telecommunication	Energy	Mining	Construction	Processing industry	Agriculture	Trade services	Counselling, operations & research	Sanitary services	Other
2007	23.1 %	9.0%	7.0%	29.3%	0.6%	9.4%	1.2%	8.0%	1.8%	2.9%	1.0%	2.9%	3.8%
2008	34.9 %	6.0%	16.8%	13.8%	4.5%	4.7%	3.7%	8.5%	2.3%	2.7%	0.6%	0.6%	0.9%
2009	25.5 %	17.1 %	14.9%	7.4%	2.9%	2.4%	12.0%	2.4%	4.4%	5.5%	0.9%	0.8%	3.8%
2010	19.5 %	19.8 %	13.4%	4.0%	0.1%	2.7%	24.9%	6.9%	0.6%	3.3%	2.3%	0.7%	1.9%
2011	8.9 %	12.8 %	16.3%	6.2%	0.0%	0.8%	34.3%	0.5%	0.1%	2.1%	2.0%	0.0%	16.0%
2012	10.4 %	12.1 %	31.7%	7.9%	1.3%	4.6%	20.8%	0.4%	0.1%	3.6%	1.6%	0.3%	5.1%
2013	11.0 %	6.9%	35.4%	14.2%	7.6%	0.9%	15.1%	0.0%	0.1%	6.2%	0.7%	0.1%	1.6%
Average acrs years	19.0 %	12.0 %	19.4%	11.8%	2.4%	3.6%	16.0%	3.8%	1.4%	3.7%	1.3%	0.8%	4.8%

Despite registering positive growth, Kosovo struggles with low GDP per capita (€2757 in 2013, Figure 4), high rates of unemployment and poverty and is ranked as the poorest country in Europe (World Bank, 2013). GDP per capita is projected to increase steadily to reach €3563 by 2018.

Figure 4: GDP per capita (Euros)



Source: Ministry of Finance, 2013 (for 2010 and 2011); Ministry of Finance, 2014a (for 2010-2017: estimated for 2013 and projected for period 2013-2017)

According to the latest poverty assessments in 2011¹ 29.7% of Kosovo's population live under the absolute poverty line, whereas 10.2 % live under the extreme poverty line (KAS, 2013). The report highlights the fact that an important factor contributing to poverty reduction is the level of education (KAS, 2013). More than one-third of individuals who did not complete primary education live in poor households, compared to 12% of individuals with high education degrees. Almost two thirds of the poor possess less than secondary education (KAS, 2013). Poverty is also related to employment status, with the unemployed being more prone to poverty. Nearly 40% of the unemployed are poor, and they account for 30 % of poor adults.

The recorded positive economic growth has not yet translated into better labour market outcomes. Unemployment and inactivity rates in Kosovo are the highest in the region. In 2012 almost one-third of Kosovars who were economically active in the labour market were out of work (KAS, 2013a). Data from the latest LFS of 2012 reveal that two-thirds of working age population is inactive (Table 2). A significant number of economically inactive individuals are in fact discouraged unemployed.

In 2012, the unemployment rate stood at 30.9 %, whereas the employment rate was 25.5% (KAS 2013a). Unemployment rates are higher among females, youth and unskilled workers. Less than one-fifth of working age women is active in the labour market, of which 40% are unemployed. Only one in ten of working age women are employed compared to more than three in ten men.

Table 2. Labour Market Indicators			
	Labour force participation rate	Unemployment rate	Employment rate
Kosovo	36.9	30.9	25.5
Male	54.5	28.1	39.9
Female	18.6	40.0	10.7

Source: KAS, 2013a

¹ http://ask.rks-gov.net/ENG/publikimet/cat_view/17-living-conditions-

With regard to human capital, women in Kosovo are less educated than men: 35 % of males have primary or no formal education, while the figure for females is 62 % (Winkler, 2014). Whereas women are on average less educated, the opposite is the case with employed persons where female workers are more educated than male workers (Winkler, 2014).

The young population of Kosovo is considered a key asset for the country's development. However youth are disproportionately affected by unemployment and poverty (KAS, 2013; KAS, 2013a LFS). Only 23% of youth aged 15-24 years are active in the labour market, and nearly 60% of youth active in the labour market are unemployed. Another striking feature of youth in Kosovo is that 35% belong to the NEET category, representing those currently not in employment, education and/or training. The share of women belonging to NEET category is 40% whereas the share for men is 31%. Given the high number disconnected both from the labour market and education, youth can be considered more of a burden than a contributor to the country's development. Therefore educating youth and accommodating them in the labour market remains a major challenge in the years ahead.

According to LFS 2012, the majority of unemployed, regardless of gender, remain unemployed for about one year (Winkler, 2014). Most men move to employment whereas most women stop looking for a job (Winkler, 2014). Administrative data from the MLSW show that the total number of registered unemployed at the end of 2013 stood at 268,104. More than 90% of the unemployed fall into the category of long-term unemployed (i.e. for more than 12 months). Nearly 60% of registered unemployed are not qualified (ISCED 0-2). The highest share of unemployed belongs to the 25-39 age group (47%). In total in 2013 around 7,000 vacancies were identified (26% lower than in 2012) and 4,700 jobs were intermediated by Public Employment Services which was 40% lower than in 2012 (MLSW, 2014).

It can be concluded that unemployment, the associated poverty and low GDP per capita are the most pressing problems in Kosovo and there is an urgent need for additional economic growth to create more jobs. Private sector development policies will play a crucial role in facilitating export-led economic growth in Kosovo and promote the country's integration into the world economy. There is a widespread recognition of the importance of ensuring a better match between the education and training system and the country-specific economic and the labour market needs. There are further plans for optimisation of the VET sector, including continuation of work on the development of VET curricula, implementation of the National Qualification Framework and improving access, quality and relevance of VET to ensure it is compatible with the demands of the labour market. The **Kosovo Education Strategic Plan 2011- 2016** amongst others envisages development of mechanisms making market analysis an on-going process that can support VET schools to link with the local market and update training needs in their relevant sectors.

In terms of education indicators, the most recent data available is presented in Table 3 and illustrates the highest level of education attained among those aged 15+ in Kosovo.

Table 3. Population aged 15+ by educational attainment and gender, %, 2011

	Total	Males	Females
Not completed education	6.2	3	9.4
Primary education	10.4	7	13.8
Lower secondary	39.8	34.1	45.6
Upper secondary	34.2	44.1	24.4
Post-secondary vocational	2.5	3.4	1.7
Degree bachelor	6	7.3	4.7
Postgraduate degree/master	0.7	1	0.4
Postgraduate degree/PhD	0.1	0.2	0
Total	100	100	100

Source: ETF calculation based on KAS 2012. **Note:** 2007-2009 data are not comparable with 2011 data, as they have been taken from different sources and the categories have been redefined.

Current data on pre-university enrolment in Kosovo are presented in Table 4 and confirm the relatively high level of enrolment in vocational programmes at upper secondary school level.

Table 4. Number of students on pre-university education in Kosovo (Academic year 2013/2014)

	Number of students/pupils
Primary	19,939
Lower secondary education	280,596
Upper secondary education (54% in VET)	102,213
Total pre-university education	402,748

Source: MEST, 2014

Human capital development is also supported through active labour market policy measures funded by the Ministry of Labour and Social Welfare. In 2013, 3,350 unemployed persons underwent training through the Professional Training Centres of MLSW, reflecting an increase of 3,7% compared to 2012 (MLSW, 2014).

1.2 The Panorama of Skills Related Strategies

The Government has invested considerable efforts in recent years in developing numerous strategies with related actions plans. Sector-based strategies are currently in place, providing a vision for the development of each sector.

The 2011-2014 Program highlights sustainable economic development as a primary government objective (GoK, 2011). Setting of sustainable strategic development priorities was considered central. This program highlights the role of private investment and entrepreneurship development as principal generators of growth. In line with this goal, the Ministry of Trade and Industry (MTI) developed the Strategy for Private Sector Development 2013-2017. Following the aims of this strategy, in 2014 six key

industrial sectors were identified: Metal Processing; IT and Business Outsourcing; Textile; Wood processing; Agro-food; and Tourism). Consequently, with the help of the UNDP the MTI conducted sectoral studies for each of the “flagships” sectors. Each profile provides a detailed landscape of each sector with recommended future policy actions to facilitate sector growth. In addition, the MTI has been intensively working with relevant stakeholders on designing the Concept of the Industrial Policy of Kosovo, whose theoretical foundations are complemented by a Cluster Model (approach). The Industrial Policy will serve as a matching strategic document between the economic development goals of the national level, expected to be included in the NDS, and the sectoral ones to be tackled by the sector based strategies (programs).

In the field of education, training and lifelong learning, various strategies are in place, lead mainly by the Ministry of Education, Science and Technology (MEST) and other Ministries, including the Ministry for Labour and Social Welfare (MLSW) and the Ministry of Youth, Culture and Sports (MCYS):

- Kosovo Education Strategic Plan 2011-2016 (MEST)
- Strategy For Development Of Higher Education In Kosovo 2005-2015 (MEST)
- Strategy For Improvement Of Professional Practice In Kosovo 2013-2016 (MEST, MLSW)
- Strategy and Action Plan for Career Guidance & Counselling 2013-2016 (MEST, MCYS, MLSW)
- New Kosovo Curriculum Framework KCF (MEST)
- National Qualification Framework (NQA)
- Kosovo strategy for Youth, Culture and Sport 2013 - 2017(MYCS)

In the area of economic development, the following strategies are in place, falling under the responsibility of the Office of Prime Minister, the Ministry of Economic Development (MED), the Ministry of Trade and Industry (MIT) and the Ministry for Agriculture and Rural Development (MARD):

- The Program of the Government of the Republic of Kosovo 2011- 2014 (PMO)
- Action Plan for the Economic Vision of Kosovo 2011 – 2014 (PMO)
- Energy Strategy of the Republic of Kosovo 2009 – 2018 (MED)
(Revised Energy Strategy for Republic of Kosovo 2013-2022 was approved by the Government on 28 March 2014 and is expected to proceed through the Assembly for discussion and approval)
- Republic of Kosovo Heating Strategy 2011-2018 (MED)
- Republic of Kosovo Mining Strategy 2012 -2025 (MED)
- Agricultural And Rural Development Plan 2009- 2013 (new plan in approvals process) (MARD)
- Strategy For European Integration 2020 (MEI)
- Strategy for the Private Sector Development 2013-2017 (MTI)

The Ministry of Labour and Social Welfare have also the following strategies in place to support employment and vocational training:

- Sectorial Strategic Development Plan 2012 -2014 (MLSW)
- Vocational Training Strategy 2012 -2014 (MLSW)

The government focus on inclusion and social cohesion is reflected in the following strategies:

- Strategy For Integration Of Roma, Ashkali And Egyptian (Rae) In Kosovo (2007-2017) and the Education Component (PMO and MEST)
- Strategic Plan for the Organisation of Inclusive Education for Children with Special Needs in the Pre-university Education in Kosovo 2010-2015 (MEST)

In the education sector, two of the most important strategies, the Kosovo Education Strategic Plan (KESP) 2011-2016 and the New Kosovo Curriculum Framework (KCF) have a focus on skills. The KESP sets the vision for the education sector up until 2016 and covers all levels of education from kindergarten to higher education. Specific attention is also given to adult education, non-formal education, career guidance and teacher training. Skills relevance to the labour market is linked in particular to vocational and higher education. By 2014 it is envisaged that vocational education and training curricula will be in line with the labour market demand. Moreover, labour market driven research and scientific work is planned for higher education.

The revised Kosovo Curriculum Framework promotes a competency-based approach, developed through practically-oriented learning. It envisages an enormous shift from a content-based to a competency-based curriculum, aimed at mobilizing the potential of Kosovo youth to compete successfully in the labour market locally and abroad. The goal of the new curriculum framework is to maximize the potential benefits that may be derived from a growing number of educated youth, leading to improvements in society, economy and environment, allowing closer alignment with advanced western European societies.

Based on the new curriculum framework, the development of competences for life and work should drive curriculum development and classroom practices. The policy covering pre-university education defines the system of competences as: knowledge, skills, attitudes, values, emotions and routines, thus aiming for applied knowledge and well planned end results in students. The learner thereby develops the competencies of an effective communicator and a successful learner, the thinking competencies of a creative thinker, the life, work and environment-related competencies of a productive contributor, the personal competencies of a healthy individual and the civic competencies of a responsible citizen.

The National Qualifications Framework (NQF) which was approved in 2011 by NQA, is an important component in the reform of the education and training system in Kosovo. It is intended to improve access to work and further learning by ensuring that qualifications are relevant to employment and learning, and meet the needs of learners, the economy and education and training institutions. The NQF will support improvements in quality and relevance of education and training, by stimulating the development of qualifications that are based on internationally comparable standards of knowledge, skills and competences and supported by rigorous quality assurance. By providing greater transparency in the national qualifications system, in particular the nature of qualifications and the relationship between qualifications, and by providing a basis for benchmarking achievements across all parts of the education and training system, the NQF will support greater progression and mobility for lifelong learning through education and training pathways. Flexible and individualized learning and employability will also be enabled through enhanced access to assessment and certification, and increased recognition and certification of learning and achievements. Importantly, the NQF will also provide a basis for co-operation and mutual recognition between the NQF and the European Qualifications Framework (EQF). The process of implementing the NQA has been underway since 2011, and mechanisms for quality assurance and credit system are already in place. A number of occupational qualifications have been validated and approved in the NQF, and VET providers accredited to offer, assess and certify these qualifications. The MEST schools are still not accredited, even though the standards set by the NQA are being fully respected and implemented (curricula, self-assessment process etc.)

Social inclusion has also been one of the sector priorities, thus leading to the development of strategies for the inclusion of Roma, Ashkalinj and Egyptian and Children with Special Needs as well as to prevent school abandonment, thereby ensuring inclusion, participation and performance of less integrated marginalized groups in the categories of gender, minorities, children with special needs, returnees and others.

The Kosovo Government Program 2010 - 2015 sets priorities for the economy sectors of Energy, Minerals sectors, Transport and Communication, Agriculture and Rural Development. The Government is to focus its efforts on achieving comprehensive inclusion in education and the development of a model for achievement for all students, as well as the provision of equal opportunities and access for all to quality education. According to the program, the education system needs to better adapt and react to labour market demand, taking into account the Government's main priorities and address important goals for economic development. The economic sector development strategy provides sufficient space for human capital development and activities within this strategic priority aim at providing a higher quality workforce in the labour market. The emphasis is on education and professional development in all sectors through formal education, professional development and lifelong learning.

The Medium Term Expenditure Framework from 2013 to 2015 projects an increase from €87.4 million to € 88.7 million in education and culture. The focus in the next medium term phase will be on policies to improve: the quality of education, the orientation towards labour market demand and the conditions for developing education especially at university level. The sectoral strategies, including Energy, Mining, Heating; Agriculture and Rural Development and Forestry, Trade and Industry as well as small and medium enterprises, make limited reference to the economy and education, with very few exceptions, namely the strategy for the development of Forestry provides a detailed link of the Forestry sub-sector to the formal education system.

The provision of training and entrepreneurship skills is mentioned in the **Kosovo Youth, Culture and Sport Strategy 2013-2017** and in two inter-ministerial strategies: the existing **Strategy for Career Guidance and Counselling**, currently being updated, sets out a vision for the development of career education and guidance at all levels of education provided in schools, while the **Strategy for Improvement of Professional Practices** supports the development of practical skills in students engaged in vocational education, by creating links between the education system and employers.

1.3. The current priorities and initiatives of major actors

Overall, there is in place a comprehensive framework of government strategies in Kosovo that provide a sound basis for understanding the national vision for education and the economy. Strategies in place cover all the sectors and are a result of the work of various actors, donors and inter-ministerial efforts. There are numerous institutional structures in place including the National Socio-Economic Council, the Agency for Vocational Education and Adult Education, the National Curriculum Council, the National Qualifications Authority, which are to support implementation of the strategies.

The need to match labour market needs is highlighted in the strategies, emphasizing the value of strong links between education and the economy. Efforts to build a dialogue between education and the economy are emphasized more in vocational education and training, particularly with reference to the centres of competencies that are now operational. Similarly, there are suggestions that higher education needs to meet the needs of the economy and labour market, but these are not developed further. The

importance of lifelong learning is also recognized and emphasized in various strategies through the provision of various training initiatives.

Below in Table 5 the main current priorities identified in skills-related strategies are summarized in relation to five areas: National Economic Development, Education, Employment, Social inclusion and Inter-ministerial coordination and stakeholder engagement.

Table 5. Current priorities identified in skills-related strategies

Area	Current priorities
1. National economic development	<ul style="list-style-type: none"> • Strengthening institutional capacities to ensure a functioning market economy and economic integration with the EU. • Economic priority sectors: energy, minerals sector, transport and IT sector, agriculture and rural development. • Improving skills development in all sectors through formal education, professional development and life-long learning.
2. Education	<ul style="list-style-type: none"> • Improving the responsiveness of the education system to labour market demand. • Promoting a competency-based learning approach through practically-oriented learning. • Strengthening cooperation between research and development (R&D) and higher education. • Further advancement of existing structures and implementing the NQF and Performance Assessment Framework. • Extending training and entrepreneurial skills development. • Promoting increased cooperation between schools & businesses. • Developing career guidance at all levels of education. • Strengthening the management and implementation capacities of Vocational Training Centres.
3. Employment	<ul style="list-style-type: none"> • Increasing employment, skills development and improved functioning of the labour market. • Reforming and modernising public employment services (PES) in responding to labour market needs. • Expanding active labour market measures focusing on individuals with difficulties in the labour market. • Improving working conditions and reduction of informal employment.
4. Social inclusion	<ul style="list-style-type: none"> • Achieving inclusion in the education system as well as the provision of equal opportunities and access for all to quality education.
5. Sector approach – coordination and stakeholder engagement	<ul style="list-style-type: none"> • Enhancing capacities for policy development and coordination. • Strengthening inter-ministerial cooperation on skills development (National Career Guidance Centre, Kosovo Accreditation Agency, National Qualifications Authority, Agency for Vocational Education, Department of Industry - MTI) • Strengthening social partners' role in developing social and economic policies in the country.

The priorities remain, however, sporadic and isolated in some of the strategies listed above, thus not leading to a systematic approach in meeting education and employment challenges towards skills development. The specific link referring to particular sectors or subsectors of the economy is not detected in the strategies. In relation to skills, there is hardly any mention of the presence of public and private sector players in the area of education (development of curricula, profiles etc.). Private sector involvement

in policy design and training (apprenticeship, work-based learning, internships etc.) remains problematic. Similarly, there is limited emphasis on addressing practical professional skills and high quality vocational skills and despite a reference to economy-driven and entrepreneurship skills, this is not further specified in existing strategies.

The sustainability of skills generation at the national level as foreseen in the strategies remains a challenge. The pathways between knowledge and the market require a range of skills (technical and non-technical) and other investments to ensure an enabling environment for innovation and entrepreneurial actors including these same operators and large and small enterprises. In VET the drive to meet labour market needs does not make reference to specific economic sectors and subsectors that are recognized as priority sectors e.g. Agriculture, Energy etc. The centres of competence though well-conceptualized still remain isolated from the system. Basic development of skills in problem-solving, critical thinking, research, teamwork and digital media is a challenge in general education at primary, lower secondary and higher education level. Despite the strategies in place, entrepreneurship skills and career guidance still require a stronger focus and implementation drive. Efforts to match higher education profiles with economic trends both in quantitative and qualitative terms are limited. In general, higher education institutions make a limited contribution to research and to linking research to the economy and economic trends. Research is not part of academia in general.

With the approval of the new Administrative Instruction 02/2012, the Strategic Planning Office is ensuring that all strategies include an action plan, as an important tool for ensuring implementation. However, implementation depends on institutional capacities in policy development for skills matching and the actual policy implementation capacities of various actors in the HRD sector. The SPO, as part of the integrated planning system project to support development of the NDS, is working to improve the overall planning process of the Government, including HRD planning and policy development.

2. The Foresight Approach and Process

2.1 Foresight Approach and Rationale

Foresight is a change management tool that helps leaders and those responsible for change to:

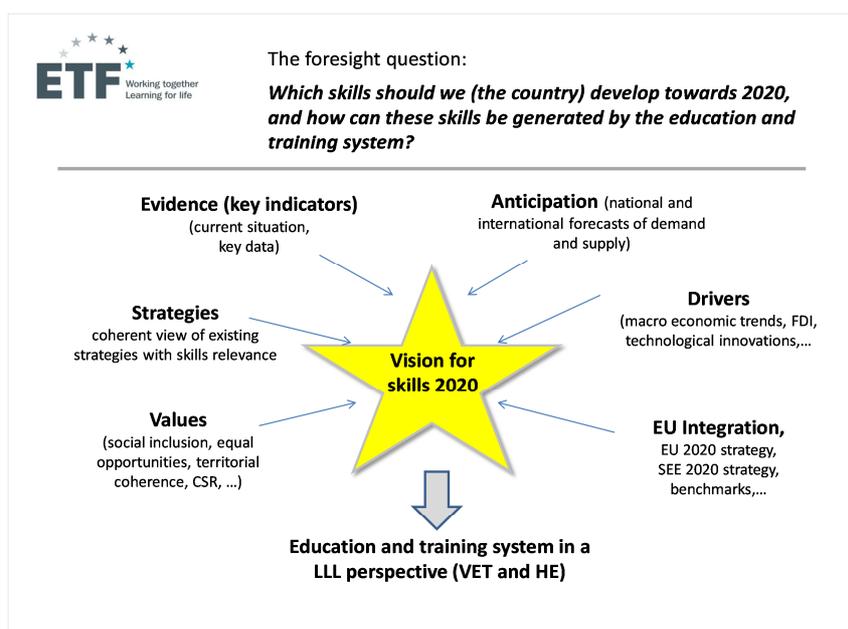
- Clarify the challenges they face,
- Elaborate a hopeful vision of what can be achieved,
- Prioritize the actions required, and
- Understand the kind of collaboration needed to succeed.

