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## ASSESSMENT

# WORKFORCE READINESS ASSESSMENT FOR USAID/KOSOVO

**March 2015**

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# **KOSOVO WORKFORCE READINESS ASSESSMENT**

## **Final Report**

**March 2015**

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# ACRONYMS

ADA	Austrian Development Agency
AGE	Agency for Gender Equality
AJF	Arrangement of Joint Funding
AKB	Alliance of Kosovo Businesses
ALMP	Active Labor Market Programs
AT	Assessment Team
ATQ	Advancing Teacher Qualifications
AVETAE	Agency for Vocational Education and Training, and Adult Education
BCC	Business Consultants Council
BEP	Basic Education Program
CDBE	Capacity Development for Basic Education
CDCS	Country Development Cooperation Strategy
CoC	Center of Competence
CoSiRa	Competitiveness of the Private Sector in Rural Areas Project
CSO	Civil Society Organization
DO	Development Objective
DP	Development Partners
EA	Employment Agency
ECDL	European Computer Driving License
ECMI	European Center for Minority Issues
ECTS	European Credit Transfer System
ESPF	Education Sector Pooled Fund
EU	European Union
EYE	Enhancing Youth Entrepreneurship
FGD	Focus Group Discussion
GAO	Gender Affairs Office
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
GIZ	German Federal Enterprise for International Cooperation
GoK	Government of Kosovo
HEI	Higher Education Institution
ICT	Information and Communications Technology
IDEP	Institutional Development for Education Project
ISCED	International Standard Classification of Education
IT	Information Technology
JIC	Jakova Innovation Center
KA	Kosovo Accreditation Agency
KAS	Kosovo Agency of Statistics
KCF	Kosovo Curriculum Framework
KEC	Kosova Education Center
KESP	Kosovo Education Strategic Plan
KIESA	Kosovo Investment and Enterprise Support Agency
KI	Key Informant
KII	Key Informant Interview
KOSME	Kosovo SME Promotion Project
KPGE	Kosovo Program for Gender Equality

KSYAP	Kosovo Strategy for Youth
KWRA	Kosovo Workforce Readiness Assessment
KYDP	Kosovo Youth Development Program
LAYC	Local Action Youth Councils
LYAP	Local Youth Action Plan
MAFRD	Ministry of Agriculture, Forest and Rural Development
MCYS	Ministry of Culture Youth and Sports
ME&A	Mendez England and Associates
MED	Municipal Education Directorate/Director
MEI	Ministry of European Integration
MEST	Ministry of Education, Science and Technology
MLSW	Ministry of Labor and Social Welfare
MoF	Ministry of Finance
MPA	Ministry of Public Education
MTI	Ministry of Trade and Industry
NDS	National Development Strategy
NEET	Not in Education, Employment, or Training
NGO	Non-Governmental Organization
NQA	National Qualifications Authority
OECD	Organisation for Economic Co-Operation and Development
PEO	Public Employment Offices
PES	Public Employment Services
PPSE	Promoting Private Sector Employment Project
PWD	People with Disabilities
QA	Quality Assurance
RAE	Roma, Ashkali and Egyptian
RWCT	Reading and Writing for Critical Thinking
S4RE	Skills for Rural Employment Project
SIDA	Swedish International Development Agency
SIMRAES	Support to RAE Integration Strategy
SIPP	Strategy for Improvement of Professional Practice
SOW	Statement of Work
SSESW	Sectorial Strategy on Employment and Social Welfare
UNDP	United Nations Development Program
UP	University of Pristina
USAID	United States Agency for International Development
VET	Vocational
VTC	Vocational Training Centers
WRA	Workforce Readiness Assessment

# EXECUTIVE SUMMARY

## ASSESSMENT PURPOSE AND QUESTIONS

The Workforce Readiness Assessment (WRA), funded by the United States Agency for International Development (USAID) Mission in Kosovo, is a rapid, evidenced-based analytical study of the education, training, and labor-market sectors in Kosovo that aims to inform possible USAID investment in new workforce readiness programs for Kosovo's youth. WRA's objectives are to:

1. Assess the current and future needs in Kosovo's education and training sector as they relate to ensuring that Kosovo's youth are prepared to meet the needs and demands of the labor market
2. Provide an update on the state of sector in respect to the Government of Kosovo (GoK) plans/strategies and identify current and planned donor interventions
3. Identify and prioritize major gaps and/or shortcomings that impede workforce readiness and identify cost effective measures that could be taken to improve learning outcomes
4. Identify steps that need to be taken to address issues of inclusion and equality as they relate to access to and participation in quality education and training programs; and
5. Identify priority areas for USAID/Kosovo intervention that would contribute to its current Strategic Plan and corresponding Development Objectives.

The Kosovo WRA (KWRA) was implemented by an Assessment Team (AT) from Mendez England and Associates (ME&A), a U.S.-based development organization. KWRA fieldwork, data collection and analysis were conducted in Pristina and eight additional municipalities in Kosovo from 9 February to 1 March 2015. The AT was comprised of: Dr. James M. Statman (Team Leader and Youth Development Program Expert); Dr. Ada Huibregtse (Training, Performance Improvement and Workforce Development Expert/Methodologist); Dr. Dukagjin Pupovci (Basic and Higher Education Expert); and Ms. Vjosa Mullatahiri (Workforce Development Specialist and Labor Market Expert). Ms. Eriola Kasemi served as Project Assistant.

## CONTEXT

In 2011, Kosovo had a poverty rate of approximately 30%, including an "extreme poverty rate" of about 10%. In 2012, the unemployment rate for youth ages 15-24 was about 55%. This situation has created economic and political uncertainty in the country, and lack of opportunity for young people, which is compounded by an inadequate and dysfunctional education and training system that fails to equip them with the hands-on skills and knowledge necessary to secure employment. While the economy falls far short of generating anywhere near the number of jobs required annually to absorb even half the young people entering the labor market, employers frequently complain that they cannot expand their businesses due to a dearth of relevant skills and knowledge in the workforce. The widely reported spike in illegal immigration of young people from Kosovo into the European Union (EU), as well as the two days of violent street demonstrations by young men in Pristina in late January, serve to further illustrate the importance of addressing the workforce problems facing Kosovo's youth. The ethnicities in Kosovo are known as Kosovo Albanian, Kosovo Serbs and for the purpose of this report they will be referred to as Albanian and Serbs.

## ASSESSMENT METHODS AND LIMITATIONS

The AT interviewed or surveyed a broad selection of relevant stakeholders, including policy makers at various levels of government, business owners, business associations, vocational school students between the ages of 15 and 29, high schools students and teachers, vocational training centers, universities, international donors, and local non-governmental organizations (NGOs).