It anticipates change rather than reacting to it. It employs techniques that are useful in contexts of complexity and rapid change such as horizon scanning, futures studies and scenario writing. It employs a participatory approach not only because this provides better insight and intelligence for the future, but because it also creates alignment among key actors, mutual awareness of the interdependence of their actions, the need for coordination and the opportunities for mutual reinforcement and support.

It is a tool for managing complexity that employs a participatory approach to developing a shared vision, roadmap and action plan. It makes use of forecasting to help visualize, understand and analyse trends. It also uses more qualitative techniques such as the analysis of trends and drivers and scenario writing to explore alternative futures. It pays especial attention to trend breaks, addressing new and emerging issues and issues where forecasting is at best of limited use.

The ETF FRAME project is novel in its scope and focus as it applies a foresight methodology to the education and training sector for the first time in the EU Enlargement region. The approach supports countries to develop their own vision for skills policies in a medium-term perspective (up to 2020), with selected priorities and a roadmap for the adaptation of the national education and training systems. Broader issues and trends are taken into account and existing evidence is used to substantiate decisions. A qualitative approach has been considered to be the most suitable to launch a vision building activity, given the high number of stakeholders involved in skills policies and the availability of data.

Box 1: the ETF Frame foresight question and related issues



The key objective of the foresight exercise is to promote a more future-oriented approach to skills policies, involving key stakeholders (public and private) and bringing together different existing country strategies relevant to education, training, skills development, employment and economic development into a coherent vision on skills for the future. Moreover, the process aims at breaking down silos between ministries in charge of skills development and to develop more joined-up policy approaches for skills development by bringing together the key players in the sector and by identifying the interfaces between the existing strategies related to skills development.

The methodology designed for the project aims at addressing some fundamental questions, such as:

- Which skills should we (the country) develop towards 2020, and how can these skills be generated by the education and training system?
- What would policy leaders like to achieve in the current situation, what can be achieved by the country?
- What are the feasible and preferred options, based on resources and capacities (available and further developed)?
- Which strategic vision for the complexity of skills, in terms of skills levels and technical/generic skills, for which sectors?

Human resource development is an area that tackles responsibilities of different actors including politicians, Ministries of Education, Labour, Economy, public employment services, regional authorities, social partners, NGOs, research bodies and international and national donors.

Accordingly, a participatory approach for the strategic development of human resources is necessary for ensuring policy coherence and relevance to the emerging socio-economic challenges of the countries. The active involvement and close cooperation with EU delegations, Commission country desks will be a core principle in conducting the exercise.

An effective and efficient implementation of a sector-wide approach, as planned under IPA II will require a future-oriented strategy for the human resources development, with adequate institutional settings and capacities and monitoring systems.

The FRAME Foresight component addresses the core foresight question:

Which skills should Kosovo develop towards 2020, and how can these skills be generated by the education and training system?

This has been addressed through a practice oriented, cross sector approach involving stakeholders at the central level, representing industry, employment and education with the aim of formulating a joint skills vision with related priorities and a road map. It was not intended to come up with a qualitative or quantitative list of skills, but rather to elaborate a visionary and strategic orientation to skills development.

2.2 The FRAME Foresight Process

The FRAME Foresight process consists of four main phases: a preparation phase, a system building phase, the implementation phase, and a follow up phase to ensure optimal use of the results. The methodology conceptualised by the ETF was implemented on a piloting basis in Montenegro and then tailored and fine-tuned to the country context. In the pre-foresight phase, consultations with national government institutions and agencies, social partners and donor organizations led to the development of success scenarios. A government institution responsible for overall coordination of the foresight process was assigned, and other stakeholders consulted and were invited to participate in the process. The added value of foresight for skills development and expectations were discussed with the main stakeholders, so as to tailor the practical implementation of the methodology to the concrete context in each country.

In preparation for the launch of the foresight process, the ETF team held an exploratory visit in October 2013. The aim was to secure broad commitment to the FRAME initiative among relevant stakeholders as well as to tailor the Foresight workshops to the Kosovo context, in particular the drafting of the Sectoral Strategy – MLSW and the preparation process for IPA II.

The foresight process entailed the organisation of a series of workshops involving key stakeholders:

Foresight Workshop I, **Kick off of FRAME - *What is the current situation?*** 17 December 2013

Foresight Workshop II, **Visioning - *Where do we want to go?*** 4-5 March 2014

Foresight Workshop III, **Policy action planning - *What actions do we need to get there?*** 23-24 April 2014

In the first workshop, stakeholders, representing different roles and institutions in the HRD sector, were introduced to the FRAME Initiative and the foresight approach. Presentations focused on the preparation process for IPAII, the challenges for skills supply and demand, and relevant Government skills-related strategies. The discussion focused on the linkage to Government strategies and on validating the issues and challenges identified in relation to supply and demand for skills. A joint panorama of strategies was produced and their references to skills identified and issues and challenges were discussed in relation to matching demand and supply of skills. The aim of the discussion was to stimulate innovative policy solutions to the skills mismatch and ensure effective communication and cooperation between participants. The group work focused on current skills gaps and challenges in relation to various issues, including governance structures, policy design and delivery (skills supply), financial and resource issues, labour market monitoring and skills anticipation and the identification of linkages (causes and effects) between issues.

The second workshop started with a recap on the kick off meeting and the working group results, followed by a presentation on best practice examples from Kosovo on skills generation. The workshop discussion addressed employers' needs with regard to skills and the need to identify future skills needs from the employers' perspective. The two sessions of breakout group work focused on exploring and elaborating a forward look towards a joint Skills Vision 2020 and the identification of a set of priorities which need to be addressed for achieving the Vision. The workshop concluded with a jointly agreed formulation for the Skills Vision 2020 and a shared set of priorities for the Skills Vision. Preparatory work on the roadmap was undertaken and a preliminary set of measures identified. The last workshop held in April combined further elaboration of the roadmap with a discussion on the Review of Institutional Arrangements (RIA) findings. Discussions focused on formulating concrete measures for achievement of the Kosovo Skills Vision 2020 and validating and integrating the findings from the RIA on the achievement of the skills vision and the introduction of a HRD sector approach into the Roadmap.

2.3. The Partners and Participants

Different stakeholders have important roles and responsibilities in the governance of the HRD sector at different levels. The main policy-making challenges relate to empowering the full range of institutions, agencies and centres in the HRD sector and to promote a wider and more effective involvement of the social partners. Another major challenge is the need to improve policy accountability and the improvement of policy delivery, which includes financial autonomy of providers in the HRD sector. The emerging perspective on multi-level governance emphasises the technical aspects of improving the efficiency and effectiveness of policies, reforms and institutional arrangements. It also identifies participation as a worthwhile goal in itself, by establishing joint ownership and implementation of policies. Multi-level governance is thus associated both with achieving policy objectives and with a broader vision of democratic participation. In the HRD sector, adaptability and flexibility seldom cease, as systems keep developing and responding to the emerging needs of the society and the economy. The capacity to deal with ongoing developments through system innovation, timely responses to evolving needs within a strategic perspective, and sustained investments and tools, is the basis for an efficient and effective HRD and education and training system.

In November 2013, the Decision was taken to set up a Working Group, composed of 29 members representing education, employment and business development, with the remit to draft the “Kosovo Vision for Skills 2020”, including a vision, priorities and a roadmap. All the ministries have engaged in the process and cooperated with the Working Group and responded to the requests of the Working Group.

The list of organisations and key political actors involved in the workshops is provided in Annex 1.

2.4. Key Issues and Challenges Identified

The outcomes of the workshop discussions on key issues and challenges for skills supply and skills demand are summarised below.

a. Current skills needs

- A higher level of skills in literacy (general skills) is needed for further development of specific skills. A pilot test organized by MEST in the fifth grades, shows that 27% of students up to fifth grade lack two very important skills: functional literacy and numeracy.
- The lack of technical skills reflects the inadequate link and lack of action following the dialogue between government and enterprises. The latter are currently involved in education policy development (drafting of curricula, programs, continuing education) and they are familiar with the challenges relating to skills. Enterprises lack the capacity to participate in such dialogues and lack awareness of the benefits of engaging in such dialogue. Moreover, enterprises, both SMEs and larger enterprises, are generally not aware of the level of skills they require and need assistance to identify their future skills needs related to their business potential. Thus, there is a need to find ways to raise awareness and integrate enterprises and employers in the policy-making process.
- The ten basic competences specified by the European Commission (foreign language skills, writing, mathematics, science, digital skills etc.) remain at a poor level in Kosovo and this requires a greater focus on improving school curricula starting from earlier grades.
- Higher education reflects an even greater imbalance between education and the economy. The profiles in higher education do not match labour market needs, be it in terms of the number of registered students or the provision of profiles on sectors like mining, energy and other potential sectors. This is also the case for private higher institutions. Higher education institutions are experiencing larger intakes of students, in particular students with low levels of skills due to previous educational experience and lack of opportunities to join the labour market. If current secondary

students could have a good preparation for the labour market, local and international, they would be more likely to find employment, and therefore less likely to pursue higher education.

b. Data availability and labour market monitoring

- The monitoring of the labour market is very problematic and there is a lack of adequate information. The labour market information system is incomplete and hinders the provision of sufficient data on labour demand and supply between main data providers in the country.
- The large number of people not active in the labour market was mentioned as a critical point. A survey of the labour market shows that around 60% of the population (15 to 65 years) are economically inactive (not seeking work). There is a need to have data on this category and whether they possess the adequate skills for employment.
- A significant share of graduates enrolls into higher education but the question which needs to be investigated is whether they obtain a degree for which there is a demand. In order to address this question studies on labour market demand should be conducted in order to understand which profiles are needed in the country and hence to direct youth to those profiles. Lack of data is an obstacle in ensuring evidence-based policy-making.
- There is no information available on the skills level and qualifications that employed persons possess. Such information would improve understanding and knowledge on which profiles/professions pay best.
- There is an electronic management information system in place for collecting data on each classroom but it does not provide pupil-level information. This kind of mapping would support the “tracing” of each pupil from when he/she enrolls in primary education.

c. Governance and policy design

Three challenges in governance and policy design identified relate to the centralized system of education, poor quality assurance and the lack of links between the central, municipal and school level. The existence of a very centralized education system means that schools either are not involved or involved to a very limited extent in the policy-making process. With regard to actual policy implementation, although there is a legal requirement for the involvement and information on the part of municipalities and school managers about education policies it is under-developed. Likewise, the link between central, municipal and school level in policy design and implementation is lacking. Schools, in particular vocational schools, are only involved to a limited extent in policy making processes.

It was emphasised that quality assurance could be improved. Due to the current, it is difficult to measure the quality achieved in schools although this is foreseen in the different strategic plans at central level. It was recognized during the group discussions that there should be more focus on governmental, non-governmental and local structures in education and more structures to integrate businesses.

d. Quality in education

- The skills profiles and quality produced by higher education are far from the level required by the labour market. There is the need for an evaluation of higher education with a view to ensuring that it caters for the supply of skills which the market requires.
- There is insufficient investment in education. As in many countries, workshops in VET schools are often poorly equipped and have out-dated equipment. As a result, students do not possess the skills and competencies required by the business sector.
- Teacher training is another area of concern and further investments in training programmes should be supported. It is recommended that every teacher should undertake training prior to engaging in teaching. So far this has not been practiced.
- There is no monitoring mechanism in place with regard to intern placements in companies. Moreover, there is no data available on the share of employment of those interns upon completion of

their internship. There is a need for tracer studies to assess the performance of internship placements in companies, whether from school or through the MoLSW.

- There is a need for training staff in enterprises in order to ensure continued skills upgrading.

e. Cooperation between the education system and the private sector

The under-developed level of cooperation between the education system and the business community leads to the lack of labour market relevant skills generated by the education system. This is especially the case in relation to the VET system where students are expected to spend a certain proportion of their education in enterprises. Companies often complain about skills but they are very reluctant to cooperate and contribute to the VET system. This requires a more effective approach in engaging enterprises in discussions with the education system. In addition, there is not a sufficient cooperation between the public and private higher level of education institutions and the industry in terms of curriculum (specific course) development, research and development initiatives, problem-solving research.

3. The Vision, Priorities and Roadmap

3.1 The Vision Statement

By 2020, Kosovo is a globally competitive knowledge society with skills that adapt to the needs of the economy, foster innovation and entrepreneurship, and attract investment for sustainable development and social inclusion.

3.2 Priorities and Measures

P1: Promoting competency-based learning and improving the responsiveness of the education and training system to labour market demands

In the face of the global economic crisis, consistently high unemployment levels, demographic changes and emerging environmental, technologies, ensuring an adequate supply of skills to match labour demand is crucial to promote economic growth, employment and social inclusion. Access to high quality education and training is a central element in determining the employability of the labour force and influencing the investment climate. In order to increase the employability of men and women, it is important to ensure that they acquire the skills, knowledge and attitudes that allow them to find work and cope with unpredictable labour market changes throughout their working lives.

Kosovo has the youngest population in Europe with 50% of the population under 25 years of age. Education plays a crucial role in ensuring sustainable socio-economic development. The education sector is still affected by the lack of adequate facilities, maintenance and quality assurance. The majority of teaching and learning activity is lacking skill-focused learning and critical thinking skills.

The VET system is affected by the limited involvement of social partners and a highly centralised system with low responsiveness to local needs. The **VET system fails in**: providing students with the skills that are most in demand in the labour market, being responsive to the changing needs of employers using the latest technology and applying the labour market driven curricula. Moreover, the match of curricula profiles with labour market needs, skills development in school and internships in the enterprises, the lack of involvement of enterprises in curriculum development, and the lack of business representation on school councils and boards reflect the weak links between schools and enterprises. Occupational standards are the starting point for outcomes-based curricula and outcomes-based VET qualifications.

The labour market remains rigid, and there are few job opportunities for young entrants (about 30000 per year). Of the many unemployed, about 60% are considered unskilled or having out-dated skills. The number of unemployed persons with a university education has also increased, signalling a mismatch between the skills needed in the labour market and those provided by the education system. Increasing the level and relevance of skills and qualifications of the labour force is thus one of the main challenges of the labour market.

The education and training system needs to be more responsive to labour market needs in order to tackle unemployment and social exclusion, reduce the skills mismatch in the labour market. However, the identification of skills, knowledge and competence requirements to inform education and training provision remains a critical issue for policy-making which is listed in the VET Strategy and the KESP 2011-16 but needs concrete action to address. Evidence-based HRD policy development is a challenge due to the lack of data to the supply and demand to provide a clear picture of school to work transition. Policies and practices on skill development are thus hampered by the lack of longitudinal data to determine trends on skills needs as well as on the employment of VET graduates and higher education graduates. The Education sector cannot develop curricula and training relevant to the labour market in isolation. Employers, ministries and other bodies, and the legislative and policy framework are all integral

to these processes. The identification of the skills required by the labour market is crucial in planning education policies that respond to real needs.

The overall objective of **Priority 1** is therefore to promote competency-based learning and improve the responsiveness of the education and training system to labour market demands. This will be addressed through a number of measures each with a specific focus.

Measure 1.1: Improve and establish systems for labour market analysis at national, regional and local level

There is a need for improved signalling of skills needs in economic sectors through the development of a coherent approach and appropriate systems for anticipation of skills needs. This requires collaboration among different actors and new anticipation systems. There is a need for conducting analyses on missing skills in order to identify which of the transversal skills are most lacking and to inform relevant stakeholders. The core focus of the measure is to ensure the establishment of mechanisms for sectorial skills forecasts, based on employer and employee surveys, to make provision for current demand for training providers, school leavers and labour market participants seeking retraining. This will include the building of administrative capacities as stated in the KESP to carry out and use macroeconomic and sectorial skill forecasts and to develop effective policies to reduce skills mismatch. Furthermore the measure will pilot decentralised 'bottom-up' approaches to skills matching policies, using training subsidies to facilitate the match of skills supply and demand to supplement more traditional top-down forecasting approaches.

Measure 1.2: Improve the quality of the training system

The NQA was established following the adoption of the Law on Qualifications. Its responsibility is the oversight of the Qualifications Framework along with the MEST, the Kosovo Agency for Accreditation and other professional bodies approved for this purpose. In particular, NQA is responsible for the validation of professional qualifications and accreditation of VET providers. The NQA has developed the Qualifications Framework and criteria for validation and accreditation processes. The measure will focus on further strengthening of quality assurance through the implementation of the NQF including capacity building of relevant stakeholders in the NQF and the harmonisation of the NQF with the European Qualification Framework. The ambitious target set is to have all VET schools and 8 Vocational Training centres accredited by 2013. Furthermore, 50% of all other training providers are expected to be accredited.

Measure 1.3: Implement system for formal recognition and validation of informal and non-formal learning

The basis for developing the system of recognition of non-formal and informal learning is the European Qualifications Framework (EQF) and the National Qualifications Framework (NQF). The question of how skills are recognised through a certificate or qualification is thus at the core of the reasoning behind the NQF which builds on learning outcomes. Mechanisms for the quality assurance and credit system are already in place. A number of Occupational Qualifications have been validated and approved in the NQF and training providers accredited to offer, assess and certify these qualifications. The aim is ensure the necessary mechanisms are in place for accreditation of all providers to implement the validation process. The measure will focus on drafting of: secondary legislation for implementing the validation of informal and non-formal learning, and the assessment procedures, process and criteria.

Measure 1.4: Improve teachers' competencies through teacher training

Improving teachers' competencies, ensuring that teachers possess the necessary pedagogical skills to teach their own subjects and the transversal key-competencies including entrepreneurship, is crucial for developing an education system, which is in line with labour market demand. Improving teachers' competencies includes efforts to enhance the quality of initial teacher education which should provide a

Higher Education qualification. This should balance research-based studies and teaching practice, ensuring the quality of teacher educators (teacher trainers) through solid practical teaching experience, good teaching competencies and a high academic standard as well as promoting professional values and attitudes in the teaching profession (in which teachers adopt a culture of reflective practice, undertake autonomous learning, engage with research, and collaborate extensively with colleagues).

With reference **link to Priority 2**: Fostering and promoting entrepreneurship and innovation, education plays an essential role in the development of entrepreneurial mind-sets, and in particular teachers play a central role in this process. It requires radical changes in the approach to education, emphasising active learning and the provision of new experiences for students outside of the classroom. For many education systems this represents a fundamental shift away from traditional approaches. Teachers are in the middle of these changes. They need to be equipped with the right skills, knowledge and attitudes to be able to provide their students with the new curricula, pedagogies and learning environments that they will need if they are to acquire entrepreneurial competencies.

Measure 1.5: Promote and further develop apprenticeships and traineeship schemes

Globalisation and the new economy require innovation in old-fashioned knowledge and skills that individuals possess, i.e. that they acquire during their education. The new economy, which implies highly dynamic and complex working processes, needs individuals who possess a broad spectrum of high-level skills and abilities, that cannot be developed only through theoretical approach but rather through more work-based learning approaches. The previous Torino Process review reported a lack of structuring and organization in the internship programme (programme supervision, insurance and allowance). There has been some limited progress achieved in this regard:

- 18% of vocational schools do not offer practice-based learning due to the lack of infrastructure/workshops and the mechanisms to achieve cooperation with enterprises that could potentially accommodate a certain number of students as part of their practice hours,
- 54% manage to offer practice-based learning by sending their students to enterprises, whereas 43% of schools offer professional practice in school as they have fully equipped workshops and rarely need to send their students to enterprises.

There is thus a need to promote and further develop apprenticeships and traineeship schemes in the education system. The first Joint Annual Review (JAR) meeting of VET stakeholders in March 2012 identified the implementation of professional practice as one of the main challenges in VET. This cannot be addressed and implemented without strong cooperation with enterprises. The measure will therefore focus on the establishment of formal mechanisms of collaboration and coordination between educational institutions, business and labour market organisations and the revision of educational plans and programmes to include compulsory practice and work-based learning. Furthermore, there will be a focus on strengthening regional cooperation in design as well as delivery of contemporary programs, particularly those intended to foster economic cooperation.

Measure 1.6: Improve career guidance in schools and employment services

In an increasingly competitive work environment, it is important that learners, young and old, are in a strong position when making the transition to the labour market. This entails being fully informed on relevant opportunities and the skills required. The disconnection between “school” and “work” most often explains one of the causes for the skills mismatch. The high rates of unemployment, especially among youth, emphasise the need for efficient career guidance and counselling system to drive the reform and post crisis recovery process. Young people are left without quality help and guidance in choosing future career prospects and education. During their school years young people are given very poor information on labour market demand and opportunities. Career guidance needs to provide individuals with better

support in making their educational, training and occupational choices and in managing their careers. The focus of this measure is to improve the cooperation between schools and employment services and to establish more formalised structures for integrated career guidance with closer links to the labour market.

P2: Fostering and promoting entrepreneurship and innovation

Entrepreneurs play a key role in the competitiveness of the European economy. They provide two-thirds of private sector jobs and are primarily responsible for economic growth in Europe. Entrepreneurship education not only enables young people to start a successful business, but also to become valuable contributors to Europe's economy.

High unemployment levels in the country co-exist with increased difficulties in filling vacancies.

Young people's employability is threatened by labour market mismatches: inadequate skills, limited geographic mobility and inadequate wages. A deficiency of basic business skills has been cited as a prominent barrier to the development of the private sector. The current education system needs support if it is going to adapt to such challenges. The current economic crisis, which is causing increasing uncertainty for enterprises and individuals everywhere, has made the need for entrepreneurial learning all the more urgent. The important role of entrepreneurship education in promoting more entrepreneurial attitudes and behaviours is now widely recognized. Entrepreneurship education, with its focus on soft and core skills, including problem-solving; team-building; transversal competencies – such as learning to learn, social and civic competence, initiative-taking, entrepreneurship, and cultural awareness, generates good results. Entrepreneurship education at all levels is critical, if there is to be a change of culture with entrepreneurship considered as an attractive career option

In order to achieve national development and employment goals, initiatives to promote entrepreneurship and to support entrepreneurs are vital. Moreover, as the privatization process is currently dominated by Kosovars, local business development and the creation of domestic SMEs have the potential to significantly contribute to job creation.