Two main methods were used to assess youth workforce readiness: qualitative (semi-structured interviews with key informants and focus groups) and quantitative (survey). The conclusions and recommendations of the assessment are based upon 82 key informant interviews (KIIs); 11 focus groups discussions (FGDs) – 10 with youth in nine sites across the country and one with business representatives; and 752 questionnaires from youth and 35 questionnaires from business owners and administrators. Due to time constraints, the selection of FGD participants and survey respondents was purposive and opportunistic. Attention was paid to insure a gender balance and include representatives of Serb; Roma, Ashkali and Egyptian (RAE); and other marginalized/vulnerable populations. Because assessment respondents could not be selected on a random basis, the findings and conclusions of the report, however plausible, cannot be strictly generalized to the population as a whole. The KWRA also attempted to identify, access, and assemble listings of GoK and donor programs and projects in the areas of education, training and the labor market and of relevant laws and regulations in these sectors. In light of time constraints and the absence of a central data base of such items, it is likely that some relevant details may be missed. Finally, we note that the assessment also includes reference to available secondary data sets presented by various GoK, donors and other sources, whose reliability and validity we cannot attest.

## **FINDINGS**

Based on analyses of primary and secondary data, the KWRA Final Report presents numerous findings relevant to the Kosovo education and training system, to labor market needs and deficiencies, and to workforce readiness challenges affecting Kosovo's youth, including marginalized and at-risk populations. Some of these key findings are summarized below:

1. Although analysis of available secondary data indicates that the level of educational attainment is strongly related to employment – with approximately 16% of tertiary education graduates unemployed as compared to about 39% of those who completed general secondary education and 27% of the vocational high school graduates – the current enrollment rate in higher education of almost 77% of youth age 20-24 suggests an increasing oversupply of university graduates as compared to the local demand for such highly educated personnel.
2. Deficiencies in communication and coordination between levels within the education system inhibit the implementation of the education reform, including more effective workforce development. One example is the wasteful duplication of training profiles between Centers of Competence (CoC) operated by the Vocational Education Training (VET) Agency and secondary vocational schools operated by municipal authorities in the same localities.
3. Students perceive that Vocational Training Centers (VTCs) and CoC provide better professional training as compared to other educational institutions. According to the WRA survey, approximately 83% of VTC and 93% of CoC students reported having acquired technical skills appropriate for employment. In all other surveyed schools/training institutions the rates are notably lower, with the surveyed students/trainees self-rating their technical skills preparedness from 30% in general high schools to 75% in universities.
4. Almost 70% of the employers surveyed named prior work experience – practical experience gained in school through internships or previous employment – among the five most important characteristics of a future employee. While more than 73% of VTC trainees reported having acquired such relevant experience, only 22% of students enrolled in general high schools and 55% of university students did so.
5. At virtually all levels of Kosovo's education system there is a pervasive lack of useful career guidance and occupational information provided for students or their parents. In FGDs, unemployed university graduates often bitterly reported that they “chose” particular faculties of study based primarily upon family pressure and professional prestige rather than on labor-market information or their own interests or talents.

6. Enrollment profiles in VET and higher education do not match and are not coordinated or aligned with labor market needs. For example, our interviewees reported low interest in vocations actually demanded by the labor market, like welding and plumbing, whereas interest remains high for oversubscribed areas like business administration and health, which also require students to pursue tertiary studies in order to become employable.
7. Regardless of the realities of the market-place, VET schools are generally not considered a ‘serious’ option and attract students with lowest grades in the lower secondary education. Interviews with vocational school staff and students confirmed the belief that most children in Kosovo decide to enroll in a vocational school after they fail to enroll in general schools (gymnasium) where they usually apply first following the advice of their teachers and parents. Thus, vocational education is viewed by the Kosovo public as education of last resort, and a repository for poor, least-successful students.
8. Employers surveyed by the KWRA rank language skills, work experience, creative thinking, analytical skills, interpersonal skills and self-discipline as the five most important skills or competencies they seek in new hires. Employers consistently report difficulty in finding employees with such skill-sets and have to assume the often-significant costs of training for new hires. In addition, businesses indicated that despite the dearth of job openings, many young people at entry level have what employers regard as unrealistically high salary expectations.
9. While the validity and reliability of youth unemployment data are uncertain, there remains a significant information gap concerning youth participation in the informal economy, with estimates of perhaps 30% ‘off-the-books’ employment and in some sectors such as agriculture, estimated rates of up-to 70% informal employment. Until more is reliably known about informal employment and the possible consequences of high levels of remittances upon workforce participation, the true dynamics of youth employment and unemployment, including for marginalized youth populations, remains poorly understood.
10. Over 54% of the interviewed employers reported that the shortage of skills in the labor force has had a high negative impact on their business, with 30% reporting moderately negative impact. This is a vivid market-based assessment of the dynamic in which the lack of skills and labor-readiness constrains business growth at a time when economic growth is a national priority.
11. Although education and employment data for Serb youth are particularly uncertain, feedback from our FGDs suggest a significant level of youth unemployment. Further, as compared to other young people in our survey, Serb youth report less overall confidence, analytical skills and relevant work experience in school. They are also less likely than their peers to state that they can: complete a project as part of the team; collaborate with people from diverse backgrounds; present a persuasive argument; complete a project independently; resolve a conflict; think creatively to come up with solutions; or apply theoretical knowledge in practice.
12. Women’s education attainment is at similar or higher levels than men’s. Yet, women’s unemployment rate and inactivity remains significantly higher than men’s. Young women in our sample were less likely than men to self-report that they have gained skills in applied mathematics, prioritizing work, technical skills associated with their job, relevant work experience and knowledge of business functions.
13. Across a broad range of foundational technical and life-skills – including reading and interpreting information, computer skills, interpersonal skills, creative thinking, analytical skills, and team work – RAE youth are significantly less likely to report acquisition of skills and competencies in school as compared to their peers.

## CONCLUSIONS

1. **Youth Unemployment:** Although reliable population data are not available, relevant evidence strongly suggests that as many as 50%-70% of out-of-school youth ages 15-24 are unemployed, and the percentage is likely higher for young women, vulnerable populations and minorities. Little is

known about the rate of informal sector employment for Kosovo's youth, but it is likely that perhaps a significant segment of young people officially categorized as unemployed are actually working off-the-books, at least seasonally or on a part-time or intermittent basis. Seemingly, progressive maternity benefits regulations contained in the new Labor Law may have had the unintended consequence of further reducing the participation of young women in the formal economy.

2. **Young people dismayed by nepotism and corruption in the hiring process:** Most out-of-school young people interviewed by the AT expressed anger and discouragement at a job search process that they believe to be corrupt and where regardless of qualifications or ability, private and public sector jobs are reserved for friends and relatives of business owners or government officials. Many expressed a sense of fatalism and futility, pointing to what they see as the impossibility of acquiring the two years prior experience that employers seem to require.
3. **Minority youth particularly disheartened:** While youth from the majority population appear to agree with the concept that RAE community members are deserving of some level of special support, many feel that RAE youth have become the beneficiaries of "positive discrimination" that leaves the majority of young people with few employment options within the public service. However, RAE youth, including those enrolled in university undergraduate and graduate programs, clearly believe that their ethnicity is an ongoing barrier to career advancement and economic success. Young member of Serb communities appear particularly isolated and disillusioned, with those from Gracanica struggling to imagine a positive future of their ever-shrinking, isolated community, and feeling abandoned and forgotten by both Pristina and Belgrade.
4. **Immigration as an option in an employment-poor environment:** Many young people personally know someone who has emigrated due to a perceived lack of economic opportunity and a number of the older, out-of-school and unemployed youth are themselves at least thinking about this as a possibility. The younger, still-in-school youth think about going out of Kosovo primarily for study abroad or post-academic adventure but not as economic necessity. Most youth from the majority Albanian-speaking community expressed strong feelings of attachment to Kosovo and hoped to remain there.
5. **Secondary and tertiary education leaves students unprepared for the workplace:** While still in school, students overwhelmingly expressed the sentiment that their teachers are capable and are preparing them well for the demands of the workplace. Not surprisingly, unemployed out-of-school youth have a different perspective: they are extremely critical of an education and training system that they find as rigid, out-of-date, overly focused on theory, and lacking hands-on and experiential learning and workplace-relevance.
6. **Poorly prepared labor market entrants have negative impact on business and economic growth:** The lack of adequately trained, skilled or motivated entry-level applicants appears to have, in some instances, constrained business growth and often requires employers to assume the direct and opportunity costs of providing such training.
7. **Education system not attuned to the needs of the labor market:** Employers were unanimous in asserting that the high school and university curricula is unconnected and has little relevance to actual labor market needs in Kosovo and that there are no in-place systems to link the workplace and the education and training system. Employers often complained that high school and university graduates lack the basic knowledge, skills and competencies necessary for success in the workplace, and that many do not seem to have the maturity, motivation or commitment necessary to keep a job.
8. **Possibilities exist for business growth and employment expansion:** Local entrepreneurs, business owners, and others knowledgeable about Kosovo's economy do see opportunities for business and employment growth in several key labor-intensive sectors including textile, wood processing, agriculture, food processing, and energy efficiency/recycling. Although unlikely to directly employ large numbers of young people, representatives of the Information and Communications

Technology (ICT) sector appear particularly optimistic and see Kosovo as a growing center for information technology (IT) outsourcing and development.

9. **Policy framework and GoK and donor initiatives:** Although GoK has established a policy framework to address major aspects of workforce readiness and development needs, and numerous donor programs have been implemented to help build the capacity and linkages of various elements of a potentially sustainable market-based workforce education, training and placement system, significant gaps remain and, unfortunately, progress appears still dependent on ongoing donor resources. Although imperfect, systems are in place to coordinate and synchronize donor initiatives across the sectors relevant to workplace readiness. However, beyond the information contained in this assessment, a comprehensive compilation or data-base of such activities apparently does not exist.
10. **Workforce readiness programs:** Despite the real obstacles and complexities, there is an array of possible productive program interventions that can be expected to produce measurable and sustainable improvements in components of the workforce readiness system. In light of the terrible losses in human and economic potential and the serious possibilities for social instability attendant to protracted high levels of youth unemployment, support for such programs seems clearly warranted.

# I.0 ASSESSMENT PURPOSE AND QUESTIONS

## I.1 ASSESSMENT PURPOSE

The Kosovo Workforce Readiness Assessment (KWRA) aims to provide USAID/Kosovo with an evidenced-based, analytical study of the education, training, and labor-market sectors in the country, which can help inform USAID's investment in new workforce readiness programs that are effective, efficient, and relevant to readying and developing Kosovo's workforce for the 21<sup>st</sup> century.

The KWRA was implemented by an Assessment Team (AT) assembled by Mendez England & Associates (ME&A), a U.S.-based development organization. KWRA fieldwork, data collection and analysis were conducted in Pristina and eight additional municipalities in Kosovo from 9 February to 1 March 2015.

The AT consisted of four experts: international Youth Education and Development expert, Dr. James Statman (Team Leader); international expert, Dr. Ada Huibregtse (Training, Performance Improvement and Workforce Development Specialist/Methodologist); local expert, Dr. Dukagjin Pupovci (Basic and Higher Education Specialist); and local Labor Market expert, Ms. Vjosa Mullatahiri (Workforce Development Specialist). Ms. Eriola Kasemi served as Project Assistant providing logistics and translation expertise.

## I.2 CONTEXT IN KOSOVO

With an overall 2011 poverty rate of approximately 30% (including an "extreme poverty rate" of about 10%), and a 2012 unemployment rate for youth ages 15-24 of about 55%, the KWRA is being conducted within an *ongoing* context of poverty, economic and political uncertainty, and lack of opportunity for young people, which is compounded by a grossly inadequate and dysfunctional education and training system. The *immediate* context of a widely reported spike in illegal immigration into the European Union (EU) via Serbia and Hungary, and the aftermath of two days of violent street demonstrations by young men in Pristina in late January, only serves to further illustrate the problems facing Kosovo's youth. It seems highly likely that the frustrations of an underemployed cohort of youth have also had a role in the August 2014 arrests of 40 Kosovars on terrorism-related charges, and a reported 16 Kosovar youth killed in Syria fighting in support of ISIS. All of the above render workforce training and employment a key priority for Kosovo.

## I.3 ASSESSMENT QUESTIONS

As stated in the KWRA Statement of Work (SOW), which can be found in Annex A, the specific objectives of the assessment are to:

1. Assess the current and future needs in Kosovo's education and training sector as they relate to ensuring that Kosovar youth are prepared to meet the needs and demands of the labor market
2. Provide an update on the state of sector with respect to Government of Kosovo (GoK) plans/strategies and identify current and planned donor interventions
3. Identify and prioritize major gaps and/or shortcomings that impede workforce readiness and identify cost effective measures that could be taken to improve learning outcomes
4. Identify steps that need to be taken to address issues of inclusion and equality as they relate to access to and participation in quality education and training programs; and,
5. Identify priority areas for USAID/Kosovo's interventions that would contribute to its current Strategic Plan and corresponding Development Objectives (DOs).

USAID/Kosovo's DOs are in support of and conformance with the central development hypothesis underlying its *Country Development Cooperation Strategy (CDCS) 2014-2018, DO 3, Enhanced Human Capital*:

...the excellence of and equal access to a country's education system underpins its overall development. If Kosovo has a better educated population, well-trained in relevant skill areas, then the human resource needs of the economy will be more effectively met, the economic wellbeing of citizens better ensured, and citizens will be better equipped to engage effectively with the Government. (p. 15)

The SOW further specifies six "areas of analysis," generally corresponding to the five objectives, which have guided the AT's work-plan, research design, data collection approach, and reporting format:

1. Analyze the appropriateness of the current policies, programs, and strategies of Kosovo's education system and training programs in response to the challenges presented and the development reality in Kosovo, specifically the challenge of youth unemployment and preparedness for entry into the workforce.
2. Examine the current capacity of the secondary education system (both general and vocational schools), including Teacher Training Institutions, to produce necessary work readiness, entrepreneurship, critical thinking, problem solving, analysis, Information Communication Technology (ICT) skills, as well as, more specific technical skills at different levels.
3. Identify the key challenges, constraints, and bottlenecks that Kosovo faces in preparing its youth to participate in a regionally and globally competitive labor force.
4. Identify current plans and programs of both the GoK and international donors that address workforce readiness issues and assess the current capacity and willingness in the public, private and non-profit sectors to address these workforce development and competitiveness challenges.
5. Identify the main issues and challenges related to inclusion and equality that are faced by and negatively impact the underserved and vulnerable groups in Kosovo (i.e., students from rural areas, girls, ethnic minorities, and students with disabilities).
6. Based on the findings and conclusions of the assessment, identify and prioritize specific interventions/ activities (both short-term and long-term) that could be taken by USAID as a part of a new education/workforce readiness project.