In relation to the **Priority 2**, three specific measures have been identified including development of an entrepreneurial mind-set, further development of innovation systems to ensure better linkage between research, education and innovation and provision of business start-up training.

Measure 2.1: Creation and development of entrepreneurial mind-set

The way we learn defines the way we think and act. While it is not possible to identify in advance which young people will become entrepreneurs, it is possible to promote positive attitudes towards entrepreneurship focusing on the skills and knowledge of young people. The growing importance of soft skills, such as problem-solving, analytical, self-management and communication skills, but also language skills, digital competences and the ability to work in a team will become more important and need to be reflected in curricula. The challenge is to ensure that the education and training system does not lead to a labour force with inadequate competencies and qualifications, and obsolete knowledge and skills as a result of insufficient emphasis on practical instruction and latest technological developments in curricula. Entrepreneurial learning is a process through which learners acquire a broad set of competencies which afford greater individual, social and economic benefits since the competences acquired lend themselves to application in all aspects of life. It is thus about life-wide as well as lifelong competence development. With the aim of creating an entrepreneurial mind-set, this measure will concentrate on the following:

- Reviewing of existing curricula in primary, secondary and tertiary educational institutions, and piloting new curricula.
- Assisting in identification of opportunities for professional practice-internships in enterprises.

Measure 2.2: Further development of the innovation system to ensure better links between research, education and innovation

In the knowledge-based society, on-going efforts to strengthen the collaborative links between research, education and innovation actors are important as the basis for producing new or modified knowledge leading to new/modified policies and practices as well as innovative products, processes and services. The pathways between knowledge and the market require a range of skills (technical and non-technical) and other investments to ensure an enabling environment for innovation for entrepreneurial actors, including operators, and large and small enterprises. The **Strategy for Innovation** points to the need to provide timely access to knowledge and to facilitate knowledge exchange processes which promote learning among the key entrepreneurial actors in driving research and innovation. Efforts need to focus on how to mobilise and strengthen knowledge triangles in the economic priority sectors and to link the sectors. A database of publications where Kosovar academic and professional researchers publish their work and develop networks between researchers would also help foster innovation.

Measure 2.3: Provision of business start-up training and entrepreneurship

Micro, small and medium-sized enterprises face particular problems due to their small size and limited resources. They often struggle to keep on top of developments in research and innovation and information and communication technologies, and encounter difficulties in finding qualified staff as well as providing them with adequate training and education. The focus of the measure is to develop a platform for agencies providing business start-up training so that they can develop more focused strategies and actions to support business start-ups, particularly in the economic priority sectors. Furthermore the measure will provide up-to-date training for companies and entrepreneurs to innovate based on sound labour market intelligence.

P3: Reforming and modernising employment services to the needs of the labour market

Unemployment is one of the main challenges facing Kosovo society and is the highest in the region and Europe. Groups which are facing difficulties in the labour market are mainly young people, those with limited education, those in poor economic circumstances, persons with disability, the long-term unemployed, minorities and women. The total number of registered unemployed is 335,260. Almost 47.5% of the registered unemployed are women, and nearly 59.9% of the registered unemployed indicate their educational level as "unskilled". Participation and employment rates remain dramatically low. Unemployment remains persistently high, especially for women and young people. The duration of unemployment is high and the bulk of unemployed are fully disconnected from the open labour market. There are limited incentives for jobseekers and employers.

Public Employment Services (PES) are provided through a network of 7 Regional Employment Centres and 23 Municipal Employment Offices, as well as 8 Vocational Training Centres (VTCs) and 6 mobile training units (MUs). Employment Offices (EOs) carry out registration of the unemployed, labour market research and provision of labour market information to jobseekers (including migration for work opportunities). Vocational training is provided through the network of 8 VTCs and 6 MUs, but occasionally through training outsourced to private providers. As most of the unemployed are unskilled or low skilled, PES faces a difficult task to place them in jobs or training.

There is room for improvement by strengthening the effectiveness of PES and its operations, and increasing the number of clients they serve and the number of registered vacancies and employment and vocational training mediation. PES' effectiveness is directly linked to resources as well as to the level and quality of its human, physical and financial capacities and its work processes. The facilities that are most in need of attention are individualised assistance to the unemployed to find suitable employment, the referral of applicants and vacancies, the facilitation of occupational mobility, the collection and analysis of the fullest available information on the situation in the labour market and its probable evolution, both in

the country as a whole and in the different industries and occupations; and the effective design, monitoring and evaluation of programmes.

Significant progress that has been made through the introduction of the SIMP (Employment Information Management System) which is currently not being utilized, It is important to ensure that SIMP is fully utilized, and in particular to improve its effectiveness in labour market intermediation, activation of social assistance beneficiaries, improving information on labour market needs and the matching of clients to training programmes.

Active Labour Market Policies are the main tool for promoting employment of disadvantaged and vulnerable groups. Labour market policies and measures in Kosovo are mostly designed using a top-down approach with limited inputs from the regional level. The contribution of local actors and service providers (private sector organisations, local employment offices, NGOs, local chambers of commerce) in programming and implementation of active employment measures is a challenge. There is a need for improved institutional cooperation between public institutions and private sector, particularly in the following areas: improvement of business environment that would generate employment opportunities and self-employment and matching of school and vocational training curricula with labour market needs.

Priority 3 thus aims at reforming and modernising employment services to meet the needs of the labour market and has identified four key measures which are described below.

Measure 3.1: Identification and monitoring of skills among job-seekers and unemployed

The effectiveness of labour market measures will be enhanced through the provision of employment services for all individuals registering with PES. More intensive and targeted assistance will be grounded in improving the profiling system and targeting approaches to differentiate employment assistance. The increasing personalisation of PES provision is an important element of the modernisation of the PES. The profiling (i.e. assessment performed by PES counsellors and the use of IT and statistical tools for profiling) can play an important role in activation and matching. This needs to be strengthened in order to ensure efficient use of active labour market measures at an early stage. The profiling tools can be used to identify skills among unemployed and jobseekers, to assess risks of long-term employment, to diagnose strengths and weaknesses with regard to personal action planning and to target appropriate services, measures and programmes. The measure focuses on the need for improvement of skills identification as part of the profiling system.

Measure 3.2: Encourage inactive job seekers to register at the PES.

The objective of this measure is to reduce the non-active population and encourage registration in the public employment service through a number of targeted awareness campaigns.

Measure 3.3: Improvement of cooperation and intermediation between employers and job-seekers

PES effectiveness is directly linked to the resources at its disposal as well as the level and quality of its human, physical and financial capacities and work processes. As part of the modernisation of PES, this measure will focus on developing the facilitating infrastructure for e-registration by employers and identification of jobseekers with required skills, establishment of cooperation agreements with employers and training of employment office staff in intermediation measures.

Measure 3.4: Improve coverage of active labour market policies

Unemployment is one of the main challenges facing Kosovo society. Public expenditure for PES in Kosovo amounts to around 0.16% of the GDP, but there is an extensive donor support for ALMP, which together in 2012 took expenditure for ALMP up to of 0.28% of GDP. Due to the lack of monitoring and

evaluation of ALMPs, there is no follow-up of policy implementation. Thus, with a view to improving the coverage of ALMP, it is necessary to carry out an evaluation of existing active measures. Based on the results, new active measures will be designed and tailored to specific target groups with particular focus on the setting up of a scheme for self-employment and entrepreneurship support. In addition, it is envisaged that schemes will be set up to encourage employers to hire marginalised groups.

P4: Enhancing capacities for coordinated sector policy development and implementation

There is currently no comprehensive national strategic framework in place in Kosovo. However, a number of mid-term strategies and planning documents exist. Kosovo has started to develop multi-annual strategies in most sectors, but many are of limited scope or duration and are not matched by proper costing. The limitation of these documents is that important policy agendas are not fully integrated into the budget or MTEF. Steps in this direction have been taken in recent years, but a holistic overview of the country's medium and long-term development is still lacking. The Government intends to produce the National Development Strategy 2015-2015 within the current year. It should be noted that, there exists some good examples of sector strategies such as the **Kosovo Education Strategic Plan 2011-2016**. IPA assistance has been successful in helping Kosovo to introduce a sector-wide approach in education and to draft a comprehensive sector strategy.

There is little evidence in the HRD sector that the linkage between priorities, domestic budget and (especially) donors, is done in a systematic and structured way. In general, the MTEF/budget allocations are based on little background work of programming and planning. Some sectoral strategies exist in the HRD sector, but they are generally based on weak costing and references to the projected funding. Sectoral policy plans do not give enough attention to medium-term costs. In general, there is a need to strengthen capacities in future planning and costing. HRD financial planning and budgeting is mainly based on historical data (this is particularly relevant for MEST) and HRD - MTEF projections are mainly made at aggregate and economic classification. The budgeting of the ministries involved in HRD is based on a technical format provided by MTEF which includes three main expenditure groups: salaries, goods and services and capital investments. This format makes it difficult to link priorities with budgeting and to ensure that policies are implemented based on the goals and objectives to be achieved.

Inter-ministerial cooperation is crucial for tackling the interlinked issues and challenges in the HRD sector and in particular skills issues, so that appropriate changes can be made in the curricula, in the reallocation of teachers between subjects, in teacher retraining and school restructuring, and in increasing school autonomy and widening the range of parental and pupil choice. This would result in a more responsive system for supplying skills in response to the short term and medium term demands from the industry and in relation to specific sectors. Functional coordination frameworks for policy-making including financial planning and strong mechanisms for stakeholder engagement are considered a pre-requisite for an improved matching of skills. Similar institutions will need to be created at regional level or on a sectoral basis and supported by tripartite agreements and partnerships between the state, employers and trade unions at either national or local level.

In the short-term, implementing IPA II also requires changing the modalities for establishing and implementing sector-wide approaches. The HRD sector is at the brink of systemic reform. This is defined as a dynamic system-wide change, intended to add value to the current employment service and VET systems, by continuously improving policy-making and implementation, and developing a mechanism to systematically monitor and evaluate employment services and programs. Any future development will need to consider a sectoral model of resource allocation, including the level of budget flexibility that regional and municipal units are granted, and the possibility of including an element of performance-based funding.

The overall aim of Priority 4 is to improve the impact of HRD policies through an HRD sector approach, including the establishment of a MTEF.

Measure 4.1: Improve inter-ministerial cooperation to address skills, including the coordination government initiative

In the preparation and implementation phases of strategies and action plans, it is necessary to improve the coordination mechanisms between the line ministries involved in HRD. This can support an efficient sector approach for the government's initiatives as well as for the IPA implementation. The measure will feed into the on-going policy planning reform process with a view to enhancing the capacities of the Strategic Planning Office in PMO and line ministries. This measure will support the initiative implemented in relation to the public administration reform (PAR).

Measure 4.2 Strengthen and improve social dialogue at the all levels.

Decision-making procedures should be based on a systematic and regular use of evidence in order to understand underlying problems in the education and training systems and, consequently, make informed policy choices. Therefore, the existence and use of a solid evidence base in the fields of vocational education and training and labour market is of great importance for HRD policy making. Evidence for policy making includes the facility/capacity to look at different points of views to build a consensual objective perspective which is as close as possible to the reality. This implies having in place governance mechanisms allowing for a large number of interactions between key stakeholders with a great diversity of interests and viewpoints, and linkages between different information systems to produce clear evidence which can be understood by all. There is a general lack of formal stakeholder systems to allow a dialogue between the demand side and supply side of the labour market. There is a low level of social dialogue in designing policies, poor engagement on the part of employers as well as a lack of capacity at local level. The main future challenge is to enhance cooperation between employers and the education system and maintain good practices for cooperation. This measure will focus on strengthening and improving stakeholder engagement in HRD policy-making and policy implementation at all levels.

Measure 4.3: Improve capacities on developing and costing HRD policies, as well as improve their prioritisation into MTEF.

The annual budgeting process needs to be improved together with the methodology for translating national and sectoral policy goals into operational expenditures planning frameworks. Sectorial policies in MTEF are not properly costed and generally fragmented, with a tendency towards bottom-up pressure leading to unrealistic plans that have not been properly prioritised. Furthermore, there is limited information on how these activities are costed and what measures of efficiency are used (e.g. input/output ratios). This also links to capacities for costing policies, which, although improving, are still insufficient. Capacities for policy and budget planning also need to be strengthened. A key weakness is that the budget preparation process is still considered the primary duty of the Budget and Finance Departments, while the contribution of the "thematic and policy departments" in charge of coordinating priorities is still weak. Therefore, the involvement of the right units and officials in the planning process has been identified as one of the features that needs to be improved in MTEF and the budget development process.

Furthermore, the development of priorities to ensure alignment with national budget and donor funding opportunities remains a challenge. The introduction of "sectoral ceilings" on top of existing "budget institution ceilings" could provide the budget process with more rigorous and strategic orientation with a view to adopting a sector-wide approach to budgeting and monitoring. This will be particularly important especially for the HRD sector (given that its coverage is divided among several budget institutions). This measure will thus focus on improving the capacities for costing policies and prioritisation in MTEF.

Measure 4.4: Move toward introducing programme performance-based budgeting.

The overall target for this measure is that by 2020 all HRD-related expenditures are planned within a new consolidated budget programmes structure and that the HRD Sector-wide approach is used for the whole HRD sector. This will include the establishment of the following structures: a well-specified structure of HRD budget programmes is adopted, incorporated HRD sectoral performance indicators in the MTEF, consolidated HRD budget programmes based on a sector wide approach, ceilings introduced for each HRD Budget Programme, as well as HRD sectors ceiling and full integration of donor funded projects into MTEF.

Measure 4.5: Strengthen capacities of HRD related Budget Organisation on budget planning

This measure will focus on two main activities:

- Capacity development and training of staff involved in HRD budgeting at MoLSW and MEST, in particular subordinate agencies responsible for VET and PES and
- Strengthening capacities for HRD-related budgeting at municipal level.

The immediate outputs will be:

- Strengthened capacities of staff involved in HRD planning and budgeting at METS, MoLSW and subordinate institutions,
- Local and regional units are granted sufficient funding and personnel to provide services (upon good quality standard),
- Funds are allocated more efficiently within regional and local units, based on a carefully designed formula that takes into account the needs of each region/municipality for PES, based on objective indicators,
- Resource allocation is informed by a Performance Based Expenditure Review of PES which will identify where programmes and resources can be streamlined to generate efficiencies and budget flexibility for regional and/or municipal units.

4.6 Establish joint performance assessment framework (PAF)

Monitoring indicators are poorly specified for the whole HRD sector and in most cases they relate only to timing of activities and tracking of proper disbursement schedules. This limits the usefulness of the monitoring for further sound analysis or programming exercises. There is little evidence of links between monitoring outputs and broader planning or policy functions in the HRD sector. An important reason for moving towards the sector approach is to introduce a much stronger results orientation to the monitoring of assistance and to focus national monitoring systems on the achievements of policy objectives. A PAF is a set of regular performance measurements which enables programme managers and stakeholders to assess progress in achieving policy objectives. These assessments should inform future decision making, so it is important to coordinate performance assessments with planning, budgeting and reporting cycles.

3.3 The Roadmap, Measures and Indicators

PRIORITY 1 - Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands

Measure	Activities	Main outputs	Actors		What should be achieved by 2020		
			Lead agency	Together with	Indicator	Baseline 2013	Target
1.1 Improve and establish systems for labour market analysis at national, regional and local level	<ul style="list-style-type: none"> Establish mechanisms for sectoral skills forecasts based on employer and employee surveys for provision of information on labour demand for training providers, school leavers and those seeking retraining. Build capacity within public administration to enable staff to carry out sectoral skill forecasts. Test decentralised 'bottom-up' approaches to skills matching policies. Improve coordination between the education sector and businesses by establishing industry councils 	<ul style="list-style-type: none"> Improved signalling of skills needs in economic sectors through the development of a coherent approach and appropriate systems for anticipation of skills needs. 	MLSW PES	PMO MEST Chambers of commerce etc.	<ul style="list-style-type: none"> Prognostic reports drafted at national/ local level Number of administrative staff trained to develop evidence-based policies 	Lack of proper labour market information data. Incomplete labour market information system.	Functioning labour market information system.
1.2 Improve the quality of the training system	<ul style="list-style-type: none"> Capacity development of all relevant actors for effective implementation of NQF. Development of information material for institutions responsible for management and implementation of NQF Implement harmonisation measures between NQF and EQF. Establish vocational training competence centres in cooperation with industry bodies, vocation training schools and municipalities 	<ul style="list-style-type: none"> Capacities (human and material) of institutions responsible for management and implementation of NQF developed. NQF harmonised with EQF. 	NQA	MEST MLSW other ministries social partners	<ul style="list-style-type: none"> Number of occupational standards developed Number of curricula/ qualifications developed and validated in the framework Number of training providers accredited 	<ul style="list-style-type: none"> 25 training providers accredited. 28 occupational standards developed 8 qualifications validated and registered in the framework 	<ul style="list-style-type: none"> All schools to be accredited and 8 VTCs 50% of other all training providers 80% of occupational standards to be completed.
1.3 Implement system for formal recognition and validation of	<ul style="list-style-type: none"> Draft secondary legislation for implementing the validation of informal and non-formal learning. Draft assessment procedure/ 	<ul style="list-style-type: none"> Legal infrastructure in place. Assessment procedure in place for accreditation of 	NQA	KAA MEST	Number of training providers accredited to implement the validation of informal and non-formal	Law is in place, guidelines to implement are in place	20% of providers are accredited

PRIORITY 1 - Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands

informal and non-formal learning	<ul style="list-style-type: none"> process and criteria. Implement system. 	<p>providers to implement the validation process.</p>					
1.4 Teacher training	<ul style="list-style-type: none"> Develop a frame for the training of VET teachers and trainers, to ensure that teachers possess the necessary pedagogical skills to teach their own subjects and the transversal key competences, including entrepreneurship. Train all teachers and trainers according to the frame. 	<p>Retraining and training of teachers and trainers according to the new frame.</p>	<p>KSCC MEST</p>	<p>NQA MEST Schools Municipalities MTI</p>	<p>No of teachers and trainers accredited according to the frame</p>	<p>There is lack of working experience in teachers training programmes in secondary vocational education in relation to business. Introduction of entrepreneurship as a compulsory subject in secondary vocational education is proceeding thanks to new curriculum framework but more progress needed.</p>	<p>50% trained teachers and trainers.</p>
1.5 Promote and further develop apprenticeships and traineeship schemes	<ul style="list-style-type: none"> Establish formal mechanisms for collaboration and coordination between educational institutions, business and labour market organisations. Revision of educational plans and programmes to include compulsory practice and work based learning. Enhance different types of programs (short term as well as long term) and development of new innovative ones). Strengthen regional cooperation in design as well as delivery of contemporary programs (particularly those intended to foster economic cooperation in the region). Set up on the job training grants to companies training long-term unemployed. Set up industry employee training programs implemented by clusters / 	<ul style="list-style-type: none"> Formal collaboration and coordination between educational institutions, business and labour market organisations established. Number of long term unemployed people Number of industry training programs set by the clusters 	<p>MEST</p>	<p>MLSW MTI other stakeholders</p>	<p>Number of cooperation agreements on apprenticeships and traineeships schemes</p>	<p>54% of VET schools manage to offer practice-based learning by sending their students to enterprises.</p>	<p>50 % increase in placements</p>

PRIORITY 1 - Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands

	industry associations						
1.6 Improve career guidance in schools and employment services	<ul style="list-style-type: none"> ▪ Establish effective and efficient model of integrated career guidance in line with European and international standards and best practices. ▪ Preparation of programs and standards of career guidance and counselling for different age groups. ▪ Supporting the cross-sectoral cooperation. 	<ul style="list-style-type: none"> ▪ Model for integrated career guidance in schools and employment services established. ▪ The programmes and standards regarding the career guidance and counselling developed. ▪ Cross-sectoral cooperation established. 	MEST MEDs Schools	MLSW PES	Number of persons received through career guidance measures.	There is no functional or continuous career guidance and counselling system as an integrated part of the services provided by PES.	Integrated career guidance and counselling is operational at schools and PES

PRIORITY 2 - Fostering and promoting entrepreneurship and innovation

Measure	Activities	Main outputs	Actors		What should be achieved by 2020		
			Lead agency	Together with	Indicator	Baseline 2013	Target
2.1 Creation and development of entrepreneurial mind-set	<ul style="list-style-type: none"> Review of existing curricula of primary, secondary and tertiary educational institutions; Implementation (piloting) of the curricula. Identification of opportunities for professional practice-internships in enterprises. Training of civil servants, teachers, etc. to be more entrepreneurial 	<ul style="list-style-type: none"> New curricula which fosters entrepreneurial mind-set Establishment of entrepreneurial mind-set Increased cooperation between private sector and other stakeholders Skills development for the labour market More entrepreneurial civil servants, school heads, teachers, etc. 	MEST	<ul style="list-style-type: none"> MLSW MTI NQA KCC 	<ul style="list-style-type: none"> Number of VET schools, public and private institutions in higher education. Number of training providers to complement new curricula 	Entrepreneurship training exists as part of the general curricula and to a limited extent in some VET schools it exists as a separate subject.	50% of all universities, training providers, VET schools have implemented new curricula
2.2 Further development of the innovation system to ensure better links between research, education and innovation	<ul style="list-style-type: none"> Review of existing cooperation programmes. Identification of potential innovators. Drafting and development of new policies to further extend cooperation between the research, education and innovation triangle; Develop network of incubators and their services, include pre-incubation services. Set up technology transfer centers at a few key universities (primarily technical) in collaboration with industry bodies. Introduce R&D tax incentives to facilitate firm investment in research and development. 	<ul style="list-style-type: none"> Cooperation agreement between this triangle Common understanding of policy between them Establishment of a shared database of R&D activities and results Number of technology transfer centers established 	<ul style="list-style-type: none"> ICK JIC 	<ul style="list-style-type: none"> MEST Research institutions Universities MTI 	Number of signed agreements between parties.	Drafted Innovation strategy (to be signed); Already an agreement between ICK and Hasan Prishtina University.	50% of potential innovators will be supported
2.3 Provision of business start-up training and entrepreneurship	<ul style="list-style-type: none"> Providing training on business start-up and strategic planning, even for existing businesses. Set up micro / family enterprise incentives for small scale (rural) 	<ul style="list-style-type: none"> Trained entrepreneurs Number of grants Number of small firms transferred into the medium and large firm 	MTI	<ul style="list-style-type: none"> JIC ICK EUROPA 	<ul style="list-style-type: none"> Number of trained participants Number of those trained who start a new business 	Voucher Scheme for existing businesses but not business start-up	By 2020, at least 1000 per year participate in business start-up training.

PRIORTY 2 - Fostering and promoting entrepreneurship and innovation

	entrepreneurship. ▪ Ensure vertical integration and growth of micro and small businesses by financing expansion.	category		Nñ AMCHa m KCC EUROPA N			
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PRIORITY 3 - Reforming and modernising employment services to the needs of the labour market

Measure	Activities	Main outputs	Actors		What should be achieved by 2020		
			Lead agency	Together with	Indicator	Baseline 2013	Target
3.1 Identification and monitoring of skills among job-seekers and unemployed	<ul style="list-style-type: none"> Carry out feasibility study for the inclusion of skills modules in the PES profiling system Design and development of module in the system Implementation of the change in the system Monitoring of system functioning 	<ul style="list-style-type: none"> Feasibility study report. Module designed and integrated in the profiling system. System performance report. 	MLSW	Municipal employment offices Municipalities MEST MTI KAS	Number of persons with skills is identified	<ul style="list-style-type: none"> There is no list/categorization of skills. The skills module does not exist in the profiling system 	Functioning profiling system including skills identification module.
3.2 Encourage inactive job seekers to register at the PES	<ul style="list-style-type: none"> Development of awareness campaigns for enrolment in PE Design of employment Evaluation of awareness campaigns effects 	<ul style="list-style-type: none"> Awareness campaign implemented The software is designed Finalized evaluation report 	MLSW PES	Municipalities Business associations NGOs MCYS	Number of registered persons in PES	There is a large group of inactive jobseekers	XX increase in registered job seekers at PES
3.3 Improved cooperation and intermediation between employers and job-seekers	<ul style="list-style-type: none"> Provision of new office equipment. Improve performance of staff in employment offices through training. Creation of facilitating infrastructure for e-registration by employers and identification of jobseekers with employers (enterprises) to engage job seekers 	<ul style="list-style-type: none"> Employment offices equipped. New e-registration system established and implemented. Staff trained in use of new system intermediation services. 	MLSW PES	Employment offices Municipalities Business associations	<ul style="list-style-type: none"> Number of employers with whom the employment offices cooperate Number of identified job vacancies Number of mediations Employment rate for target groups. 		<ul style="list-style-type: none"> XX increase in activities/cooperation between PES and employers. XX increase in job placements at enterprises.

PRIORITY 3 - Reforming and modernising employment services to the needs of the labour market

<p>3.4 Increased number of ALMMs</p>	<ul style="list-style-type: none"> ▪ Evaluation of existing active labour market measures. ▪ Design of new active measures to stimulate employment. ▪ Setting up of a scheme for self-employment and entrepreneurship support. ▪ Creating schemes that encourage employers to hire marginalized groups. 	<ul style="list-style-type: none"> ▪ ALMMs evaluated ▪ Targeted ALMMs developed 	<p>MLSW</p>	<p>MTI MCYS Ministry of Agriculture, Forestry and rural development Donors</p>	<ul style="list-style-type: none"> ▪ Number of persons in ALMMs (based on individual employment plans). ▪ Share of hard-to-employ and vulnerable categories participating in ALMMs. ▪ Employment rate for target groups. 	<p>Additional education and training programmes offered as part of active labour market measures should be expanded to include schemes for self-employment and entrepreneurship support.</p>	<p>Increase in schemes for self-employment and entrepreneurship support.</p>
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PRIORITY 4 - Enhancing capacities for coordinated sector policy development and implementation

Measure	Activities	Main outputs	Actors		What should be achieved by 2020		
			Lead agency	Together with	Indicator	Baseline 2013	Target
4.1 Improve inter-ministerial cooperation to address skills, including the coordination of government initiative	<ul style="list-style-type: none"> Establishment of rules and procedures for coordination. Provision of training in strategy development and inter-ministerial coordination. 	<ul style="list-style-type: none"> Transparent policy coordination mechanisms between line ministries established. Improved functioning and coordination of Strategic Planning Office and line ministries 	PMO	Line ministries	<ul style="list-style-type: none"> Existence of functional inter-ministerial coordination mechanisms Frequency of dialogue in ministries throughout the policy making cycle 	HRD policies have not yet reached a satisfactory level in terms of inter-ministerial coordination and wider engagement of stakeholders in policy.	Coordinated sector policy
4.2 Strengthen and improve social dialogue at all levels.	<ul style="list-style-type: none"> Promote understanding and acceptance by ministries of the importance of broad consultation and development of best practices. Training for civil society organisation and local government on effective participation in the policy development process. Establishment of robust mechanisms for stakeholder involvement at central, regional and local level and in relation to different economic sectors. Provide funding for industry associations and cluster bodies to engage in industrial dialogue, gathering of statistics, strategic and analytical capacity. 	<ul style="list-style-type: none"> Improved capacities for social dialogue in the HRD sector. Mechanisms for stakeholder involvement established. Number of industry associations led activities supported. 	PMO	<p>Stakeholders from regional and local level representing different sectors</p> <p>Line ministries</p>	<ul style="list-style-type: none"> Dialogue mechanisms for stakeholder engagement in place. Quality (transparent, participatory, engaged and respective) dialogue between authorities and stakeholders throughout the policy making cycle. Frequency of dialogue between authorities and stakeholders throughout the policy making cycle. 	HRD policy development in Kosovo is mainly a top down and centralized process with limited involvement of social partners	Functioning social dialogue in HRD sector

PRIORITY 4 - Enhancing capacities for coordinated sector policy development and implementation

4.3 Improve capacities for developing and costing HRD policies, as well as improving their prioritisation in MTEF.	<ul style="list-style-type: none"> Introduce a common standard methodology for costing strategic documents based on MTEF budget costing and prioritisation methodology Training for Budget Organisations involved in HRD on costing policies and prioritisation 	<ul style="list-style-type: none"> A common advanced costing methodology applied in all budget organisations Training sessions on developing and costing policy priorities offered to all relevant staff of MEST and MoLSW, as well as to subordinate institutions and staff capacities improved 	MoF SPO (OPM)	MEST MoLSW	<ul style="list-style-type: none"> Number of staff involved in HRD related planning trained on development and costing policy priorities. Quality of policy priorities related to HRD improved. 	Sectorial policies in MTEF are not properly costed and generally fragmented, with a huge tendency for unrealistic planning and visible bottom-up pressure leading to unrealistic plans that have not been prioritised.	100% of staff undergo through training
4.4 Move toward introducing programme performance-based budgeting	<ul style="list-style-type: none"> Introduce programme- based budgeting Gradually introduce performance indicators. Used by HRD related budget organisations Consolidation of the HRD budget planning, with the aim of reducing the high fragmentation of HRD budgets Introduction of an HRD sector wide approach and performance budgeting Introduction of “sectoral ceilings” on top of existing “budget institution ceilings” 	<ul style="list-style-type: none"> A well-specified structure of HRD budget programmes adopted HRD sectoral performance indicators incorporated in the MTEF Consolidated HRD budget programmes based on a sector wide approach Ceilings introduced for each HRD Budget Programmes, as well as HRD sectors ceiling. Full integration of donor funded projects into MTEF 	MoF SPO (OPM)	MEST, MoLSW	HRD Budget Programmes Consolidated under Sector Wide Planning Framework	MEST capacity building program and JAR oversight of performance-based budgeting but need for concrete progress.	<ul style="list-style-type: none"> All HRD related expenditures planned based on a new consolidated budget programmes structure. HRD Sector wide approach used for all HRD sector
4.5. Strengthen capacities of HRD related Budget Organisation on budget planning	<ul style="list-style-type: none"> Capacity development and training for staff involved in HRD budgeting at MoLSW and MEST, in particular subordinate agencies dealing with VET and PES. Strengthen capacities for HRD related budgeting at municipal level. 	<ul style="list-style-type: none"> Capacities of staff involved in HRD planning and budgeting at METS, MoLSW and subordinate institutions, strengthened Local and regional units are granted sufficient funding and personnel capable of providing 	MEST MoLSW	Municipalities, Subordinate HRD related institutions	<ul style="list-style-type: none"> Number of persons trained in budget planning techniques Quality of budget submissions from HRD related organisation 	Weak budgetary capacities in relation to HRD budgeting. (Note, WB support for PFMs in several line Ministries)	<ul style="list-style-type: none"> All staff of BOs and municipalities involved in HRD budget planning fully trained Quality of budget

PRIORITY 4 - Enhancing capacities for coordinated sector policy development and implementation

		<p>quality services.</p> <ul style="list-style-type: none"> ▪ Funds are allocated more efficiently within regional and local units based on a carefully designed formula that takes into account the needs of each region/municipality for PES based on objective indicators. ▪ Resource allocation is informed by a Performance Based Expenditure Review of PES which will identify where programmes and resources can be streamlined to generate efficiencies. ▪ Budget flexibility for regional and/or municipal units. 					<p>submission highly evaluated by MoF and donors</p>
<p>4.6 Establish joint performance assessment framework</p>	<ul style="list-style-type: none"> ▪ Identify appropriate key HRD indicators. ▪ Draft unified guidelines for staff. ▪ Establish joint monitoring database. ▪ Establish mechanism for “feedback loops” in HRD policy making as part of HRD/HRM project under the CB plan at MEST. 	<ul style="list-style-type: none"> ▪ Joint performance assessment framework 	<p>PMO</p>	<p>MEI Line ministries</p>	<ul style="list-style-type: none"> ▪ Existence of quality indicators ▪ Number of monitoring and evaluation reviews carried out of HRD initiatives. 	<p>Monitoring indicators are poorly specified for the whole HRD sector and in most cases they are related only to timing of activities and tracking of proper disbursement schedules.</p>	<ul style="list-style-type: none"> ▪ Adequate HRD indicators identified and used in joint monitoring system. ▪ Aligned HRD strategies.

Part II – Review of Institutional Arrangements: the capacity development plan to achieve the vision for skills 2020

1. The RIA approach and process

HRD has an important contribution to make to employment and inclusive, sustainable growth efforts, addressing skills depletion due to high employment levels. This will be responding to emerging skills shortages or gaps in dynamic sectors, regions and enterprises. Better skills with more relevance to the current and future requirements are a prerequisite for employability. Some of the key challenges are to ensure a more coherent and evidence-based policy approach, to better match the education and training system with the needs of the country-specific economies and the labour markets, and to strengthen institutional capacities and inter-institutional co-operation.

The Review of Institutional Arrangements (RIA) aims at identifying bottlenecks and challenges at system level for HRD policy making and delivery and introduction of a HRD sector approach, so as to determine capacity building priorities.

These priorities could possibly be funded by the future IPA II programme in contribution to the achievement of the Kosovo 2020 Skills Vision:

By 2020 Kosovo is a globally competitive knowledge society with skills that adapt to the needs of the economy, fostering innovation and entrepreneurship, and attracting investment for sustainable development and social inclusion.

The RIA carries out a review of institutional arrangements in the HRD sector in relation to the capacity to achieve the Kosovo Skills Vision 2020.

The key assessment question is: **“What are the capacity needs of institutions to achieve the Skills Vision 2020?”**

Institutions play an important role in policy processes. The ability of governments to establish and maintain institutions that effectively support new directions in education and labour market as an integrated part of national economic development and at the same time ensure implementation is a major challenge for the enlargement countries.

The implementation of the sector approach within IPA II will require coherent strategies and the involvement of stronger institutions, equipped with sufficient planning, delivering and monitoring capacities. This entails a new approach to planning, commonly-shared, involving civil society in policy dialogue concerning the strategic direction of the education system, transparent financial management procedures that enable stakeholders to follow educational expenditures, mutual accountability within the sector and government led coordination of funding agencies. Also civil society is more and more included in the implementation of different policies and actions. Correct identification of capacity development needs in the beneficiary countries will facilitate reaping the full-anticipated benefits of the sector approach. This represents a pressing priority and a pre-requisite for the implementation of the next IPA instrument for the period 2014-2020.

The review focus is the institutional capability to manage the policy cycle – more specifically the effectiveness and efficiency of institutional arrangements to deliver and contribute to sound policies in the area of HRD. This includes review of capacities for planning, implementation and monitoring - and the capability to use Foresight as a forward looking policymaking approach. The review also includes focus on budget planning and execution capacities, linked to the capacity of institutions to work within a Mid-Term Expenditure Framework (MTEF).

Correct identification of capacity development needs in the beneficiary countries will facilitate reaping the full-anticipated benefits of the sector approach. This represents a pressing priority and a pre-requisite for the implementation of the next IPA instrument for the period 2014-2020.

The purpose of the review is to identify:

- Strengths and weaknesses of policy planning and policy delivery in the HRD sector;
- Drivers and constraints for implementing the Skills vision;
- Provide input for future capacity development responses.

The RIA places its focus on:

- Governance structure of institutions in charge of HRD, in relation to policymaking and policy implementation;
- Administrative infrastructure and resources to ensure smooth policy implementation of Skills vision and related roadmaps/milestones;
- Budgetary practices and financial management capacity to put into practice a Mid-Term Expenditure Framework and programme budgeting.

The RIA in Kosovo has been carried out under the management of ETF Country Manager Shawn Mendes and with assistance from external experts: Ardiana Gashi, Sotiraq Guga, Vlera Kastrati and Susanne Møller Nielsen. Qemajl Marmullakaj, Adnan.B.Ahmeti and Mrika Kotorri from Strategic Planning Office in Prime Minister’s Office have coordinated the activities in Kosovo.

The review is structured around the four main functional capacities corresponding to the policy cycle phases: 1. Policy design, 2. Planning and budgeting, 3. Implementation and 4. Monitoring and Evaluation (including reporting and learning).

The timing of the RIA is summarised in the table below.

Table 7: Timing of RIA	
Activity	Time
RIA preparation mission in Kosovo	March 2014
Implementation of qualitative interviews	March – April 2014
Drafting of report on RIA results and findings	April 2014
RIA Workshop	April 2014
Finalisation of RIA report	May 2014

2. Overview of the HRD sector in the country

Key actors involved in policy-making and policy delivery in the HRD sector

Different stakeholders have important roles and responsibilities in the governance of the HRD sector at different levels. The main policy making challenges are to empower the different institutions, agencies and centres in the HRD sector and to promote a wider and better involvement of the social partners. Another major challenge is to improve the policy accountability and policy delivery, which could also include financial autonomy of the providers in the HRD sector. The emerging perspective on multi-level governance emphasises the technical aspects of improving the efficiency and effectiveness of policies, reforms and institutional arrangements. It also identifies participation as a worthwhile goal in itself, by establishing joint ownership and implementation of policies. Multi-level governance is thus associated both with achieving policy objectives and with a broader vision of democratic participation. In the HRD sector, adaptation and flexibility seldom cease, systems keep developing and responding to the emerging needs of the society and the economy. The capacity to deal with these continuous developments through system innovation and responding to evolving needs in a strategic perspective, and sustaining investments and tools, is the basis of efficient and effective HRD and education and training systems. As part of the preparation phase of the RIA a detailed mapping exercise was carried with a view to identify the key institutions constituting the HRD governance structure in Kosovo (see Annex 3).

Kosovo is in an early stage of sector coordination, planning and management. The donor coordination, mid-term budget planning and tools for sector monitoring are not yet in place. Kosovo is highly dependent both financially and technically on donor support but more often than not, there is a duplication and overlapping of donor projects. MEST has established a donor coordination office, but yet the work is to be evaluated. The Joint Annual Review initiated in 2014 is a qualitative step in both planning and coordination organized by MEST and supported by donors that brings together all the processes and stakeholders to review the progress in relation to KESP. There is a subsector working group in VET as well that is active according to VET experts. Overall, there are initiatives and mechanisms to coordinate donors but the results are yet to be assessed, nonetheless the limited institutional capacities might pose a risk to these mechanisms². In May 2013 an Education Sector Pooled Fund (ESPF) has been established through an Arrangement of Joint Funding (AJF). It was a joint agreement between MEST, MoF and MEI representing the Government of Kosovo and the Development Partners contributing to the fund (SIDA and ADA). This Fund supports the KESP area in terms of capacity-building and GIZ has supported the capacity building plan³.

Kosovo does not currently have a comprehensive national development strategy. However, a number of mid-term planning documents exist. The EU Commission has drafted the Country Strategy Paper (CSP) with priorities for EU financial assistance for 2014 – 2020 for each of the identified sectors – including the HRD sector - Sector Support Programmes (SSPs) and projects have been drafted in relation to these priorities. The CSP takes into consideration Kosovo's Strategy for European Integration 2014 – 2020, the Declaration of Mid-Term Priority Policies 2014-2016, and the Mid-Term Expenditure Framework 2014-2016. The limitation of these documents is that important policy agendas such as European integration and economic development are not integrated into the budget or MTEF. Steps in this direction have been taken in the recent years, but a holistic view on Kosovo's medium and long-term development is still lacking.

The Skills document is the result of highly committed and professional contributions of representatives of key policy makers, implementers and stakeholders in Kosovo in a range of workshops and consultations.

²ETF, Torino Process Kosovo, Turin, European Training Foundation, 2012.

³ Ministry of Education and Science (MEST), Joint Annual Review 2014 Progress Report for 2013, Pristina 2013.

The desk research carried out under the Foresight Component in Kosovo revealed at least 7 ministries involved in the drafting and implementation of 22 major strategy documents. A summary of the strategies is attached in annex. The aim has been to link all policy initiatives related to education and training in a lifelong learning perspective, with employment and social inclusion in a single unified framework with an overarching vision for skills.

3. Review of Institutional Arrangements - RIA

The RIA exercise in Kosovo included the following main steps:

1. On-going analysis and update analysis of previous ICA and MTEF reviews so as to build on and include in the analysis existing knowledge.
2. Identification of target group of RIA through the use of a mapping matrix combining the five Priorities in the draft Kosovo Skills Vision 2020 and the four main groups in relation to HRD policy making and policy implementation.
3. Implementation of structured direct qualitative interviews – with a total of 12 interviews (including interviews implemented in relation to the desk review). Four different questionnaires – one for each of the target group of HRD stakeholders (1. Institutions in charge of policy-making, 2. Institutions engaged in policy delivery, 3. Stakeholders' institutions involved in policy making, 4. Financial institutions leading MTEF or other budgeting exercises) have been drafted and adjusted to the Kosovo context.
4. Interviews report drafting after each interview and sent weekly to the RIA team members.
5. Mid-term skype consultations between RIA team members on results, findings and difficulties encountered during the interviews.
6. Drafting of short summary of findings and conclusions of RIA.
7. Implementation of RIA workshop in combination with 3rd Foresight Workshop where findings and conclusions are presented on which basis participants will prioritise necessary short term and midterm capacity development measures feeding into the roadmap of the Kosovo Skills Vision 2020 document.
8. Drafting of final Kosovo RIA report.

Throughout the implementation of the above-mentioned steps the RIA team has ensured on-going information and update of the RIA process to the Strategic Planning Office in the Prime Minister's Office.

3.1. Brief description of the review focus and indicators.

The focus of the RIA is the functional capacities for the HRD policy cycle. Five institutional abilities for the HRD policy cycle have been identified and which constitute the frame of the analysis:

1. Stakeholder engagement and coordination,
2. Policy design including analysis,
3. Financial planning and budgeting,
4. Policy delivery
5. Monitoring and Evaluation including Reporting and Learning.

Based on this review frame the corresponding questionnaires have been elaborated and used in the qualitative interviews.

Table 8: Capacities – review focus and indicators

1. Inter-ministerial coordination and stakeholder engagement	
Review focus	Ability to engage stakeholders in policy cycle and to ensure inter-ministerial coordination
Indicators	<ul style="list-style-type: none"> Existence of dialogue mechanisms for stakeholder involvement (formal – informal) Existence of inter-ministerial coordination mechanisms (formal – informal, including networks) Existence of formalised donor coordination Quality (transparent, participatory, engaged and respectful) dialogue between authorities and stakeholders throughout the policy making cycle Frequency of dialogue between authorities and stakeholders throughout the policy making cycle
2. Policy design	
Review focus	<ul style="list-style-type: none"> Ability to manage and interpret comprehensive situation analyses of country's HRD assists Capacity to design coherent HRD policies and reform strategies as a response to skills needs Capacity to use foresight in the policy making process
Indicators	<ul style="list-style-type: none"> Existence of tools for skills anticipation at national, regional and sector level Use of data on skills supply and demand in HRD policy planning Existence of long term strategic policy options for the HRD sector Existence of coordinated business, employment and education strategies including budgeted action plans Use of foresight methods in relation to vision building and policy design
3. Planning and budgeting	
Review focus	Ability to develop planning and budgeting frameworks and tools supporting the defined policies
Indicators	Existence of legislative framework for result-oriented budgeting and whether they are complied with
4. Implementation	
Review focus	<ul style="list-style-type: none"> Ability to manage and implement appropriate policy responses to skills needs Ability to develop and deliver training to labour market needs
Indicators	<ul style="list-style-type: none"> Existence of action plans relating to strategies Existence of execution arrangements Responsiveness of the education and training system to skills needs, captured by periodic data and surveys
5. Monitoring and evaluation (including reporting and learning)	
Review focus	<ul style="list-style-type: none"> Ability to monitor and evaluate Ability to report Ability to learn and impact of policy initiatives
Indicators	<ul style="list-style-type: none"> Existence of feedback mechanisms on lessons learnt for use of new HRD policy design Mechanisms for evaluation and monitoring of policy effects and results used systematically Existence of monitoring guidelines and procedures and used systematically Existence of public communication tools

In view of the significance of budget planning and finance in HRD, an integrated review is conducted with the relevant institutions in the context of MTEF. The review of the MTEF capacities is addressed from three distinct but interrelated angles.