## 2.0 ASSESSMENT METHODS AND LIMITATIONS

### 2.1 ASSESSMENT METHODOLOGY

To conduct the KWRA, the AT interviewed or surveyed a broad selection of relevant stakeholders, including policy makers at various levels of government, business owners, business associations, vocational school students between the ages of 15 and 29, high schools students and teachers, vocational training centers, universities, international donors, and local NGOs.

Two main methods were used to assess youth workforce readiness: qualitative (semi-structured interviews with key informants and focus group discussions) and quantitative (survey questionnaires). The conclusions and recommendations of the assessment are based upon 82 key informant interviews (KIIs), 11 focus groups discussions (FGDs), 752 questionnaires from young survey respondents, and 35 questionnaires from business owners and administrators. The AT used within-method and between-method triangulation to analyze the collected data.

## 2.1.1 Qualitative Data Collection

Qualitative methods were used to collect data from all target groups identified above. The AT conducted 82 semi-structured interviews with key informants (KIs) from all sectors, and 10 focus groups with students and one with business representatives.

### **Semi structured interviews**

The procedure for the interviews consisted of four steps: 1) brief presentations on the assessment's purpose and structure; 2) a protocol of structured questions; 3) follow-up questions to collect relevant contextual and sector specific information; and 4) expression of informant views on the topic. To conduct KIs, the team developed four standardized questionnaires: one for businesses and business associations, one for policy-makers, one for school administrators and teachers, and one for donors. The use of a standardized questionnaire as a guide for interviews helped AT collect a consistent set of responses and establish uniformity of data across samples while still allowing for a diversity of social and economic positions, perspectives and relationships to the key issues. Asking the same set of questions across all interviews ensured that data were comparable and conceptually aggregated for analysis. Questionnaires had on average 15 items keyed to generating information specifically relevant to addressing the assessment questions.

### **Focus Group Discussions**

Additional qualitative data were collected through FGDs with students, business owners and administrators. The FDG with business owners and administrators took place in Peja and consisted of 14 people (3 female and 11 male) representing 11 different businesses ranging in size from micro to medium. The FDGs with youth were conducted in nine different locations with an average of 11 participants. One FDG was exclusively conducted with Roma, Ashkali and Egyptian (RAE) youth attending university, while another consisted of young Serb males. Other FDGs were predominantly attended by Albanian youth; however, participants also included few Bosnians and Turks. Inclusion of youth of different gender, ethnicity, educational background and location was done to obtain qualitative information on differences of perceptions associated with those demographic variables and to strengthen our understanding of needs, attitudes and perceptions about pursuing education and the kind of education they view as more beneficial to them. For FGDs, the AT employed a participatory approach to encourage participants to freely share their experiences and opinions. However, a similar set of questions were asked in all youth FGDs to ensure consistency and meaningful aggregation of qualitative data.

**Table 1: Youth Focus Groups by geographic location, type of institution, gender and ethnic group**

Type of institution	Ferizaj	Gjakova	Gracanica	Mitrovica	Pristina	Prizren	Vushtri
Vocational School					4 female 6 male	4 female 4 male	5 female 4 male
High School					5 female 3 male		
Vocational Training Center						5 female 4 male	
Youth Center	2 female 8 male	10 female 12 male  3 Roma		3 female 7 male  3 Bosnian 2 Serbs 1 Roma			
Minorities NGO					10 female 8 male RAE		
Youth NGO			4 males				

Type of institution	Ferizaj	Gjakova	Gracanica	Mitrovica	Pristina	Prizren	Vushtri
			Serb				
Total (108)	10	22	4	10	36	17	9

Note: When ethnic group is not specified, FDG participants were Albanians.

## 2.1.2 Quantitative Data Collection

For the purpose of this assessment, the AT used both primary and secondary quantitative data. The secondary data outlines the economic, social and political context in which this assessment took place. The secondary data was collected from existing reports using either administrative records or survey data on labor market, high growth sectors, education statistics, and demographic trends. This data was used with caution because, in several instances, they were methodologically incoherent and/or logically contradictory. The primary data came from a survey conducted with 752 youth. The purpose of the survey was to inform the AT about perceptions of youth on their work readiness and the degree to which the current education system contributes to their employability. The AT also conducted a survey with business owners and administrators to gauge their perceptions about the current work readiness of youth, the effectiveness of the education system in preparing youth for the workforce, and their potential plans for expansion.

### Primary quantitative data

Survey respondents represented different gender, ethnicities, educational backgrounds and locations. Two questionnaires were administered to youth. The first questionnaire, asking 11 questions and collecting data on 35 items/variables, was administered to 683 young people attending professional and general secondary schools and vocational training centers (VTCs). A subset of the first questionnaire, asking eight questions and collecting data on 28 variables, was administered to 69 graduate students in the education program at the University of Pristina (UP). Tables 2 through 6 present demographic characteristics of the surveyed youth disaggregated by gender, location, type of institution and ethnic group. In the majority of cases, the survey was administered by the education or training institution employees, while the AT members were on the premises of the institution. The survey of graduate students in the Education Faculty was administered by AT members, while data from young people in the northern part of Mitrovica was collected by the NGO Aktiva. Questionnaires were available in Albanian, Serbian and English.