Table 9: Capacities - MTEF	
Review principles	Sub principles
1. Formulation	<ul style="list-style-type: none"> ▪ Participation of stakeholders in the process of defining sector policy objectives and budgets ▪ Existence of Macroeconomic /Fiscal Framework, sector policy framework and programmes ▪ Costing of the sector budget within the ceiling determined by the budget circular and identifying the resource gaps
2. Execution	<ul style="list-style-type: none"> ▪ Applying the planned expenditure budget and structure
3. Monitoring, reviewing and reporting	<ul style="list-style-type: none"> ▪ Keeping regular records of progress and performance for improved management of budget implementation, ▪ Providing feedback for policy formulation and management of the budget implementation

3.2 Target group categories

Different stakeholders have important roles and responsibilities in the governance of the HRD sector at different levels. The main policy making challenges are to empower the different institutions, agencies and centres in the HRD sector and to promote a wider and better involvement of the social partners. Another major challenge is to improve the policy accountability and policy delivery, which could also include financial autonomy of the providers in the HRD sector. Education and training providers are becoming the frontline actors in following developments in the labour market and placement of students, observing the development of learning and teaching requirements, methods and tools.

The national stakeholders mobilised in relation to Component 1 and participating in the Foresight Workshops have been among the institutions approached in relation to the review of institutional arrangements under Component 2. However, in relation to Component 2, additional institutions have been targeted including selected pilot institutions representing the education and training providers.

The list of the interviewed organisations is attached in Annex 1.

3.3. Key findings on capacities in HRD for single review focus

3.3.1. Inter-ministerial coordination and stakeholder engagement

The key findings listed in this section are based on the information received through the implementation of the 15 qualitative interviews with selected stakeholders and on the analyses and conclusions in previously conducted in institutional assessments in Kosovo reports (see reference list). The qualitative interviews have been implemented by the use of tailored questionnaires for the 4 target groups.

a. Review focus

The RIA has focussed on the review of the systemic and institutional capacities for the existence and quality of inter-ministerial coordination in relation to HRD policy making and strategy development as well as the possibilities for engagement of stakeholders and in the HRD policy cycle. Four indicators have

been used as proxy indicators for the identification of the functioning of the inter-ministerial coordination and stakeholder involvement in the HRD policy cycle:

- Existence of dialogue mechanisms for stakeholder involvement (formal – informal)
- Existence of inter-ministerial coordination mechanisms (formal – informal, including networks)
- Quality (transparent, participatory, engaged and respective) dialogue between authorities and stakeholders throughout the policy making cycle
- Frequency of dialogue between authorities and stakeholders throughout the policy making cycle
- Existence of mechanism for donor coordination in the HRD sector.

b. Main findings

Inter-ministerial coordination

HRD policies have not yet reached a satisfactory level in terms of inter-ministerial coordination and wider engagement of stakeholders at the policy level. Institutional capacities, overall, have not formed part of substantial analyses⁴. The expertise to develop inter-ministerial coordination and engagement of stakeholders is evaluated in various reports and these reflect 'the lack of tradition' in Kosovo to engage stakeholders⁵ and the fact that Kosovo has relatively young institutions⁶.

In addressing the country's government policy cycle, similar views are provided in the recent Assessment of Policy Making and Coordination (2013)⁷ which states that the government is not focused on the development of a professional public administration and does not see the administration as a tool towards the achievement of strategic objectives. Moreover, inter-ministerial coordination, as stated in the report remains a great challenge even when such mechanisms are in place. The inter-ministerial coordination mechanisms and institutional structures for coordination of policies and EU integration issues in ministries entail very technical coordination. The function of inter-ministerial forums is not to serve policy discussions. The capacities of institutional structures for coordination of policies and EU integration in ministries need further capacity development⁸.

Moreover, earlier reports state that trade unions are not very interested in, or prepared for, negotiations on HRD issues. The employers' associations are new and the representation of employers is most often undertaken by the Kosovo Chamber of Commerce. Bilateral donors similarly state that it is mainly government that has initiated the dialogue for involving social partners in VET reform. Thus more often than not, the dialogue is not viewed as a joint responsibility to ensure that VET is sustainable and productive for both parties⁹. Despite many governing structures in VET like CVETA, AVETA, OECVET, diverse structures and lack of functionality persist. CVETA, for example, was established as a tripartite structure and was functional but not sustainable due to problems with the institution that takes the lead and funding.

When developing the previous Sectoral Strategy – MLSW, there were certain lessons learned, which were taken into account when developing the Sectoral Strategy - MLSW 2014-2020. The level of inter-institutional coordination and cooperation between the line and sector Ministries (MLSW, MTI, MoED, MAFRD, MEST, MoF) was insufficient, which caused inefficiencies in the implementation of action. In addition to improving cooperation at central level, proper implementation of the future strategy would benefit from increased cooperation between municipalities and the observation of responsibilities by

⁴ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013.

⁵ ETF, Social Partners' Role and Capacities for More Effective Education/Training and Employment Policies in Kosovo, Pristina, 2007.

⁶ ETF, Education and Business, Turin, 2010.

⁷ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013

⁸ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013

⁹ ETF, HRD country analysis: Kosovo, ETF working paper, 2008.

municipalities for implementation of projects (there were difficulties, for example, when implementing public works projects).

Stakeholders' engagement

Based on the responses from the qualitative interviews there is a general opinion both from ministries and stakeholders that stakeholders' involvement in policy-making is not satisfactory. It was stated that there is no specific law that induces inter-ministerial cooperation, however this is implied in the strategies and other documents. There are different working groups within ministries which gather together relevant ministries and stakeholders in policy making in the HRD field. One example is the Council for VET, which comprises MEST, MLSW, business representation by Kosovo Chamber of Commerce and other relevant stakeholders. Another good example mentioned is the Strategy for Innovation, as a result of which a committee has been established with representatives from related ministries: MLSW, MTI, and MEST. It was noted that participation of employers is very low and this needs to be improved. With regard to cooperation between ministries, one interviewee claims that there is a need to clearly define responsibilities among ministries and to ensure a clear division of tasks and responsibilities in strategies which are relevant for more than one ministry. For example, MLSW was not involved in the development of the SME Strategy by Ministry of Trade and Industry, a strategy which includes several components linked to the MLSW.

During the interviews it was stated that although a strategic document specifies that different ministries are responsible for specific activities, this does not result in an understanding of shared responsibilities. The lead ministry in most cases is considered as the sole one responsible. There is thus a lack of coordination also in the implementation of strategies.

The Ministry of European Integration is responsible for the coordination of donor assistance. The Aid Management Platform, established with EU support, is used as a main tool for monitoring donor activities. Sector working groups, established with the aim to coordinate donor activities, are not yet fully functional and lack substantial involvement of donors and line institutions. Poor coordination between donors has led to the development and implementation of overlapping and similar activities. There was a case when the Ministry had to intervene between two donors to split tasks between the two as both donors were planning the same activities. Despite existing weaknesses, progress has been made. There is increasing donor support for social dialogue and there is also a willingness and commitment on the part of socio-economic council actors to improve the dialogue. Furthermore, progress in the European integration process where there are established values and mechanisms for social dialogue, will act as a driver for further advancement of the social dialogue process. The European Commission has emphasized that the Social Economic Council should have a greater role in European Integration process and in the economic development of Kosovo.

c. Main capacity development recommendations emerging from interviewees

Overall objective: Enhance cooperation between ministries with clear roles and responsibilities and increased cooperation between all stakeholders, engaged in policy making and policy delivery.

- ✓ Support and maintain the inter-ministerial structures and ensure their full functionality and sustainability for continuation of inter-ministerial links and continued interaction among representatives of the public and private sector.
- ✓ Increase awareness on the importance of governmental and stakeholder engagement on the stakeholders' side and institutions' side.
- ✓ Engage VET schools in policy design and policy-making.

- ✓ Ensure stronger engagement of private sector in the policy cycle with a view to ensuring policies reflect labour market needs and contribute to skills advancement as a response to labour market changes.
- ✓ Develop stakeholders' capacities on policy development, implementation and assessment.
- ✓ Assess the on-going policy dialogue between ministries and stakeholders for a better understanding of the weaknesses and gaps.
- ✓ Support and maintain the inter-ministerial structures and ensure their full functionality and sustainability for continuation of inter-ministerial links and interaction among representatives of the public sector and private sector.
- ✓ Ensure proper functionality of the VET Agency by supporting its sustainability and performance as well as wider coordination and communication among all ministries and stakeholders.
- ✓ Ensure full implementation of the Regulation for donor coordination.
- ✓ Enhance capacities for donor coordination and regular communication and reporting in MEI

3.3.2. Policy design

a. Review focus

Capacity in HRD policy design relates in particular to the abilities to manage and interpret comprehensive situation analyses of country's HRD in the country, the capacities to design coherent HRD policies and reform strategies as a response to skills needs as well as the capacities to use foresight in the policy making process.

With a view to analysing the capacity gaps in relation to policy design, the RIA has focussed on identifying the existence of tools for skills anticipation at national, regional and sector level, the use of data on skills supply and demand in HRD policy planning, the existence of long term strategic policy options for the HRD sector, the existence of coordinated business, employment and education strategies including budgeted action plans and finally the use of foresight methods in relation to vision building and policy design.

b. Main findings

Policy development in Kosovo is mainly a top-down and centralized process. It is run by a small group of experts and consultants, involving less the institutional staff and often the support of donors. As such, it fails in most cases to involve a wider range of regional, municipal and local capacities as well as beneficiaries, thereby hampering a wider inclusion within a sector. Even at central level, effective involvement of institutional staff from respective departments is limited. Institutional capacities are limited in terms of professionalism but compliance with planning and actual capacities. Moreover, the case of overburdened staff is often cited and this is regarded as being a result of size¹⁰.

Bilateral donors and VET experts regard Kosovo's institutional settings as highly centralised in terms of policy development and implementation. There are isolated, single sectorial policy initiatives, partly because of limited policy development capacities to design coherent HRD policies and reform strategies in response to labour market skills needs which remain at conceptual rather than practical level. The capacity of ministries to deliver depends on the number of staff, but also more crucially on their profiles, skills and expertise¹¹. The limited human resource capacities are particularly more pronounced in relation to ambitious priorities and objectives, thus hindering both policy development and implementation. Similar views are shared by MEST in the Joint Annual Review 2012 for the VET system, which states that the major challenges faced are the understaffing of MEST's VET division, the lack of local capacity and

¹⁰ SIGMA OECD Kosovo Assessment Report (2013)

¹¹ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013.

expertise in specialized areas (such as qualifications framework, competence-based curriculum development, career counselling) or implementation of KESP¹².

The ability within ministries to plan ahead and include implementation costs in forward planning remains a challenge¹³. In addition to budgetary policy planning, the capacity to analyse the budgetary impacts of policies are limited¹⁴.

Evidence-based HRD policy development is a challenge due to the lack of data on supply and demand to provide a clear picture of school to work transition. Policies and practices on skill development are thus continuously hampered by the lack of longitudinal data to determine trends on employment of VET graduates and higher education graduates. The lack of a tracer system in higher education and VET to determine whether graduates have the right skills and competencies, in line with the labour market, means that an effective policy building on the improvement of demand and supply has yet to be realised.¹⁵ Bilateral donors and VET experts emphasise that the lack of sustainable data collection and comparison in education and labour is partly due to the limited institutional capacities in data collection and analysis within MEST.

In the recent years, the education system in Kosovo has shown slow but steady progress to translate its short-term, medium-term and long-term goals and objectives into action and achievement¹⁶. MEST in cooperation with development partners and other stakeholders in the education sector has developed and started the implementation phase of the Kosovo Education Strategic Plan (KESP 2011-2016) adopted in September 2011, which includes a clear vision, objectives, measures, and the human and financial resources to improve the performance of the sector through a coherent sector-wide approach¹⁷.

However, the policy design has lacked a comparative and proper review of existing policies to avoid duplication and contradiction among policies within one sector or across sectors and provide better planned, more visionary policies as well as the inclusion of a wide range of actors from all institutions and sectors, public and private. For this reason and as part of the Foresight methodology in the ETF FRAME project a thorough analysis of skills-related strategies was carried out in November-December 2013. The results were presented at the FRAME Foresight kick-off meeting in Pristina, 17th December 2013.

c. Main capacity development recommendations emerging from interviewees

Overall objective: Enhance development of coherent sector policies and strategies.

Specific objective:

- ✓ Strengthen cross-disciplinary approach in HRD policy making, in particular in relation to skills development.
 - Enhance and enforce regular cooperation between all actors involved in HRD policy-making at both horizontal (inter-institutional) and vertical (national, regional and local) level.
 - Ensure involvement of civil society organisations.

Specific objective:

- ✓ Improve mechanisms for skills anticipation as a basis for HRD policy-making.
 - Establish reliable systems for sectoral and regional skills need analyses to match VET policy and labour market.

¹² ETF, Torino Process Kosovo, Turin, European Training Foundation, 2012.

¹³ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013.

¹⁴ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013.

¹⁵ ETF, Torino Process Kosovo, Turin, European Training Foundation, 2012.

¹⁶ ETF, Torino Process Kosovo, Turin, European Training Foundation, 2012.

¹⁷ Ministry of Education and Science (MEST), Kosovo Education Strategic Plan 2011-2016, Pristina 2011

- Start to analyse how and which VET profiles can contribute to the economic development of Kosovo. (MEST has already planned a big labour market study within IPA 2015.)
- Improve use of existing data such as SIMP to develop employment projects depending on the educational level of jobseekers.
- Develop a tracer mechanism to track graduates in order to receive information on their employment, which is important for policy design by the school, MEST and MLSW.

3.3.3. Financial planning and budgeting

a. Review focus

The RIA exercise has focussed on planning and budgeting frameworks and tools supporting the designed HRD policies and in particular the existence of a legislative framework for results-oriented budgeting and whether they are complied with and the ability to develop planning and budgeting frameworks and tools supporting the defined policies.

b. Main findings

“If I start from the budget available I cannot put any priority”, interviewee in Qualitative interview.

Overall it was highlighted during the qualitative interviews that financial planning and budgeting is not linked to expected results but mainly based on historical data which is particularly relevant for MEST. It was claimed that budgeting of the ministry is based on technical format provided by MTEF which includes three main expenditure groups: salaries, goods and services and capital investments. This form does not allow to link priorities with budgeting. With this type of budget planning it is difficult to ensure that policies will be implemented and goals will be achieved.

In this way it was pointed out that important priorities are missing in MTEF, and then you see the annual budget not based on the MTEF. Two interviewees provided an example of new public universities which were established but were not included neither MTEF nor in MEST budget. Another example was related to the Kosovo Strategic Plan for VET which set an objective to improve the quality of VET schools. However to date this has not been reflected in the budget. To improve the quality of VET huge investments should be undertaken to equip the existing poorly equipped schools.

Moreover it was stated that usually there are more goals than budget available. As a result with limited budget it is difficult to link priorities that Ministries have. To gradually become financially sustainable i.e. regular annual activities to be financed by Kosovo budget whereas one time projects by donations. The majority of activities under the new Strategy are foreseen to be financed by donors.

c. Main capacity development recommendations emerging from interviewees

Specific objective:

- ✓ Improve the impact of HRD policies through HRD sector approach including establishment of MTEF.
 - Support financial capacities and budget planning of institutions for policy planning and budgetary impacts of policies.
 - Improve use of sector budget planning
 - Ensure mechanisms for stakeholder involvement in each phase of budget planning (not just when all budget items are determined).

Specific objective:

- ✓ Increased budget and budgeting linked to expected results.
 - Increase HRD budget in order to achieve planned strategies and objectives.
 - Improve decentralisation of management of education/school budgets.

3.3.4. Implementation

a. Review focus

In relation to the review of policy implementation capacities, the analysis has focussed on the institutional arrangements and capabilities for managing and implementing appropriate policy responses to skills needs, and developing and delivering training to labour market needs.

With a view to identifying the gap in relation to the above capacities, the RIA focussed on the extent to which there are in place action plans relating to strategies and execution arrangements, and the responsiveness of the education and training system to skills needs, captured by periodic data and surveys.

b. Main findings

The Assessment Report on Kosovo 2013 found that the government does not pay sufficient attention to the development of a professional public administration and does not see the administration as a tool towards the achievement of strategic objectives¹⁸. The lack of budget allocation is often mentioned as a factor hampering the implementation of policies and the functionality of governing structures.

The education system remains centralized and despite the Law on Education in Municipalities that envisages a decentralized system, this has not yet been implemented, to allow schools more autonomy and not be completely dependent on municipalities and the central level for budget and decision-making.

In the education system the majority of teaching and learning is lacking skill-focused learning and critical thinking skills. School visits indicate that theoretical learning dominates overall, leading mainly to memorization and low levels of thinking. The focus on applied knowledge is still a problem to be comprehended and even more applied by teachers and consequently students. Basic skills development, such as problem solving, critical thinking, research skills, teamwork skills, digital skills, are very scarce in general education at primary, lower secondary and higher education level. Despite the strategies in place, entrepreneurship skills and career guidance still needs great emphasis and implementation.

The VET system overall fails to provide students with the skills that are most needed by the labour market, and to be responsive to the changing needs of employers and labour market driven curricula, and the use of the latest technology. Moreover, the matching of curricula profiles with labour market needs, the development of skills in school and internships in enterprises, the lack of involvement of enterprises in curriculum development, the lack of business representatives in school level councils and boards reflect the weak links between schools and enterprises, despite the numerous strategies. Skill wise, a study reported by MEST was carried out on labour market trends in the areas of metal, woodworking, construction and sales management profiles. These studies showed a significant lack of qualified graduates from VET schooling in Kosovo¹⁹. There is a lack of evidence that other profiles produce better results in the development of labour market-driven skills.

¹⁸ SIGMA OECD Kosovo Assessment Report (2013).

¹⁹ Aide-Memoire from Joint Annual Review 2013 of the Education Sector in Kosovo

The directors of vocational schools, with very few exceptions, have limited autonomy and capacity to actually manage schools. In many cases, school directors and vice directors have limited school management skills (such as planning, strategic development, monitoring, marketing, communication, etc.) which go beyond organizing the teaching process. At present they are receiving training for school management. There are hardly any representatives of the economy and business in vocational schools councils. Despite the efforts to match vocational profiles to the labour market or local economic trends, the reform of vocational schools profiles is slow and produces very limited results.

The links to labour market are to a great extent not established. Firstly, in cases where schools make such efforts on an individual basis, the sustainability of such links remains problematic, sporadic, semester-based and not well-organized. Secondly, to make it as market-oriented as possible, the curriculum at all levels and related revisions should be approved by representatives from relevant businesses, industries and labour organizations. Therefore, the skills attained by VET students, be they semi-qualified or qualified do not reach a satisfactory level overall and most of the VET students continue to opt for higher education.

The new curriculum framework attempts to challenge the education system and this is currently in the piloting stage, to be extended country wide in 2015. The relevance of these skills is high as more practical and specific skills are included alongside general critical skills. But the challenges are still great. The process of curriculum development continues under the leadership of MEST with the support of development partners (the EU Education SWAp Project ended in October 2012). The process has continued with the development of the Core Curriculum for the three pre-university education levels and their publication in three languages. Guidelines for the implementation of the new curricula were drafted and published by the EU Education SWAp Project²⁰.

In higher education, the priorities remain in increasing access to higher education for the Kosovo population by consolidating the existing three universities and founding three more universities in Gjilan, Gjakova and Mitrovica²¹. Policy development efforts linking education and the economy has proven more problematic particularly since the bulk of universities include a vast majority of youth up to 40% who go for higher education largely because they cannot find employment. In general, higher education public institutions provide no contribution to research and/or do not link research to the economy and economic trends. The majority of study fields and the rate of registration of students do not match the labour market and the newly opened departments are hardly geared to matching labour demand and supply, despite the increasing number of higher education institutions.

Research is scarce despite the planned National Research Council and planned budget. The allocation of budget for research is either non-existent or reduced from the initial level. In general, research is not part of academia. Practical skills and job-related skills are hard to achieve, when higher education institutions are mainly focused on theoretical skills, lacking not only proper teaching methodologies but also resources such as labs, libraries, access to online libraries and the lack of student involvement in research among others. In an analytical survey conducted by BIRN²², five of the main challenges which concern students at the public University of Prishtina students relate to:

- The failure of professors to use contemporary teaching and assessment methods
- The lack of practical work
- The lack of appropriate and adequate academic literature
- Arbitrary academic assessment by professors
- Poor relationships between students and their professors

²⁰ AIDE Memoire JAR 2013 of the Education System in Kosovo

²¹ AIDE Memoire JAR 2013 of the Education System in Kosovo

²² BIRN (2009), Situation and Problems at the University of Pristina

In general, despite some progress made, there is a need to adjust the system to the labour market, and improve the budgeting. The lack of monitoring and evaluation is mentioned as a long term challenge for the system. Similarly, bilateral donors, and VET and education experts claim that the challenge of closing the gap between supply and demand persists in terms of curricula, school management, professional practice, the involvement of stakeholders in existing mechanisms at central and school level. These need to be developed further. Decentralization is as yet at an initial stage at all levels, management, decision-making and budget. Quality assurance, in VET and higher education are still in need of further development. The system is in place, since in VET quality is assured by NQF, as a driver of quality and NQA is responsible for quality assurance functions such as validation of qualifications, accreditation of institutions, quality assurance of assessments and endorsements of certificates. MEST is responsible for programme approval and the licensing of institutions, external inspection, internal evaluation of schools, external testing such as MATURA and municipalities for supervision of schools²³. In higher education, the Kosovo Accreditation Agency is responsible for quality assurance. Nevertheless, despite the mechanisms in place, quality assurance remains a great challenge according to education experts.