**Table 2: Respondent by location**

Location	Frequency	Percent
Pristina	366	48.67
Prizren	182	24.2
Skënderaj	87	11.57
Vushtri	52	6.91
Ferizaj	36	4.79
North Mitrovica	29	3.86
Total	752	100

**Table 3: Respondents by type of institution**

Type of institution currently attending	Frequency	Percent
High school	184	24.47
Vocational school	350	46.54
Graduate	29	3.86
Post-graduate	69	9.18
VTC	120	15.96
Total	752	100

**Table 4: Respondents by ethnic group**

Ethnic group	Frequency	Percent
Albanian	683	90.82
Serb	35	4.65
Bosnian	7	0.93
Roma	6	0.8

**Table 5: Respondents by gender**

Gender	Frequency	Percent
Male	377	50.27
Female	373	49.73
Total	750	100

Ashkali	8	1.06
Egyptian	11	1.46
Goran	2	0.27
Total	752	100

**Table 6: Respondents by age**

Age	Frequency	Percent
15 - 18 years old	531	70.71
19-24 years old	124	16.51
25-29 years old	47	6.26
Over 29 years old	49	6.52
Total	751	100

### **Sampling**

The AT used two different methods of sampling for the youth survey and the business owner survey. For the youth, the team identified institutions that teach students between the ages of 15 and 29, and which represented the main geographic regions of Kosovo, the different types of education and training available in Kosovo and the main ethnic groups in Kosovo. In vocational schools, high schools and vocational training centers, clusters of students were randomly selected. Convenience selection was used for the two clusters in the Education Faculty of the UP, and young people in youth centers and NGOs. Figures about gender and ethnic groups closely mirror those of the population of Kosovo. Even though some statistics match those of the population of Kosovo and the sample size is somewhat large, because the sample selection was not random, results cannot be strictly generalized to the entire population of Kosovo, and should therefore be interpreted and used with caution.

The AT used three different methods to disseminate the business survey, collecting data on 58 variables. First, five business associations and the USAID Empower project were given the survey to make available to member businesses. Second, questionnaires were distributed to a list of businesses through Google Forms. And third, the AT administered surveys in the FGDs or face-to-face meetings with business representatives. The questionnaire was available in Albanian, Serbian and English. In total, 35 businesses responded to the questionnaire. Due to its convenience sampling procedure, unknown response rate and small sample size, results from those data cannot be generalized to the entire Kosovar business community. However, in conjunction with data from FGDs and KIIs, they help illuminate business needs and challenges more clearly.

### **2.1.3 Data Analysis**

Youth workforce readiness refers to a young individual's preparedness or possession of a set of necessary skills to conduct acts and operations related to a specific job. In order to understand the extent of youth workforce readiness in Kosovo, this assessment uses within-method and between-method triangulation as its main methodological approach. Triangulation is used to crosscheck the validity of findings obtained through one method using findings obtained from another method. Qualitative data collected through semi-structured interviews and FGDs were grouped and analyzed by question. Quantitative data entry was done in Microsoft Excel, while data cleaning and processing was done in Stata 13, SPSS and Excel. Statistics resulting from cross-tabulations and regressions are presented either in tables or graphs, and were used to cross-validate statements and conclusions derived from using qualitative data.

## **2.2 ASSESSMENT LIMITATIONS**

- The scope of the KWRA was broad in terms of the sectors and target groups that it needed to cover. However, the assessment was planned, implemented and finalized within the span of 28 days. The short time of implementation limited the assessment in several ways. Firstly, there was a need to limit the number of KIIs and FGDs to ones that could provide the most relevant information for a wide spectrum of topics. Secondly, the AT used convenience sampling because probability sampling could not be implemented. Accordingly, results and conclusions of the assessment cannot be generalized to the overall population.

- Secondary data was found in a wide range of sources and scattered in many reports and websites. Therefore, the AT assumes that not all data relevant to the topic has been referenced in this report.
- Secondary data proved to be confusing in several instances. Due to the occurrence of more than one definition for a single concept or weak quality control protocol for data collection, the AT found wildly differing statistics across different sources or over time. The KIIs also confirmed the AT's concerns about the possible lack of validity and reliability of some published statistics.
- "Social desirability bias" is a concern with face-to-face interviews as individuals may report what they think the surveyor wants to hear. Although the AT stressed to participants that all opinions and perspectives are valid and that we wanted to learn their actual views, given the sensitive nature of the research topic, this remains a real concern.
- "Refusal bias" is a concern with all survey data, as individuals may refuse to answer a question where they may feel that a true answer may reflect poorly on them. There were no refusals in the students' sample. There is no way for the team to calculate the refusal rate for the survey with business owners or administrators, because our focal points of deliverance have not reported the number of questionnaires they distributed.

## 3.0 WORKFORCE READINESS IN KOSOVO

### 3.1 THE CURRENT SITUATION

According to the 2011 Census Data<sup>1</sup>, Kosovo has 1.74 million permanent residents. 47.4% of the population is below the age of 25, making Kosovo the country with the youngest population in Europe. Over 92% of the population consists of ethnic Albanians, and the remaining 8% is composed of Serb, Bosnian, Turk, RAE and other communities. From among the population aged 10 years and over, 8.2% hold tertiary qualifications, 29.9% graduated from secondary institutions, whereas 35.1% have completed compulsory education. 5.8% of the literate population are reported as having no formal education and 3.9% of those aged 10 and over are illiterate.

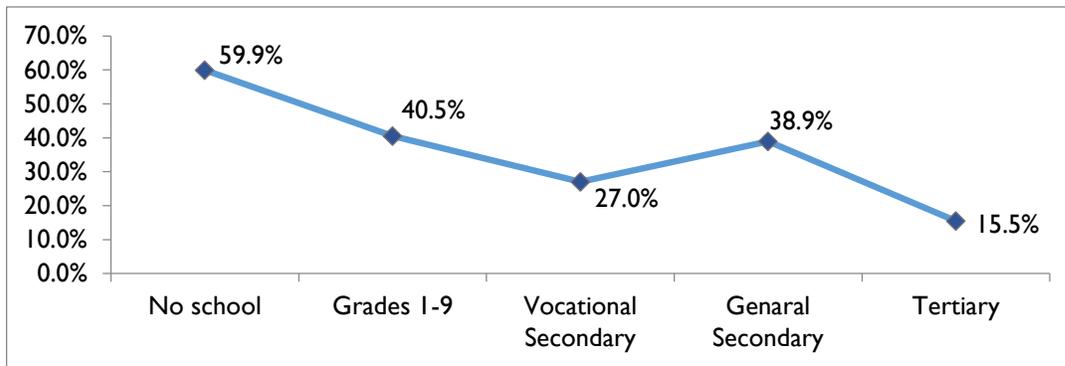
At around €2,900 in 2013 (or approximately €6,000 when adjusting for price levels), Kosovo has the second lowest Gross Domestic Product (GDP) per capita in Europe after Moldova (World Bank, 2014). According to the 2013 Labor Market Survey (KSA, 2014), the unemployment rate is relatively high - 30%, and the labor force participation is lower (40.5%) than that of other Western Balkans countries, which ranges between 43.6% and 63.9%, or of the EU, which is 71.8%. One of the reasons for this discrepancy is the fact that Kosovo has such a young population and many of these young people counted as inactive are still in formal schooling. While this is certainly true, the unemployment rate of youth aged 15-24 is reported to be 55%, and while each year approximately 36,000 young people join the working age population (i.e., 14 year olds turn 15), only about 10,000 adults annually leave their workplaces due to retirement.

As shown in Figure 1, unemployment is highest among people with no education (59.9%) and the lowest among graduates from tertiary education (15.5%).

**Figure 1: Unemployment by educational attainment**

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<sup>1</sup> The Census was not carried out in four out of 38 Kosovo municipalities located in the North of Kosovo and mainly inhabited by Serbian population. European Center for Minority Issues estimates that 80,000 people live in those municipalities ([www.ecmikosovo.org](http://www.ecmikosovo.org)).



Source: Labor Force Survey, 2013.

In 2011, 29.7% of the Kosovar population was living below the poverty line and 10.2% were living in extreme poverty (World Bank, 2014). Poverty and unemployment appear to be the two most pressing problems Kosovo society is facing. Private sector development policies will play a crucial role in facilitating economic growth in Kosovo and promoting the country's integration into the world economy. To this end, 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 labor market needs (Government of Kosovo, 2014).

## 3.2 KOSOVO'S LABOR MARKET

Kosovo's economy is still fragile and relies heavily on remittances. The private sector is currently 98% micro-enterprises, which employ between one and nine employees (USAID, Kosovo: Country Development Cooperation Strategy 2014-2018, 2013) and is not able to create enough jobs to absorb new entrants. Additionally, as will be discussed below, many Kosovar youth do not have the skills necessary for the jobs that are available.

The labor market issue is very complex. To develop a strong legal infrastructure with appropriate strategies, policies and programs requires coordination and constant communication between actors at the national and local levels. The sections below will present the key data related to labor force, labor market structures and legal infrastructures that aim to address the challenge of high unemployment and inactivity among the working age population.

### 3.2.1 Key Data

Although real GDP growth was 3.4%<sup>2</sup> in 2013, the economy cannot absorb the influx of new entrants in the labor market. It is estimated that 36,000 new entrants compete for approximately 4,000 new jobs at most, a ratio of nine jobseekers per one position. (USAID, 2009)

In addition to high unemployment rates, the high inactivity rate among working age population is a persistent challenge for the existing labor market structures in Kosovo. More than half of the working age population is inactive (59.5%), of which two-thirds are women.

The main reasons for not seeking employment are reported to be an absence of vacancies, family responsibilities<sup>3</sup>, and school attendance (KAS K. A., 2014). Nepotism in the hiring process in the public and private sector also makes finding a job an even greater challenge.

Gender disparities in labor force are evident in each labor market indicator; 78.9% of working age women are not active in the labor force; 38.8% of women in labor force are unemployed, 12% higher

<sup>2</sup> <https://ask.rks-gov.net/ENG/home>

<sup>3</sup> Due to traditional roles in the Kosovo society the percentages show that this reason is valid more for women (35.9%) than for men (1.9%)

than for men, whereas only 12.9% of women in the labor force are employed, almost three times lower than men.

Considering that youth aged 15-24 make up 29.6% of the total working age population, youth unemployment is another challenge for the economic and social stability of Kosovo. Almost 56% of active youth<sup>4</sup> in the labor force are unemployed; 68.4% of young women are unemployed; and 35.2% of all youth of working age are neither working, nor going to school or receiving training.

In addition to the lack of jobs in the labor market, the Kosovar economy also faces structural unemployment, meaning the types of technical skills that are taught do not match labor market demands. Employers, including those interviewed by the AT, also report that employees lack practical skills and general transferable skills such as communication (in foreign or native language), negotiation, analytical problem and conflict solving, mathematic/numerical skills, and client-oriented services. (World Bank, 2013), (KIs and FGDs).

Informal employment<sup>5</sup> is another challenge for the labor market in Kosovo although there is a lack of data and analysis on its size and features. The UNDP Human Development Report 2012 estimated that between 30% and 40% of the Kosovar labor market is informal. The Business Informality report (RIINVEST, 2013) also estimates that 37% of the total employed workforce is not declared since businesses try to avoid taxes and regulations. This is particularly true in the agricultural sector. Often for the labor market entrants (especially women and youth) the informal sector is the only way to find a job in an economy that provides extremely limited numbers of jobs. On the other hand, 68.2%<sup>6</sup> of business owners declared that their employees asked to be paid in cash rather than through bank transfers, in order to avoid income tax and pension contribution and to retain more cash on hand. (RIINVEST, 2013).

### 3.2.2 System Map

To address the challenges indicated above, the government officials at the central and local levels have to cooperate closely while coordinating their efforts on developing laws, policies, and strategies to mitigate the problem of high unemployment. Nonetheless, the implementation of the existing policies and strategies is a challenge on its own considering the complexity of this matter and number of actors involved. Figure 3 on the next page illustrates the structures involved in the labor market as well as their relation and level of cooperation.

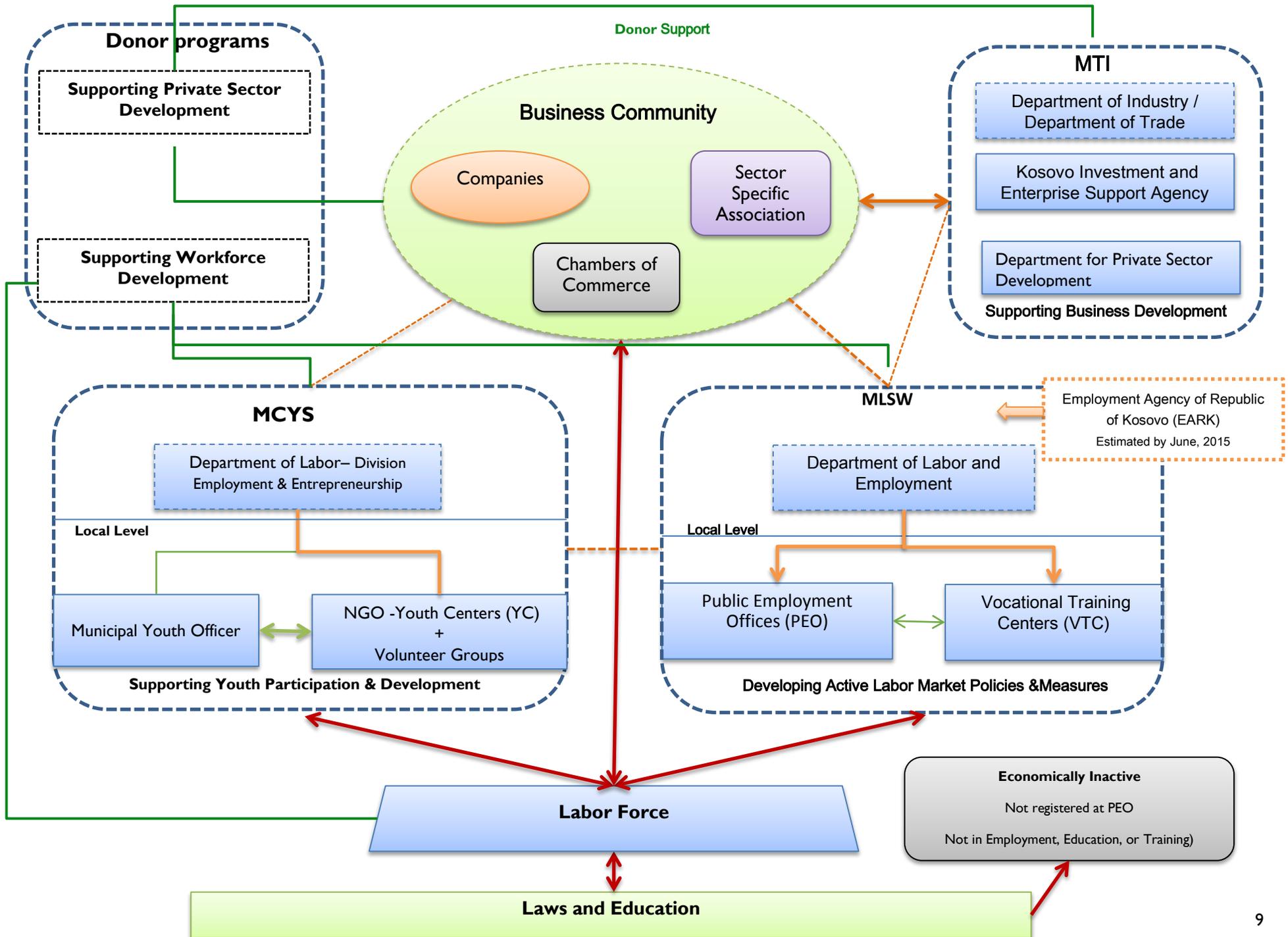
Figure 2: Relationship Between Actors in the Labor Market	
	The lines symbolize the support by different partner or donor program
	The arrow symbolized the direction of dominant relationship in the government level (chain of command)
	The lines symbolize the direction of cooperation between central and local government (not reporting hierarchy)
	The both sided arrow symbolized the direction of cooperation – Orange color cooperation is required/ Green color cooperation is advised
	The dotted lines symbolize the level of cooperation between different actors. The slimmer the line the cooperation is lower.
	The arrow with this color symbolized the possible movement of labor force