With regard to the implementation of the Skills Vision 2020, all the institutions interviewed can contribute through policy development, some through skills delivery and others through data provision. The interviewees highlighted a number of challenges for implementation, including lack of data on labour market demand, poor cooperation with the private sector, lack of financial resources, the lack of training programs for teachers and trainers and the need for improved quality of education. As for immediate actions to be taken, the following were mentioned by the interviewees:

- Awareness-raising on the importance of cooperation between education and the private sector.
- Launch of a labour market study to analyse required skills.
- Increased financial resources for VET schools: for equipment and tools.
- Strengthening of management of education at municipal and school level.
- Invest in research and innovation.
- Development of a sustainable approach to motivate businesses to become integral and permanent part in decision-making in the HRD field.
- Improved quality of education.
- Training of trainers at Training Centres under MLSW.

c. Main capacity development recommendations emerging from interviewees

- Update curricula in accordance with labour market needs, paying attention to economy-driven profiles and modular approach curricula, to allow flexibility in line with economic trends.
- Make use of regional employment partnerships for regional solutions to regional problems.
- Promote teacher training and equip teachers with a wide range of skills from critical to entrepreneurship skills, advanced teaching methodologies, occupational practice, ICT etc.
- Promote and implement career guidance and counselling as part of school curricula or set up career guidance centres within schools for students, teachers and school management.
- Provide training for school directors.
- Build a systematic approach to professional development with increased internships and apprenticeship schemes.
- Initiate links between research and innovation.
- Develop a quality assurance system for performance evaluation of schools at all levels.

²³ ETF, *Torino Process Kosovo*, Turin, European Training Foundation, 2012.

3.3.5. Monitoring and evaluation including reporting and learning

a. Review focus

The 5th review focus of the HRD policy cycle concerns the capacities to monitor and evaluate, to report and to learn and impact policy initiatives (policy making feedback loop).

b. Main findings

“Evaluation does not exist in Kosovo, we never know whether one policy had an impact or not. This also hampers the future decision making since we may easily reply a policy which was not successful in the first place.” Interviewee in qualitative interviews.

The capacities for monitoring progress and assessing the impact of government reforms are considered weak, together with their conduct²⁴.

The findings from the qualitative interviews verified that evaluation and impact assessment studies are very rare and are usually undertaken on ad-hoc basis and mainly by donors. For example UNDP undertook an impact assessment study on Active Labour Market Policies and their impact on employment. Such studies should become a common practice in the Ministry. There is no mechanism in place to evaluate training courses provided by Training Centres of MLSW in terms of their impact on employment of job seekers who undergo this training. A key factor is that reporting is carried out without reference to baseline and targets.

The majority of national strategies are monitored through the European Partnership Action Plan monitoring system at central level, while others are monitored through the monitoring exercises for the Government Annual Programmes, carried out quarterly by MEI and the Prime Minister’s Office respectively²⁵. Relevant institutions have also established mechanisms to monitor the implementation of strategies at ministerial level: the Ministerial Departments for Policy Coordination and European Integration.

Positive developments include the recent emphasis on enhancing strategic planning capabilities, in particular, the setting up of institutional structures to carry out strategic planning, including the setting up of the Strategic Planning Office within the Prime Minister’s Office, and the Departments of EU Integration in Line Ministries, with an additional mandate for policy coordination. Moreover, there is growing awareness of M&E as a part of the policy cycle. Government interlocutors report that interest in performance information is driven by the department heads and staff actively participate in monitoring initiatives. At the same time, progress on some key reforms, such as PAR, is also under discussion at political level, and performance information is required. The remaining challenges relate to the fact that the indicators currently used in reporting refer mainly to the completion of the activities and immediate outputs and the data is of generally poor quality. Additional strengthening of capacity to produce indicators is needed.

The reporting to central government (Prime Minister’s Office, Ministry of European Integration, and the Ministry of Finance) reflects the fragmentation of national strategies, and is generally limited to reporting on activities completed. The use of sector level non-financial results data is rather limited in these reports.

²⁴ SIGMA, Kosovo Assessment Priorities 2013, European Union 2013.

²⁵ World Bank – M&E Capacities – Western Balkan and Turkey.

Notably, for the first time, the Ministry of Finance has requested performance outcome indicators for all budget authorities in the Call Circular 2012, suggesting the timing of this project is well-aligned with the Government's progress in terms of both strategic planning and budgeting.

Due to the lack of monitoring and evaluation, there is no follow-up of policy implementation. Proper mechanisms and capacities to carry out a proper monitoring and evaluation of policy implementation are lacking. There is no process in place for the systematic collection and analysis of data on specific indicators which would generate information on progress achieved with regard to a specific strategic priority, and thereby support to effective decision-making.

c. Main capacity development recommendations emerging from interviewees

Specific Objective:

- ✓ Enhance capacities for establishment of monitoring, evaluation and reporting mechanisms for programmes, strategies and action plans (e.g. the CB plan at MEST).
 - Ensure linkages between monitoring frameworks (NESS implementation, IPA monitoring and Budget monitoring)
 - Establish a Performance Assessment Framework – results orientation and focus on achievements of policy objectives.
 - Ensure target setting on the basis of financial allocations.
 - Ensure reporting and feedback mechanisms where assessments inform future decision making.
 - Improve quality and availability of data.
 - Increase capacities with respect to developing SMART policy indicators and monitoring of policy achievements.

3.4. Key findings on capacities on MTEF and programme budgeting (MTEF-specific questionnaire)

a. Review focus

This section addresses the main findings related to HRD budgeting as part of the Kosovo Budget System and MTEF, outlining the key challenges for introducing an HRD sector wide approach and for implementing performance-based budgeting together with a set of recommendations for developing related capacities at all levels.

b. Main findings

The Kosovo Budget System, as defined by the Law on Public Finance Management and Responsibilities and as adjusted on an annual basis by the Annual Budget Law, introduced the Medium Term Expenditure Framework (MTEF) almost a decade ago. MTEF is developed by the Ministry of Finance (MoF) and is compiled for three years and approved annually in April. It contains a clear statement of the Government priorities as set in the Declaration of Priorities, followed by macroeconomic and fiscal analyses, a sectorial expenditure analysis and individual fiches for budgetary operators, setting out objectives and three-year expenditure ceilings.

In general terms, the Kosovo budgetary process is based on the following annual cycle:

- Development of the Government's Statement of Priorities for the first quarter of the year;
- Presentation of MTEF in April with a three-year forward-looking time horizon, framed in the context of stated Government priorities and the economic and fiscal outlook;
- Presentation by 1 November of the annual budget for the following year, i.e. the first year of the three-year MTEF horizon;
- Adoption of the annual budget by the Assembly in December.

Key Institutions involved in MTEF at central level, include:

- Ministry of Finance (MoF): In addition to its role as a line Ministry, MoF plays a central role in all Government strategic documents, in terms of economic and fiscal impact, and in the MTEF and Annual Budget process.
- Office of Prime Minister (OPM): For the purpose of preparation and coordination of Government strategic documents, the Office of Strategic Planning (SPO), within OPM, in addition to having a key role in coordination on behalf of OPM, also plays an important role in streamlining the works for the preparation of strategic documents such as Medium Term Policy Priorities document that guides the MTEF.
- Budget and Fiscal Affairs Committee (BFAC): This committee which is chaired by the Prime Minister and consists of a number of line Ministers plays a key role (at least on paper) in matters related to fiscal policies, budget development and priority policies of the government with financial implications. In practice (according to interviews) this Committee has not been as instrumental.
- Steering Group for Strategic Planning (SGSP): The group is led by the political adviser of the Prime Minister and assembles key officials from the OPM (directors of three key departments), the MoF (directors of budget and macroeconomic departments), the MEI (director of EU assistance co-ordination department) and the MPA (director of public administration reform co-ordination). The functions of the Group include ensuring the coherence of key Government strategic documents, taking into consideration European integration process priorities, and harmonizing budget and policy planning as well as ensuring realistic planning and the streamlining of foreign aid with Government priorities.
- Budget Organizations, which includes the line ministries, a number of independent institutions and municipalities. The budget organizations in Kosovo stand at around 80 (considered too excessive and rather fragmented).

d. Main capacity development recommendations emerging from interviewees:

Improvement of HRD budgeting in Kosovo depends on certain improvements needed in the overall MTEF system. This will not entail a short process, but at least there seems to be good will and a good momentum for improving these processes.

✓ Establish a compressive national strategic framework

Kosovo does not currently have a comprehensive national strategic framework. However, a number of mid-term strategies and planning documents exist. Kosovo has started developing multi-annual strategies in most sectors, but many are of limited scope or duration and not matched by a proper costing. The limitation of these documents is that important policy agendas are not fully integrated into the budget or MTEF. Steps in this direction have been taken in recent years, but a holistic view on Kosovo's medium and long-term development is still missing. The Government is intending to produce the National Development Strategy 2015-2015 within the current year. It should be noted that, there exist some good example of sector strategies such as the Kosovo Education Strategic Plan 2011-2016. IPA assistance has been successful in helping Kosovo to introduce a sector-wide approach in education and to draft a comprehensive sector strategy.

✓ Improve capacities to costing policies and link policies and prioritisation in MTEF.

Annual budgeting needs to be improved, together with the methodology for translating national and sectoral policy goals into operational expenditures planning frameworks. Sectorial policies in MTEF are not properly costed and generally fragmented, with a huge tendency for unrealistic planning and visible bottom-up pressure leading to unrealistic plans that have not been prioritised. There seems to be a general confusion between 'activity-based' and 'result-based' budget planning. Furthermore, there is little information about how these activities are costed and what measures of efficiency are used (e.g.

input/output ratios). This also links to capacities of costing policies, which, although improving, are still insufficient. Furthermore, development of priorities to ensure alignment with the national budget and donor funding opportunities remains a challenge.

✓ **Consolidate the link between the MTEF and annual budget process**

The focus in the planning of public finances is primarily on an annual basis. The MTEF document is still primarily based on a bottom-up approach and lacks a strong top-down approach at the very front end of the budgetary process. A basic structure for priority-setting and strategic planning is in place but it hardly functions yet as an instrument for resource allocation. The sectorial ceilings established within the MTEF have a useful role in framing the budget discussions but these are still re-negotiated several times before the annual budget is finalised. The key budget decisions are still taken late in the budget calendar. As a result of this, expenditure ceilings get changed several times during the budget cycle. Understandably, there is a weak link between these priorities and budget allocations. Substantial amendments to the budget take place throughout the process, which, in turn, make the MTEF rather short term and virtual.

✓ **Move toward introducing programme performance-based budgeting**

Budget performance elements are still to be introduced in Kosovo's MTEF system. Since the 2013 MTEF preparation process, budget organisations are requested to provide performance indicators (outcomes, outputs) and measures of efficiency at the program and project level. However, the quality of indicators is generally low. Furthermore, the current budget information systems (software) used to process budget submission (BDMS and PIP) do not contain forms to capture information related to performance indicators. Considering, that use of these systems is mandatory, the inclusion of performance indicators in budget submissions remains at the discretion of BOs.

✓ **Strengthen the capacities of line ministries in budget planning**

The strengthening of capacities within ministries to engage in advance budget planning, as well as the capacity to scrutinize draft proposals remain a priority. The setting up of other policy functional departments – DEIPCs – in all ministries was undertaken centrally in 2011. The authority and responsibilities of these departments are established by regulation 01/2011, which specifies the functions of DEIPCs for ministries except CoG institutions: the MEI, MoF and OPM, which have the flexibility to organise themselves. These departments in the line ministries are responsible for policy co-ordination and planning, as well as co-ordinating European integration issues. In this context, there is a need to have 'practically-oriented' training programmes on policy and budget management build strategic planning and budgeting skills.

Key actions for improving MTEF and introducing performance-based budgeting in Kosovo could include:

- MoF could: (i) strengthen the role of the multi-annual budget ceilings in the MTEF by establishing clearer criteria and conditions for possible deviations, and precise reporting arrangements for deviations from the ceilings; and (ii) organise and provide training and advisory support to the policy and co-ordinating staff in line ministries for preparing budget plans and cost estimations.
- gradually introduce performance indicators when reporting on key strategic Government documents (NDS, Declaration of Priorities and Government Programme).
- incorporate overall and sectoral performance indicators in the MTEF.
- integrate monitoring of the implementation of sectorial strategies into MTEF monitoring system and introduce regular outcome based reporting on the implementation of the MTEF.

HRD Sector and MTEF

The definition of a “sector”, in terms of budget planning, is not fully applicable in Kosovo and this applies to the HRD sector too. The budget management system is not based on “sectors”, but at the level of institutional units²⁶ (budget organizations). The budget structure is further sub-divided into expenditure programmers and sub-programmers and Kosovo Budget is finally approved based on economic categories²⁷.

In the national budget, HRD funding is allocated to a number of budget lines at central and municipal level under:

- Ministry of Labour and Social Welfare (MLSW), which develops policies and strategies for labour, employment, and training, as well as promotion of cooperation with enterprises
- Ministry of Education, Science and Technology (MEST) responsible for education policies, curricula, as well as maintaining and updating education statistics for university as well as pre-university education. Moreover, MEST is also responsible for improvement of infrastructure for pre-university education.
- Ministry of Culture, Youth, and Sports, which develops youth policies, promotes informal education and youth enforcement
- Municipalities with competencies for managing pre-university education with funds transferred by central government through intergovernmental transfers using the formula which uses parameters such as number of children.

Key recommendations for improving MTEF could include:

- ✓ **Overall funding for HRD sector, but especially employment and VET related funding, should be increased, so as to meet the ambitious sector objectives.**

Trends in budget allocations remain too low to generate a significant impact on the labour market. This funding gap is more visible in terms of the quality of services which are expected to be offered in the future by the Public Employment Services (PES), which are intended to improve considerably in terms of standards, broader use of ICT systems, etc. It is envisaged that the majority of activities under the new Strategy will be financed by donors.

- ✓ **Links between MTEF (domestic or external funding) and one single HRD policy framework need to be improved**

There is little evidence in the HRD sector that the link between priorities, domestic budget and (especially) donors, is working in a systematic and well-elaborated manner. In general, the MTEF/budget allocations are based on little background work of programming and planning. Some sectoral strategies exist in the HRD sector, but are generally based on weak costing and references to the projected funding. Sectoral policy plans do not give enough attention to medium-term costs. Generally, there is a need to strengthen capacities in future planning and costing.

HRD financial planning and budgeting is mainly based on historical data (this is particularly relevant for MEST). HRD - MTEF projections are mainly made at aggregate and economic classification. The budgeting of the ministries involved in HRD is based on a technical format provided by MTEF which includes three main expenditure groups: salaries, goods and services and capital investments. This format makes it difficult to link priorities with budgeting and to ensure that policies are implemented based on goals and objectives to be achieved.

²⁶ Known as input based budgeting based on administrative units by economic categories

²⁷ The budget is approved at the same level by the Assembly of the Republic of Kosovo

✓ **Consolidation of HRD budget planning, with the aim of reducing the high fragmentation of HRD budgets**

Currently the budget planning of HRD-related measures is fragmented between several ministries (i.e., MoLSA, MoES, MTI, etc), while a significant part of the funding is managed directly by municipalities. While multi-institutional funding is unavoidable, if it is not properly coordinated it might lead (as it has been often the case) to fragmented outputs between different policy programmes, which are not harmonised. A consolidation or reorganisation of some budget programmes or sub-programmes is necessary. Bringing VET and Employment under the same budget programmes, could provide the basis for improved planning and increase the effectiveness of funding provided by these institutions.

✓ **Introduce a HRD sector wide approach and performance budgeting**

In the short run, implementing IPA II also means changing the modalities for establishing and implementing sector-wide approaches. The HRD sector is at the brink of systemic reform, defined as a dynamic system-wide change that is intended to add value to the current employment service and VET systems, with the aim of improving policy-making and implementation on an ongoing basis, developing a mechanism to systematically monitor and evaluate employment services and programs.

Any future development will need to take into consideration sectoral models of resource allocation, including the level of budget flexibility that regional and municipal units are granted, and the possibility of including an element of performance-based funding. The current centralization of support services such as procurement, budget and finance on the one hand, and the limited budgets of local and regional units to finance their daily activities on the other hand²⁸, creates inefficiencies in the delivery of Public Employment Services (PES) and VET services. The model of resource allocation should be informed by a Performance-Based Expenditure Review of PES. This review would assess the way resources are currently allocated between programmes, with the aim of identifying where programmes and resources can be streamlined to generate efficiencies and allowing for a more strategic focus on programmes that are likely to have improved outcomes for particular groups of clients (women, youth, vulnerable populations, structural/long-term unemployed, frictional/short-term unemployed, etc.).

The introduction of “sectoral ceilings” on top of existing “budget institution ceilings” could provide the budget process with a more rigorous and strategic orientation with a view to adopting a sector wide approach to budgeting and monitoring. This will be particularly important especially for the HRD sector (given its coverage divided amongst several budget institutions). In real terms this will not require major changes in the existing MTEF processes. It will necessitate some re-organisations in the IT systems of BDMS and Treasury.

Monitoring indicators are poorly specified for the whole HRD sector and in most cases they are related only to timing of activities and tracking of proper disbursement schedules. This limits the utility of monitoring for further sound analysis or programming exercises. There is little evidence of links between monitoring outputs and broader planning or policy functions in the HRD sector.

✓ **Full integration of donor funded projects into MTEF**

Donor funding should be fully included in the MTEF together with the respective objectives and outputs to be delivered. This is more demanding when ministries are benefiting from grants, which are often not reflected in the MTEF. This will help decision-making and budget programming teams (as well as donors themselves) to develop the bigger picture in relation to pooled funds and the needs for co-financing under

²⁸ According to the World Bank report, the insufficient level of funding for regional and local units is noted as a problem. Reports indicate that some regional and local employment offices are currently allocated an annual petty cash sum of €500, while VTCs are allocated €500 for petty cash on a quarterly basis.

each programme/project. This is particularly important for IPA II funds which should become an integral part of the regular budget planning process.

✓ **Capacity development and training for staff involved in HRD budgeting**

Capacities for policy and budget planning need to be strengthened. A key weakness is that the budget preparation process is still seen as the primary duty of the Budget and Finance Departments, while the contribution of the “thematic and policy departments” in charge of coordinating priorities is still weak. Therefore, the involvement of the appropriate units and officials in the planning process has been identified as one of the features that need to be improved in MTEF and budget development process. This weakness is reflected in the involvement of political staff in the early stages of priority-setting, resulting in an overload in the later stages of planning process as well as significant changes to resource allocation at the end of the process.

The role of the General Secretary needs to be strengthened and functionalised (by law the GS is in charge of coordinating the policy and budget processes). There is a need to improve the capacities of budget teams at MoLSW and MEST, in particular those departments directly involved in the implementation of VET and employment measures. Improved skills are needed especially in developing and costing SMART policy objectives and monitoring MTEF indicators. This should be extended to subordinate institutions (especially those related to employment and VET).

✓ **Strengthen capacities for HRD related budgeting at municipal level**

Labour market conditions and the corresponding demand for PES, vary across regions and municipalities, a fact that should be taken into account when deciding on HRD budget allocations in Kosovo. The first step towards achieving a comparable quality standard of services across regions and municipalities is to ensure that regional and local units: (i) have sufficient human and financial resources to implement their programs; and (ii) that these resources are allocated as efficiently as possible within these units²⁹. Allocation of resources to PES units should be conducted in accordance with the needs of the municipalities, while ensuring that:

- Local and regional units are granted sufficient funding and personnel to be able to provide services (at an agreed upon acceptable standard)
- Funds are allocated with maximum efficiency within regional and local units based on a carefully designed formula, taking into account the needs of each region/municipality for PES, using objective indicators and not creating the wrong incentives (e.g. to increase the number of registered unemployed)
- Resource allocation is informed by a Performance Based Expenditure Review of PES to identify where programmes and resources can be streamlined to generate efficiencies, and to focus on those programmes likely to have improved outcomes for particular groups of clients (women, youth, vulnerable populations, structural/long-term unemployed, frictional/short-term unemployed, etc.)
- Budget flexibility for regional and/or municipal units is considered.

²⁹ Note that this does not necessarily mean that the overall number of employees should be increased, an option which is not likely realistic considering the limitations set by the MTEF. The main argument here is that the allocation of resources across regions and municipalities should be set on objective, fair, and measurable variables.

4. Review Workshop

The RIA Workshop was held in Pristina on 23 - 24 April 2014, as an integrated part of the third Foresight Workshop, focusing on finalisation of the Roadmap.

The aim of the “RIA related part” of the workshop was to:

- Validate and complement the results of the RIA interviews through discussion with stakeholders.
- Elaborate a set of shared and prioritized capacity development measures in relation to the RIA’s five review foci with a view to feed into the roadmap of the Kosovo Skills Vision 2020 document.

The results of the RIA, namely the findings and recommendations provided a direct input for drafting the Roadmap measures. The timing of the RIA process before the final Foresight workshop proved beneficial as the RIA findings served as a “reality check” for the Skills vision and the introduction of the sector approach, including MTEF/sector programme budgeting.

The agenda of the workshop and the list of the participating organisations are provided in Annex 2.

5. Conclusions and Future steps

The sector-based approach is due to be applied more systematically in multi-annual programmes in the next EU financial perspective, as proposed for IPA II. The intervention logic, ownership and the impact of IPA II will be strengthened, by focusing assistance on the achievement of national sector policy objectives and results which are relevant for accession.

The Kosovo Country Strategy Paper (CSP) is the key IPA II planning document to be prepared by the EC in 2013. The FRAME Initiative has been implemented in close coordination, to provide an input to the drafting of the section in the CSP regarding the Human Resource and Social Development. Thus, this document will inform the work of the Commission services and national authorities in the process of drafting the Country Strategy Papers 2014 – 2020, by setting out a Skills Vision 2020, priorities and concrete actions, which will in turn be used as the basis for future planning and programming of IPA II.

The Sector support will be provided by means of a number of Sector Support Programmes (SSPs), which will be drafted in the course of 2014 for the HRD sector in Kosovo. It is intended that SSPs will be developed for the areas and activities defined in the CSP and that the programmes will have clearly formulated objectives, targets and results.

The shared and prioritised capacity development plan for institutions generated at the RIA workshop will be fully integrated into the roadmap/milestones developed through the foresight component of FRAME. In particular, the capacity development plan will be considered as one of the main steps to be accomplished in order to achieve the 2020 vision for skills development.

The high level of involvement of all implementing agencies as well as the range of different stakeholders engaged from the start of the process, as well as the clear leadership of the Strategic Planning Office in Prime Minister's Office, ensures ownership and commitment to the Skills Vision and Roadmap, two important preconditions for implementation.

Communication and coordination among different institutions during the preparation of the document as well as during the preparation of IPA documents and programmes is an example of good practice. In addition, existing mechanisms of informal communication within the institutions are already enhancing the flow of information.

Part III: Monitoring Progress for the Vision for Skills 2020

With the FRAME monitoring component, ETF has assisted the Enlargement countries to build up and follow an evidence-based tool to monitor progress towards achieving the skills 2020 vision, roadmap and capacity development plan, as identified during the Foresight and RIA exercises, taking into account national, regional and European strategic objectives. The key question was “What indicators are needed to monitor progress for the 2020 Vision for Skills?” and the envisaged result was a monitoring tool to support policymakers in assessing the progress towards the vision for skills 2020.

A participatory approach ensured the commitment and agreement of national stakeholders on the monitoring tool (National Technical Teams – NTTs; gathering representatives of relevant ministries, i.e. labour, education, economy, development, research, youth, etc., and implementing agencies, statistical offices, other stakeholders). NTTs key tasks were to advise on the indicators’ relevance and feasibility and to identify gaps in current capability to collect process and disseminate key HRD indicators. This allowed for a thorough check of proposed monitoring methodology and indicators against each country’s specificities in the field of skills generation and capacity development.

In Kosovo, the work on the monitoring aspects of 2020 Skills Vision unfolded over the period November 2013 – July 2014. The core National Technical Team consisted of representatives from the Office of the Prime Minister (Office for Strategic Planning), Ministry of Labour and Social Welfare, Ministry of Education, Science and Technology, Statistical Agency of Kosovo, and National Qualifications Authority, together with FRAME local expert.

The FRAME Initiative work on monitoring has relied on consultations with each country on the proposed common indicators and methodological approach. During the 1st Regional Technical Monitoring Meeting (Sarajevo, 26 November 2013), the delegation from Kosovo provided valuable input for further development and refining of the monitoring tool and the adjustment of the common list of indicators. This feedback on the FRAME list of common indicators and methodological approach is summarised below:

- All of the proposed common indicators were considered relevant, but in terms of degree of feasibility, evidence gaps were found on earning by education, innovative skills, placement rate of VET learners, early school leavers, achievement in basic skills, and participation in lifelong learning.
- The Kosovo authorities plan to have an unified data system on education by linking the databases of the Ministry of Education with the ones managed by the Statistical Agency (i.e. EMIS program);
- Difficulties identified relate to capturing the real scale of investments and participation in employment and training programmes (due to the heavily reliance on donors’ support);
- Consolidation (integration) of data sources and monitoring arrangements were identified as key priorities for the authorities (e.g. enhancing the new integrated data system on education – EMIS – so as to cover all ISCED levels; make the cooperation on monitoring of different institutions and organisations acting in the HRD field functional).

The FRAME Monitoring component work revealed that in the case of Kosovo, more efforts are required to further explore data availability (additional calculations of key indicators based on currently available data and adjustment of statistical production methodologies so as to gradually capture key evidence on HRD). The current evidence gaps seriously impede evidence-based decision-making in HRD sector and benchmarking against international and EU progress in the field.

Given the current challenges in data availability, the ETF monitoring team in agreement with the national experts opted to use proxy indicators where key data on HRD is not available (targets and benchmarks and other relevant indicators in the EU2020 Strategy and Education and Training 2020 Framework). The Kosovo list of indicators for monitoring progress towards Skills Vision 2020 refers to the common set of indicators identified under FRAME Initiative as common denominator for skills generation monitoring in the SEET region (based on key EU/ET2020 and SEE2020 targets and benchmarks and other HRD relevant indicators with a high feasibility/availability degree in SEET countries) and the Kosovo specific indicators (according to specific priorities and action measures set in the roadmap).

The result is reflected in Table 10 (list of common and country specific indicators, including a reference to the national priorities as they are set in the national Skills Vision 2020) and in Annex 4 (Monitoring graphs).

Kosovo follow-up work (post FRAME Initiative) on monitoring the progress toward the Skills Vision 2020 should combine the assessment of progress in the implementation of institutional development and skills system modernisation actions (as described in the roadmap and the capacity building plan) with the monitoring of indicators (listed in table 10) trends, including evaluation of eventual gaps against EU2020 and SEE2020 targets and averages.

Table 10: Kosovo list of indicators for skills generation monitoring (country specific and common indicators)

National Priorities (Vision for Skills 2020)	Indicator	Unit	Definition	Source	Data release	LAY
Policy Area 1: Improving education and training system						
PRIORITY 1 - Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands	K Tertiary education attainment (EU2020 target)	%	Proportion of population aged 30-34 years having successfully completed university or university-like education (ISCED 5 or 6)	Census	Every 10 years	2011
	K Highly qualified people (SEE2020 target)	(000)	Highly qualified people (Second stage of Tertiary education, bachelors, masters or doctors' degree) in the working age population (active + inactive), 15+ (000)	SEE2020 Baseline report	Yearly	2012
	K Early leavers from education and training (EU2020 target)	%	Proportion of the population aged 18-24 years with at most lower secondary education and who are not in further education or training	LFS	Yearly	NA
	(p) Low qualified population	%	Proportion of the population aged 15+years with at most lower secondary education	Census	Every 10 years	2011
	Financing Education	%	Public expenditure on education as a percentage of GDP	MEST	Yearly	2011
	Participation in VET	%	Number of students in VET as percentage of total enrolment in Upper Secondary education (ISCED 3)	MEST	Yearly	2013
	Occupational standards	No.	Number of occupational standards developed	NQA	Yearly	2013
	Curricula/qualifications	#	Number of curricula/qualifications developed and validated in the framework	NQA	Yearly	2013
	Accreditation of training providers	#	Number of training providers accredited	NQA	Yearly	2013
	Accreditation of training providers within the system of formal recognition and validation of informal and non-formal learning	#	Number of training providers accredited to implement the validation of informal and non-formal	NQA	Yearly	2013

	Teachers' trainers accreditation	#	No of teachers' trainer accredited according to the frame for VET teacher/ trainers' training	KCC/MEST	Yearly	2013
	Cooperation between education and companies	#	Number of cooperation agreements on apprenticeships and traineeships schemes concluded between educational institutions, business and labour market organisations.	MEST	Yearly	2013
Policy Area 2: Improving skills supply and productivity, lifelong learning						
PRIORITY 2 - Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands	K. Participation in Lifelong Learning (ET2020 benchmark)	%	The share of the population aged 25-64 who stated that they received formal or non-formal education or training in the four weeks preceding the survey.	LFS	Yearly	NA
	Training needs analysis	#	OECD – Small Business Act assessment methodology	OECD	Every 3 years	2012
	University-enterprise co-operation	#		OECD	Every 3 years	2012
	Training for women's entrepreneurship	#		OECD	Every 3 years	2012
	Access to training	#		OECD	Every 3 years	2012
	Adult literacy	%	Proportion of and adult (10+) population able to read and write a simple text in the national language	UIS	Every 10 years	2011
	Placement rate of VET learners	%	Share of employed who attended a VET programme on total employment	LFS	Yearly	2012
	Activation of unemployed - training	%	Share of registered unemployed persons who started training within 12 months in relation to the average number of registered unemployed people during this period.	MLSW/PES	Yearly	2012
	Innovative skills	%	Share of people employed in knowledge-intensive activities on total employment	Eurostat	Yearly	2012
	Education institutions implementing new curricula on entrepreneurship	No.	Number of VET schools, public and private, institutions of higher education implementing new curricula on entrepreneurship	MEST	Yearly	2013

	Training providers implementing new curricula on entrepreneurship	No.	Number of training providers implementing new curricula on entrepreneurship	MEST	Yearly	2013
	Cooperation between research, education and innovation actors	No.	Number of signed agreements between research, education and innovation actors	ICK, JIC	Yearly	2013
	Training on business start-up and strategic planning	No.	Number of trainees on business start-up and strategic planning	MTI	Yearly	2013
	Business start-up	No.	Number of graduates who start a new business	MTI	Yearly	2013
Policy Area 3: Increase Labour Market Participation						
PRIORITY 3 - Reforming and modernising employment services to the needs of the labour market	K. Employment rate (20-64) – EU 2020 target	%	Ratio between the employed aged 20-64, and the population aged 20-64	LFS	Yearly	2012
	K. Overall employment rate, % of the 15+ population - SEE 2020 target	%	Ratio between the employed aged 15+, and the population aged 15+	SEE2020 Baseline report	Yearly	2012
	Financing ALMPs	%	Public funds allocated to ALMP* (%)	Administrative data	Yearly	2012
		%	Public funds allocated to ALMP*, including donor funds (%)	Administrative data	Yearly	2012
	Registered persons in PES	No.	Number of persons who are registered with the Public Employment Service	MLSW/PES	Yearly	2012
	Persons participating in career guidance measures	No.	Number of persons who have benefited from career guidance measures/services (provided in school or by PES)	MEST MLSW/PES	Yearly	2013
	Employers - Employment offices cooperation	No.	Number of employers (companies) with whom employment offices have concluded cooperation agreements	MLSW/PES	Yearly	2013
	Job vacancies	No.	Number of job vacancies identified and registered at PES	MLSW/PES	Yearly	2013
	Job mediations	No.	Number of mediations (job referral) performed by PES	MLSW/PES	Yearly	2013

	Employment rate for target groups	%	Ratio between the employed persons after participating in employment services/measures and the total persons participating in employment services/measures	MLSW/PES	Yearly	2013
	Participation in Active Labour Market Measures	No.	Number of persons participating in Active Labour Market Measures/ALMMs (based on individual employment plans)	MLSW/PES	Yearly	2013
	Share of hard-to-employ and vulnerable categories participating in ALMMs	%	Share of participants in ALMMs who belong to hard-to-employ groups	MLSW/PES	Yearly	2013
	Employment rate for target groups (hard to employ)	%	Ratio between the employed hard-to-employ persons after participating in ALMMs and the total hard-to-employ persons participating in ALMMs	MLSW/PES	Yearly	2013

Annexes

Annex 1: FRAME Participants

Foresight Workshop Participants

The organisations that were consulted and those participating in one or more of the workshops are as follows:

Prime Minister Office	Mr Bellaqa Bashkim, Director, Statistical Agency of Kosovo Mr Adnan Ahmeti Senior Officer for Strategic Planning Mr Marmullakaj Qemajl, Strategic Planning Office Ms Mrika Kotorri, Political Adviser to the Prime Minister
Ministry of Education, Science and Technology	Mr Ferit Idrizi, Director of Department for International Cooperation and Development Coordination of European integration Mr Bujar Gallopeni, Head of Kosovo Center for International Cooperation in HE & RTD Ms Ryve Prekorogja, Officer for Vocational Education Ms Hanemsha Latifi, Officer for International cooperation Mr Burim Gashi, Officer for publications and editions on higher education
Ministry of Finance	Mr Hasan Isufaj, Deputy director of the central budget Mr Shyqyri Hyseni, Director of Administration
Ministry of Labour and Social Welfare	Mr Lulzim Karaxha, Director of Department for European Integration Mr Shpetim Kalludra, Head of Unit, IT Mr Ylber Aliu, Office for Projects Drafting Mr Fisnik Lakna, Officer Senior contracting of external training providers
Ministry of Trade and Industry	Mr Adnan Hoxha, Senior officer for industrial policies and projects Mr Irfan Lipovica, Head of department for European Integration Ms Lea Shllaku, Senior officer for investments promotion Mr Mentor Morina, Head of Division for Poverty Evaluation and Budget Analyses Ms Merita Fetahu Ms Anita Cadurbasha
AKB	Ms Lumnije Ajdini, Manager
AmCham	Mr Visar Hapcju Ms Atlantida Hasani
BSPK	Mr Alush Sejdiu Mr Ruzhdi Baloku
GIZ	Ms Jehona Serhati
Kosovo Chamber of Commerce	Ms Olivera Ceni, Officer for projects management
KChC	Mr Besim Mustafa, Head of VET Department
ICK - Innovation Center Kosovo	Mr Uranik Begu, Executive Director

Luxembourg Development Cooperation	Mr Herman Sonneveld
MBPZHR	Mr Tahir Halitaj, Senior officer for trainings
MED	Ms Rudina Nallbani, Senior officer for economic development
MIE	Mr Lorik Jakupi, Senior officer for political and administrative criteria
NQA	Ms Teuta Danuza, Director
Universiteti i Prishtines	
ZKM	Mr Ruzhdi Halili
Delegation to the EU in Kosovo	Ms Sophie Beaumont, Cooperation Officer - Labour & Education Task Manager, TBC
ETF	Mr Shawn Mendes, Country Manager Ms Lida Kita, Specialist in VET and Social Inclusion Mr Georgios Zisimos Mr Mihaylo Milovanovitch Ms Susanne M. Nielsen, International Expert Mr Sotiraq Guga, International Expert Ms Ardiana Gashi, National Expert Mr Arsim Bruçaj, National Expert
UNKT	
USAID	

Annex 2: Agenda of Foresight and RIA workshops

Foresight Workshop I

Kick off and skills vision formulation Pristina Tuesday 17 th December 2013	
9:00 – 9:30	Registration and coffee
Chairperson: <i>Mr Ruzhdi Halili, Director, Strategic Planning Office, Office of the Prime Minister</i>	
9:30 – 11:20	<p>Opening and panel discussion on challenges for skills supply and skills demand</p> <p>Mr Ruzhdi Halili, Director, Strategic Planning Office, Office of the Prime Minister <i>Development priorities of the Government, holistic strategic planning for economic growth, employment and education</i></p> <p>N.N., Ministry of Trade and Industry (tbc) <i>Trends and drivers: key strategic economic growth sectors and skills analyses including results of new UNDP Skills analysis</i></p> <p>N.N. Employers representative (Owner of enterprise or representative from Chamber of Commerce) <i>Experiences in relation to issues for skills supply and skills demand and pre-requisites for improvement</i></p> <p>N.N, Employees representative (Representative from relevant Trade Union) <i>Experiences in relation to issues for skills supply and skills demand and pre-requisites for improvement</i></p> <p>N.N, Training provider/VET school <i>Experiences in relation to issues for skills supply and skills demand and pre-requisites for improvement</i></p> <p>Horizon 2020 - support to the entire range of research and innovation activities- transfer of research into specific innovation activities, including mission-oriented research tackling the grand challenges of skills for the future.</p> <p>Dukagjin Pupovci, Kosovo Education Center (KEC).</p>
11:20 – 11:30	Short coffee break
11:30 – 12:15	<p>ETF FRAME and Kosovo Skills Vision 2020</p> <p>Ms Lida Kita, ETF Country Manager <i>The ETF FRAME project and its linkage to national strategies and EU enlargement process</i></p> <p>Ms Susanne M. Nielsen, ETF International Expert <i>Elaboration of Vision for Skills 2020: process, key concepts, results, Vision Document and time frame</i></p> <p>Ms Vlera Kastrati, ETF National Expert <i>Presentation of analysis of national strategies and their coverage of skills and HRD issues- presentation of priorities related to skills in any other sectorial strategy (e.g. regional development, SMEs, sustainable development, mining, environment)</i></p>
12:15 – 13:00	<p>Ministry of Education, Science and Technology Strategy, KESP 2011-2016- its midterm implementation. KESP 2020 – VET, CVT and HE part Bujar Gallopeni, Ministry of Education, Science and Technology</p> <p>Ministry of Labour and Social Welfare Sector Strategy 2014 - 2020 – the employment part. Mr Hafiz Leka, Head of Labour and Employment Division, Ministry of Labour and Social Welfare</p>

	<p>Mr Mentor Morina, Head of Division for Poverty Evaluation and Budget Analyses, Ministry of Labour and Social Welfare</p> <p>Presentation of the update on skills development. - where we are and where do we want to be in 2020</p> <p>Kosovo Chamber of Commerce</p>
13:00 – 14:00	Lunch and coffee
14:00 – 15:00	<p><u>Getting to a joint Skills Vision 2020</u></p> <p>Joint exercise on formulation of a Skills Vision 2020</p>
15:00 – 16:15	<p><u>Group work on skills matching challenges and their interrelation</u></p> <p>Susanne M. Nielsen, ETF International Expert <i>Introduction to group work</i></p> <p><i>(Participants are divided into smaller groups for the identification of challenges and gaps in terms of skills (the mix of whatever they found before in strategies presentation or analysis of country as such including their judgement concerning future).</i></p>
16:15 – 17.00	Feedback from group rapporteurs
17.00 – 17:30	<p><u>Conclusions and next steps</u></p> <p>Mr Ruzhdi Halili, Director, Strategic Planning Office, Office of the Prime Minister</p> <p>Lida Kita, ETF Country Manager</p>

Foresight Workshop II

SKILLS Vision Formulation and Priority Setting Prishtina, Emerald Hotel, 4-5 March 2014 DAY I – 4 MARCH 2014	
09:00 – 09:30	Registration and coffee
Chairperson: <i>Ms Mrika Kotorri, Political Advisor, Office of the Prime Minister</i>	
09:30 – 10:00	Opening Recap from Kick Off Workshop 17 December, Workshop objective and agenda <i>Ms Mrika Kotorri</i> <i>Mr Shawn Mendes, Country Manager, ETF</i>
10:00 – 10:30	Group work recap on skills matching challenges and their interrelation Short presentation from group discussions 17 December (based on shared Group work documents) <i>Presented by Group rapporteurs</i>
10:30 – 11:30	Future looking and scenario building Plenum discussion what skills are needed by 2020 in Kosovo And joint formulation of scenarios Input from enterprises from different priority sectors or representatives from Kosovo American Chamber of Commerce. (speakers tbc) <i>Presenters to be identified and confirmed.</i>
11:30 – 11:40	Short coffee break
11:40 – 12:00	Getting to a joint Skills Vision 2020 Starting point for group work - Presentation of 4 broad vision formulations based on Kosovo skills related strategies presented at Kick Off workshop 17 December. - Introduction to group work method and workshop questions. <i>Ardiana Gashi , ETF national expert</i>
12:00 – 13:00	Group work on Vision for skills <i>Participants are divided into smaller groups for the formulation of 'skills vision'</i>
13:00 – 14:00	Lunch and coffee
14:00 – 15:00	Group work on Vision for skills – continued - Participants are divided into smaller groups for the formulation of 'skills vision'
15:00 – 15:45	Feedback from group rapporteurs - Agreement of a joint formulation for 'Skills Vision 2020'
15:45 – 16:00	Wrap up and next steps for day II <i>Ms Mrika Kotorri</i> <i>Mr Shawn Mendes</i>

SKILLS Vision Formulation and Priority Setting
Prishtina, Emerald Hotel, 4-5 March 2014
DAY II - 5 March 2014

09:00 – 09:30	Registration and coffee
Chairperson: <i>Ms Mrika Kotorri, Strategic Planning Office, Office of the Prime Minister</i>	
09:30 – 10:00	<p>Welcome to Day II</p> <p>Welcome, recap from Day I and programme for Day II</p> <p><i>Ms Mrika Kotorri, Political Advisor, Strategic Planning Office, Office of the Prime Minister</i> <i>Mr Shawn Mendes, Country Manager, ETF</i></p>
10:00 – 11:00	<p>Presentation of best practice examples from Kosovo on skills supply and matching of skills</p> <p>Presentations from 2 -3 pilot projects <i>Presenters to be identified and confirmed.</i></p>
11:00 – 11:20	<p>Road map – priorities and measures</p> <p>Starting point for group work</p> <ul style="list-style-type: none"> - Presentation of a list of priorities based on national Kosovo skills related strategies presented at Kick Off workshop 17 December - Introduction to group work method and workshop questions. <p><i>Ms Susanne M. Nielsen, ETF International Expert</i></p>
11:20 – 11:30	Short coffee break
11:30 – 13:00	<p>Group work on priority setting</p> <ul style="list-style-type: none"> - Participants are divided into smaller groups for the formulation of priorities
13:00 – 14:00	Lunch and coffee
14:00 – 15:00	<p>Group work on priority setting – continued</p> <ul style="list-style-type: none"> - Participants are divided into smaller groups for the formulation of priorities
15:00 – 15:30	<p>Feedback from group rapporteurs</p> <ul style="list-style-type: none"> - Agreement of a joint formulation for ‘S
15:30 – 16:00	<p>Conclusions and next steps</p> <p><i>Ms Mrika Kotorri</i> <i>Mr Shawn Mendes</i></p>