<sup>4</sup> Total working age population (15-64) is 1,191,630. Youth working age population (15-24) is 353,260

<sup>5</sup> A wide definition of informal employment includes self-employment and wage employment in informal enterprises and informal jobs in a formal company

<sup>6</sup> There are 408 employers out of 686 employers who participated in the survey.

Figure 3: Structures involved in labor market, their relation and level of cooperation



### 3.2.3 Key Legislation and Policies

There are currently many labor-market related laws and policies that attempt to address some of the workforce issues in Kosovo. This legal framework includes policies targeting specific populations including women, persons with disabilities (PWDs), youth, and war invalids; as well as areas of programmatic intervention including public employment, vocational training, social welfare, social dialogue, social enterprises and program monitoring. Of course, such a policy framework cannot succeed if implementation is limited or lacking. As will be discussed below, implementation gaps are often the result of insufficient funding for mandated policies, limited communication with and coordination of national and local structures, and deficiencies in the training of personnel required for effective implementation.

This section presents the most important laws and strategies of the Ministry of Labor and Social Welfare (MLSW), Ministry of Culture, Youth and Sports (MCYS), Agency for Gender Equality (AGE) and Ministry of Trade and Industry (MTI), which aim to regulate employment and training, and promote employment.

**The Labor Law:** Approved in November 2010, it is considered the most important piece of labor legislation (Kosovo Assembly, 2010). It regulates all rights and obligations deriving from employment relationships between employees and employers in the private and public sector in the Republic of Kosovo. However, implementation remains a challenge, especially Article 49 on Maternity Leave<sup>7</sup>, trying to balance the private and professional life for women and men employees, particularly in the private sector. Studies in the first six months of its implementation and anecdotal reports have shown a negative impact as an unintended consequence of the law, with employers unwilling to assume the costs of providing mandated partial-salary benefits to female employees who remain at home for up to one year following the birth of a child (GAP, 2011). This results either in a reluctance to hire women of child-bearing age, a termination of their employment before such benefits are warranted, or pushing women into informal employment where such benefits are not provided,

**Law for Registration and Records of Unemployed and Jobseekers:** Adopted on 2012, this law aims to establish procedures and conditions of (de)registration of (un)employed and jobseekers at the Public Employment Offices (PEO) (Kosovo Assembly, 2012).

**Law on Vocational Ability, Education and Employment of Persons with Disabilities:** Approved in 2008, this law aims to regulate the conditions and ways to provide vocational training and employment for PWDs (Kosovo Assembly, 2008). In 2010, the Ministry of Education, Science and Technology (MEST) developed the Strategy for Integration of Children with Special Needs in the Kosovo Pre-University System 2010-2015. This document was fully integrated in KESP 2011-16 and, to a large extent, implemented in practice. In fact, the MEST Special Needs program described in Section 4.2 has been based on this strategic document.

**Regulation on Active Labor Market Programs (ALMP):** Issued by MLSW in 2012, it determines the ALMP for unemployed and jobseeker, competences of central and local institutions, and benefits and obligations for the jobseeker (MSLW, 2012).

**Law on Employment Agency of the Republic of Kosovo:** Was approved in 2013, to establish the Employment Agency of Kosovo as the public provider of services in the labor market. It aims to manage and implement the employment, labor market and vocational training policies (Kosovo Assembly, 2013).

**Law on Youth Participation and Empowerment:** Approved in 2009, the law aims to promote youth participation in decision-making processes and improve the quality of life and social status for youth. (Kosovo Assembly, 2009). With the Administrative Instruction No. 10/2010, the law regulates the volunteer work of young people, indicating that volunteer work shall be acknowledged as work experience by local and center youth institutions (MCYS, 2010).

**The Law on Gender Equality:** Approved in 2004, the Law on Gender Equality aims to create conditions for ensuring gender equality through policies with special emphasis to improving female status by

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<sup>7</sup> Women are entitled to payment for the period of 9 months: the first 6 months of 70% of basic salary will be paid by the employer, the following 3 months of 50% of average salary will be paid by government, and a final 3 months without payment.

undertaking affirmative measures such as introducing quota<sup>8</sup> to eliminate barriers and all forms of gender discrimination (Kosovo Assembly, 2004). The more recent amendments to the law have to be adopted by March 2015.

**Sectorial Strategy on Employment and Social Welfare 2014-2020:** Although not approved, this document provides a guide to actions that will be taken by the MLSW during the stated period. The strategy covers four crucial segments: employment and vocational training, social welfare, pension system, and social dialogue and labor. Due to developments in the political arena and lack of budget, to date the strategy and the action plan are not approved. As pointed out by representatives of the MLSW, the strategy is being revised in the areas of activities and budget.

**Kosovo Strategy for Youth 2013 – 2017, and the Action Plan 2013-2015 (KSYAP):** Approved in 2013 by MCYS, KSYAP aims to empower and increase participation of youth (aged 15-24), in decision-making processes and employment. The six objectives of the strategy include youth participation, non-formal education, employment and entrepreneurship, health, human security and culture, and sports and recreation.