Foresight Workshop III - RIA

Agreement on Measures and Drafting of Roadmap Prishtina, Hotel Sirius, 23 – 24 April 2014 DAY I – 23 April 2014	
Time	Session Objective
09:00 – 09:30	Registration and coffee
Chairperson: <i>Ms Mrika Kotorri, Political Advisor to the Prime Minister, Office of the Prime Minister</i>	
09:30 – 9.45	Opening - Recap from 2 nd Foresight Workshop 4-5 March 2014 - Workshop objective and agenda <i>Ms Mrika Kotorri, Political Advisor, Office of the Prime Minister</i> <i>Mr Shawn Mendes, Kosovo Country Manager, ETF</i>
9:45 – 10:15	Presentation of findings from Review of Institutional Arrangements (RIA) - Purpose and link to Foresight process and Kosovo Skills Vision 2020 document - Target group - Method of RIA - Main findings from RIA (desk review of previous analyses and qualitative interviews) <i>Ms Ardiana Gashi , ETF national expert</i>
10:15 – 10:40	Medium Term Expenditure Framework (MTEF) - Linkage between MTEF and IPA II sector-wide approach - Status of MTEF in Kosovo for HRD sector - Proposed capacity building actions <i>Mr Sotiraq Guga, ETF international Expert</i>
10:40 – 11:00	Roadmap for Kosovo Skills Vision 2020 - Presentation of draft Roadmap with priorities and proposed measures including capacity building measures responding to RIA findings <i>Ms Susanne M. Nielsen, ETF international Expert</i>
11:00 – 11:30	Plenum discussion Priorities and proposed measures - Comments on RIA findings - Final agreement of measures <i>Facilitated by Mr Shawn Mendes</i>
11:30 – 11:45	Short coffee break
11:45 – 12:00	Drafting of Roadmap Starting point for group work on drafting of measures relating to identified priorities - Presentation of Roadmap for Kosovo Skills Vision 2020 document - How to describe measures – by the use of an example - Introduction to group work method and division of participants into 4 groups <i>Ms Susanne M. Nielsen, ETF international Expert</i>
12:00 – 13:00	Group work on drafting of measures relating to identified priorities <i>Participants are divided into the 4 groups and work on computers filling in the Roadmap</i> <u>Division of groups:</u> Group 1 – works on measures relating to P1: Improving skills development in all sectors

	<p>through formal education, professional development and life-long learning</p> <p>Group 2 – works on measures relating to P2: Fostering and promoting entrepreneurship and innovation</p> <p>Group 3 – works on measures relating to P3: Promoting competency-based learning and improving responsiveness of the education and training system to labour market demands</p> <p>Group 4 – works on measures relating to P4: Reforming and modernising employment services to the needs of the labour market</p> <p><i>Group work facilitated by ETF team</i></p>
13:00 – 14:00	Lunch and coffee
14:00 – 15:15	<p>Group work on drafting of measures relating to identified priorities – continued</p> <p>- Participants continue working on computers filling in the Roadmap</p>
15:15 – 15:45	<p>Plenum session</p> <p>- Feedback from groups on drafting process and progress</p> <p>- Agreement on missing points and organisation of day II</p> <p><i>Facilitated by Mr Shawn Mendes</i></p>
15:45 – 16:00	<p>Wrap up and next steps for day II</p> <p><i>Ms Mrika Kotorri and Mr Shawn Mendes</i></p>

Agreement on Measures and Drafting of Roadmap Prishtina, Hotel Sirius, 23 – 24 April 2014 DAY II - 24 April 2014	
09:00 – 09:30	Registration and coffee
Chairperson: <i>Ms Mrika Kotorri, Political Advisor, Office of the Prime Minister</i>	
09:30 – 10:00	Welcome to Day II - Welcome, recap from Day I and programme for Day II <i>Ms Mrika Kotorri, Political Advisor, Office of the Prime Minister</i> <i>Mr Shawn Mendes, Kosovo Country Manager, ETF</i>
10:00 – 11:15	Group work on drafting of measures relating to identified priorities - continued <i>Participants continue working on computers filling in the Roadmap</i>
11:15 – 11:30	Short coffee break
11:30 – 12:00	Group work on drafting of measures relating to identified priorities - continued <i>- Participants continue working on computers filling in the Roadmap</i>
12:00 – 13:00	Plenum session - Feedback from groups on drafting process and progress <i>Facilitated by Mr Shawn Mendes</i>
13:00 – 14:00	Lunch and coffee
14:00 – 15:00	Plenum session on drafting of measures for cross-cutting priority: P5: Enhancing capacities for coordinated sector policy development and implementation - Agreement on specific content of measures - Joint drafting of Roadmap (by use of monitor displaying the Roadmap) <i>Facilitated by Mr Shawn Mendes</i>
15:00 – 16:00	Conclusions and next steps - Finalisation of Kosovo Skills Vision 2020 document - Validation process - How FRAME results link to IPA II programming and sector-wide approaches - Torino Process 2014 and PRIME (Projecting Reform Impact in VET) in Kosovo <i>Ms Mrika Kotorri and Mr Shawn Mendes</i>

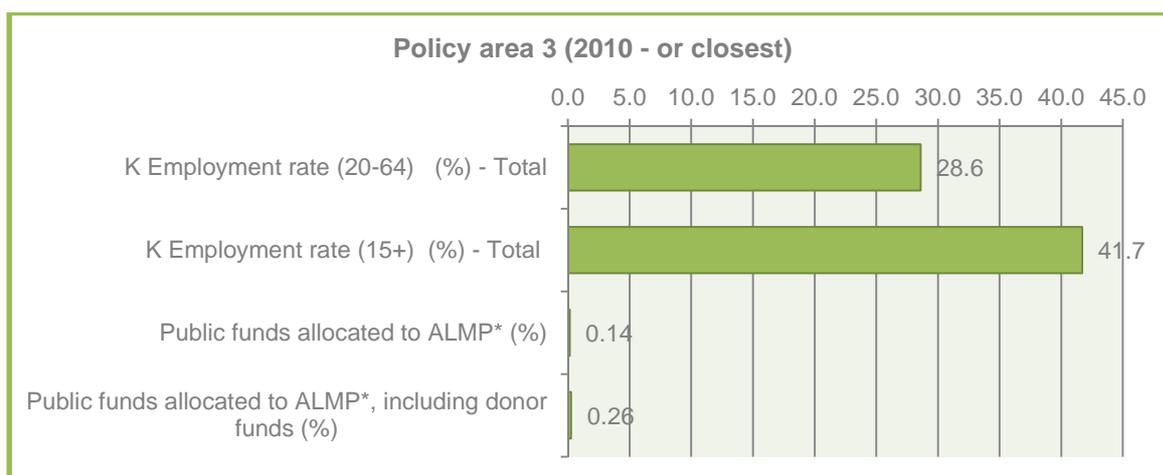
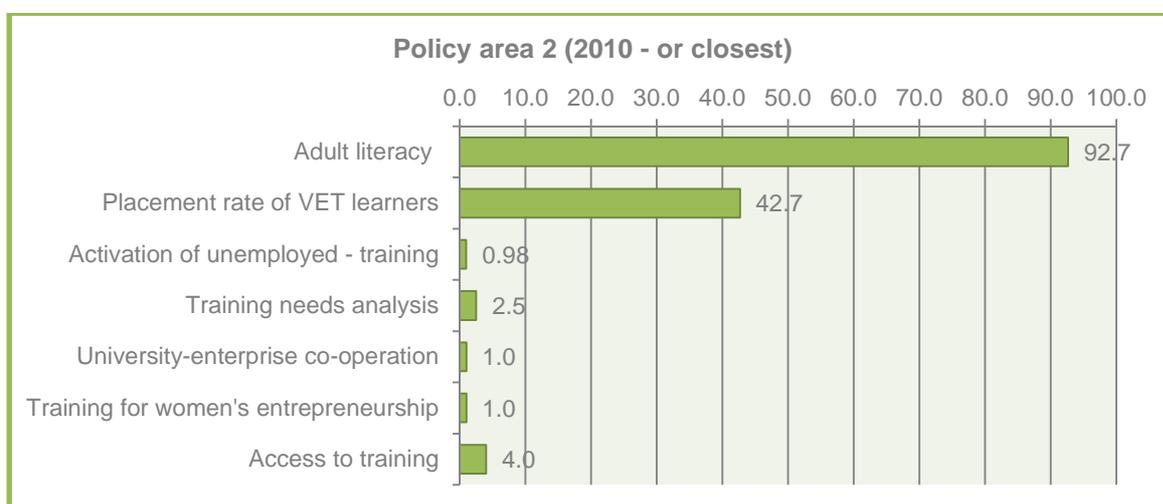
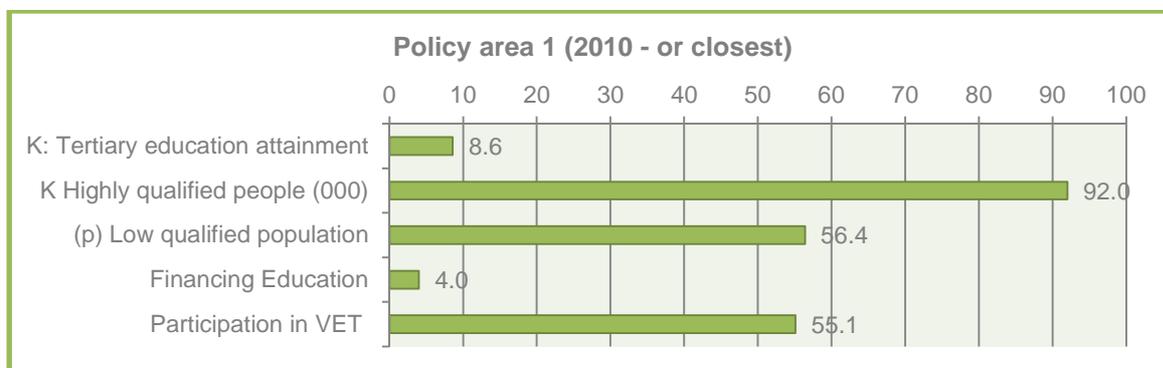
Annex 3: HRD Governance Matrix

		Governance level			
		National	Intermediate (regional/local etc)	Sectoral	Providers
Policy functions	Vision building/agenda setting	Prime Minister's Office Socio-Economic Council Ministry of Education, Science and Technology Ministry of Trade and Industry Ministry of Labour and Social Welfare Ministry of Agriculture Ministry of Economic Development	Regional Development Agencies Municipalities: Directorates of Education	Kosovo Chamber of Commerce American Chamber of Commerce and Kosovo Business Alliance are engaged in policy design as part of different working groups	Primary schools (public and private) Secondary schools Higher education Institutions Training centres part of the Ministry of Labour and Social Welfare Centres of Competence Private training providers Kosovo Chamber of Commerce Post Telecommunication of Kosovo training centre KEK training centre BSCK (NGO) REA (NGO) Women for women (NGO) Shera Sectoral associations (such as STIKK, wood association, metal association) Other private training providers ECIKS: Business Incubator Informal training providers (language and computer courses)
	Strategy Development	Prime Minister's Office: office for Strategic development Socio-Economic Council Ministry of Education, Science and Technology Ministry of Trade and Industry Ministry of Labour and Social Welfare Ministry of Agriculture Ministry of Economic Development	Regional Development Agencies Municipalities: Directorates of Education	American Chamber of Commerce and Kosovo Business Alliance are engaged in policy design as part of different working groups	
	Demand side analysis	Ministry of Trade and Industry through sectoral studies	Regional Development Agencies	For MTI, UNDP in 2013 conducted snapshot	Kosovo Chamber of Commerce through IFO business climate survey (this measures

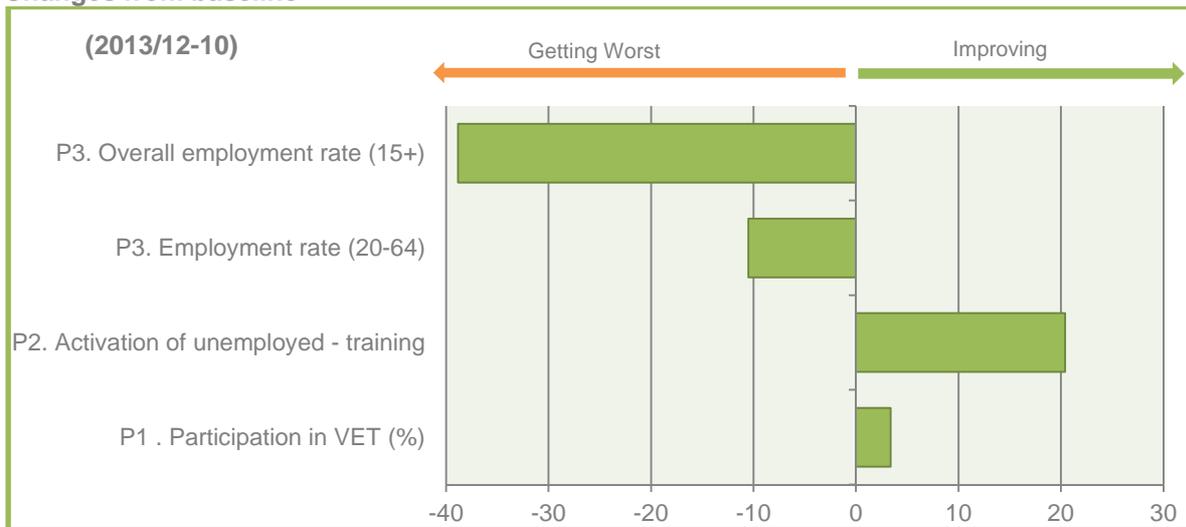
	Ministry of Labour and Social Welfare through annual study on Labour Market Demand		studies for few sectors	the level of satisfaction with skills and not type of skills) and sectoral based studies Reinvest BSCK (conducted one study) GIZ
Supply side analysis	Ministry of Education, Science and Technology Kosovo Agency of Statistics through Labour Force Survey			Pedagogical Institute of Kosovo
Needs forecasting	None except the demand side analysis as indicated above			
Quality assurance and Monitoring	Ministry of Education, Science and Technology through Inspectorate of Education Kosovo Agency for Accreditation for Higher Education National Qualification Authority for Vocational Schools and Centres of Competence		Municipalities through Directorates of Education	
Finance	Ministry of Finance Donors			Donors : EU USAID UNDP GIZ Lux Development UNICEF Dw International ADA SDC
Evaluation	Each institution for its own documents			Donors conduct evaluation of their programmes

Annex 4: Monitoring graphs

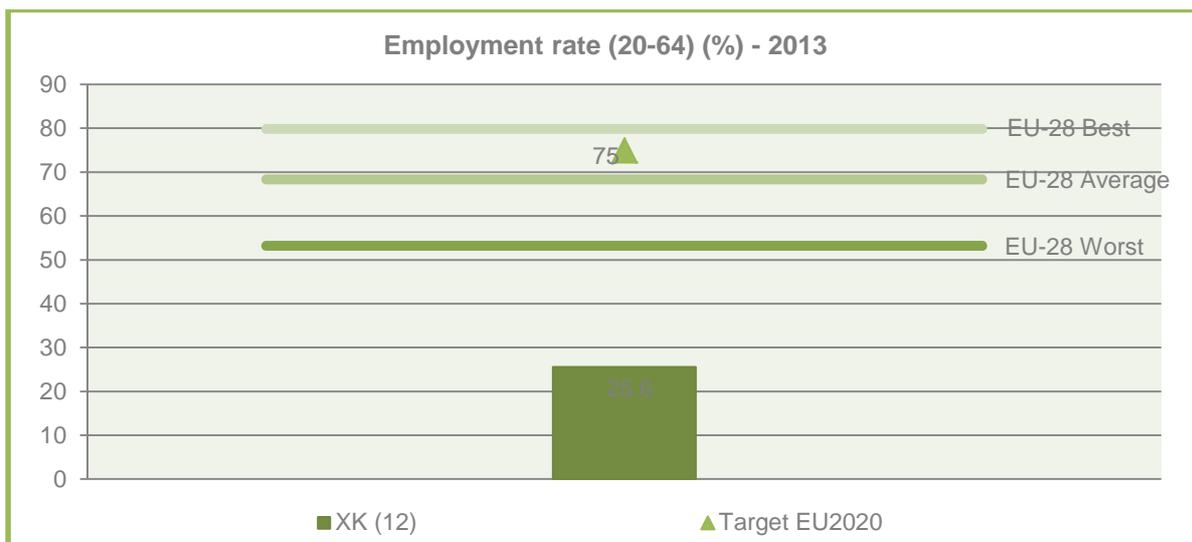
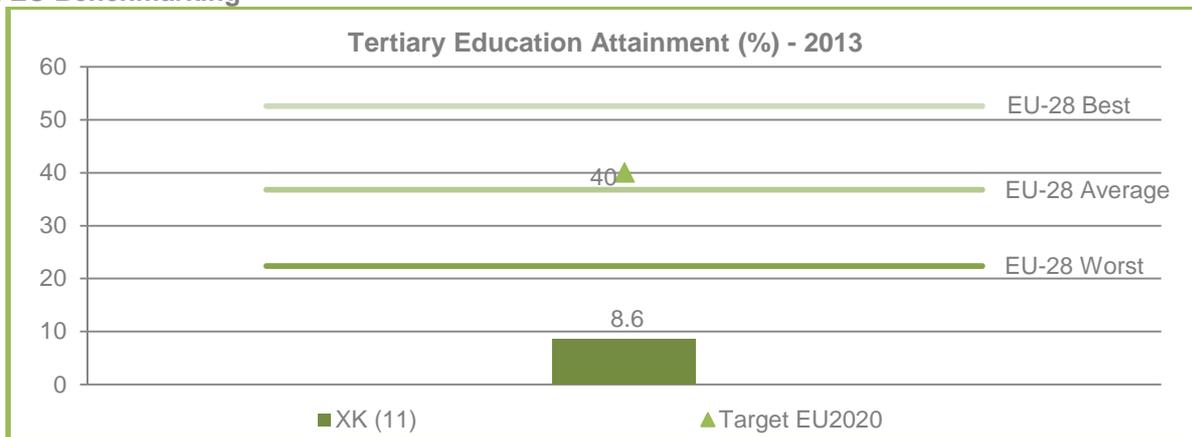
1. Baseline description



2. Changes from baseline



3. EU Benchmarking



Glossary of terms

Term	Explanation
Capacities (technical and functional)	According to the UNDP Capacity Assessment Framework technical and functional capacities are together one of the three dimensions of the Assessment Framework. Functional capacities are necessary for the successful creation and management of policies, legislations, strategies and programmes such as situation analysis; policy design and strategy formulation; resources and budget allocation; implementation; and monitoring, evaluation and learning. These functional capacities are to be complemented with technical capacities relevant to that sector, e.g. education (curriculum development).
Capacity	The ability of people, organisations and society as a whole to manage their affairs successfully. More concretely, the ability to perform tasks and produce outputs, to define and solve problems and make informed choices.
Capacity assessment	A capacity assessment determines capacity needs by comparing desired capacities against existing capacity assets. The three steps in the capacity assessment process are: defining desired future capacities, defining levels of desired future capacities, and assessing existing capacity level. A capacity assessment serves as input to formulating capacity development responses that address these areas where capacities should be strengthened.
Capacity development	The process by which individuals, groups and organisations, institutions and countries develop, enhance and organise their systems, resources and knowledge; all reflected in their abilities, individually and collectively, to perform functions, solve problems and achieve objectives.
Enlargement countries	Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia, Turkey and Iceland.
EUROPE 2020	“Europe 2020 – A European Strategy for smart, sustainable and inclusive growth” is EU’s strategy for sustainable growth and jobs, in short called “Europe 2020”. The new strategy replaces the Lisbon Agenda, which was adopted in 2000.
Foresight	Foresight is a systematic, participatory, future-intelligence-gathering and medium-to-long-term vision-building process aimed at enabling present-day decisions and mobilising joint actions.
Governance	Governance comprises rules, processes and behaviour related to procedural, structural and instrumental aspects of objective setting, implementation and monitoring. In the governance context capacity entails the ability of an institution of governance (the legislative, executive, judiciary, civil society or the private sector) to perform its constitutionally or politically mandated function or rules effectively or effectively.
HRD Sector	The HRD sector covers education, higher education, vocational and education training and lifelong learning in a labour market perspective.
IPA HRD Component	The overall strategic objective of IPA HRD Component is to foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development and the increased national competitiveness at international level.

Mid-Term Expenditure Framework (MTEF)	A Mid-Term Expenditure Framework (MTEF) plans the budget according annual priorities, in a 3-year horizon. Ideally, it consists of a top-down estimate of aggregate resources available for public expenditure consistent with macro-economic stability and bottom-up estimates of the cost of carrying out policies, both existing and new; and a framework that reconciles these costs with aggregate resources. It is called “Mid-term” because it provides data on a prospective basis, for the budget year and for the following years (n12 and n+2). MTEF is a rolling process repeated every year and aims at reducing the imbalance between what is affordable and what Line Ministries demand.
Multilevel governance	Multilevel governance is a dynamic process referring to shared responsibilities and coordinated action by different actors in policy development, implementation, monitoring and evaluation.
Rapid Assessment of Capacity Development (RAC)	RAC is a simplified application of the full methodology adopted by the EC for evaluating the Capacity Development effects of Technical Capacity interventions. The RAC procedure refers to the standard steps and evaluation questions formulated in the full methodology. Its simplification consists of systematic use of existing documentation to acquire the preliminary information, adoption of participatory methods for data collection on outputs and outcomes, and validation of the related causality links.
Sector	A sector is a defined sub-set of public policies addressing a set of challenges by using dedicated resource under the authority of a competent member of the government.
Sector approach	A sector approach is a way of working together between government, donors and other key stakeholders. It is a process aiming at broadening government and national ownership over public sector policy and resource allocation decisions within the sector, increasing the coherence between policy, spending and results, and reducing transaction costs.
Skills	Skills can be defined as the ability and capacity acquired through deliberate, systematic and sustained efforts to perform complex activities or job functions involving ideas (cognitive skills), things (technical skills) and or people (interpersonal skills).
Torino Process	A policy learning assessment tool for policy analysis of VET systems developed by the European Training Foundation (ETF) which informs about the progress of the VET systems in the ETF partner countries. The assessment is used to evaluate the capacity of a VET system and its overall maturity. Four principles are defined as key to VET policymaking: Ownership of content and process, Holistic vision and approach to VET, Evidence base of policymaking, broad participation in the policy making cycle. The capacity to respond, to activate and to sustain these four principles is a pre-condition for the development of a capable VET system.
Vision	A vision is an imagined representation or a shared picture of the desired future.
Western Balkans	Albania, Bosnia and Herzegovina, Kosovo, former Yugoslav Republic of Macedonia, Montenegro and Serbia.

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