**Kosovo Program for Gender Equality (KPGE) 2008-2013 and the Action Plan for Women Economic Empowerment.** These were designed to promote gender mainstreaming in education, economic development, and rule of law in order to break barriers and stereotypes that hinder women's progress. The KPGE anticipated gender specific activities in education to ensure better access for all women, especially young women, and to improve their skills to be able to compete in the labor market. The responsible ministry to implement education related activities was MEST and local NGOs (AGE, 2008).

**Private Sector Development Strategy 2013-2017:** Approved in 2013 by the MTI, this strategy aims to increase employment and reduce poverty by increasing the competitiveness of companies in the global arena. In this respect, one of its measures is to support companies to develop technical, innovative and managerial skills by establishing innovation centers and special funds that support innovative ideas, and providing training to entrepreneurs to increase their technical skills (MTI, 2013).

**Concept of the first Kosovo Industrial Policy:** The MTI – Department of Industry in cooperation with MEST drafted this in an effort to: (i) improve the responsiveness of the education and training systems to labor market demand; (ii) generate new jobs by fostering and promoting entrepreneurship and innovation with a particular focus on youth and women entrepreneurial activity, as well as minority participation; and (iii) increase competitiveness by introducing export-oriented clusters and allocating funds for industry cluster organizations (MTI, 2015).

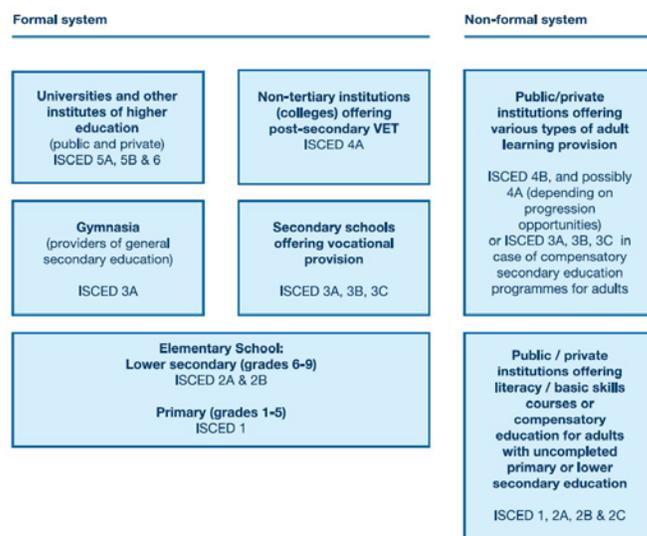
### 3.3 EDUCATION AND TRAINING SYSTEM

The public education system in Kosovo operates through a network of 42 pre-school institutions, 989 primary and lower secondary schools, 116 upper secondary schools, and six universities (MEST, 2014b). In addition, there are 10 licensed private institutions offering primary and secondary education, as well as 25 licensed private higher education institutions. A number of private institutions offering pre-school services are currently going through the licensing process, so their exact number is still unknown. Figure 4 shows the education system by levels of International Standard Classification of Education (ISCED).

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<sup>8</sup> Art. 3.2. Equal gender participation of both females and males, according to Section 3.1, is achieved in cases where the participation of the particular gender in the institutions, bodies or at the level of authority is 40%.

**Figure 4: Kosovo education system by ISCED levels**



Source:(NQA, 2011)

By Law, municipalities in Kosovo have full and exclusive powers with respect to the provision of public pre-school, pre-primary, primary and secondary education, while the role of the central government is mainly restricted to policy making, setting the standards, and inspecting the schools. Operation of schools is funded from the Special Education Grant allocated to the municipalities on per-capita basis by the central government, and municipalities may allocate funds for goods and services to schools based on a certain municipality-to-school funding formula. Staff salaries are executed by the Ministry of Public Administration (MPA) based on input from municipalities, while funds for capital outlays are transferred to municipalities by the Ministry of Finance (MoF).

The Kosovo Higher Education System is governed by the 2011 Higher Education Law and a set of bylaws derived from it. The body responsible for higher education policy implementation and for licensing all higher education institutions is MEST. The other main regulatory bodies are the Kosovo Accreditation Agency (KAA) and the National Qualifications Authority (NQA). Overseen by the Kosovo Accreditation Agency, the NQA is an independent, public agency responsible for accreditation of all public universities and private higher education institutions (HEIs) offering academic degrees. NQA is a cross-ministry body, charged with developing the National Qualifications Framework at all levels, to comply with needs of society and economy. Finally, a mandated State Council on Higher Education is intended to “advise the Minister on higher education matters” (Article 6, paragraph 1.8 of the Higher Education Law). This Council, which has not yet been established, will be a purely advisory body with no formal authority to set standards in higher education.

Table 7 provides information on Gross Enrollment Ratio (GER)<sup>9</sup> across different education levels. It should be noted that participation in pre-school education in 2010/11 was higher than in Macedonia (25.5%) and Bosnia and Herzegovina (17.4%), and lower than in all other countries in the region (MEST, 2014b). However, this figure includes pre-primary education as well. If we look only at children aged 0-5 in specialized pre-school institutions, participation rate is extremely low – around 4% of the age group.

Participation rates in lower secondary and upper secondary are rather satisfactory compared to other countries in the region as can be seen from Figures 5 and 6 (MEST, 2013). Finally, demand for higher education has rapidly increased in the last six years, exceeding the EU average of 62.7% (MEST, 2015) (Eurostat, 2012).

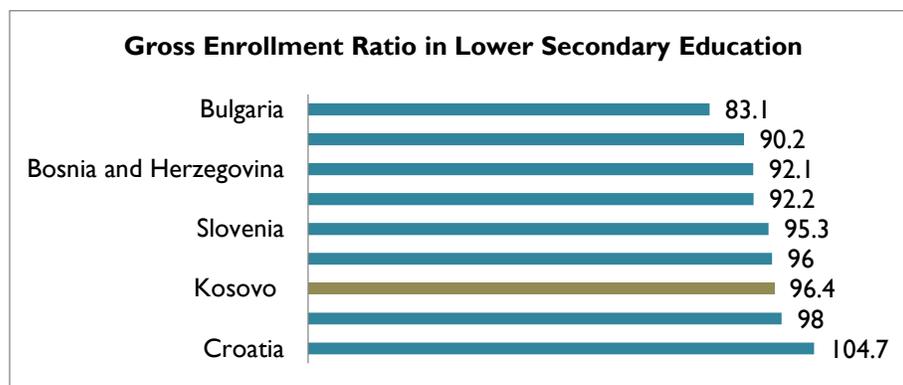
<sup>9</sup> Gross Enrollment Ratio - overall enrollment of children/students in an education level, regardless of age, expressed as a percentage towards the population that has the official age, which corresponds to the same level of education in a given school level

**Table 7: Gross enrollment ratio across education levels**

Education level	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Preschool (3,4,5 yr.)			26.10%	27%	27.20%	26.70%
Preschool (5 yr. )	70.10%	68.60%	71.30%	74%	76.30%	74.50%
Primary (6-11)	103.90%	97.40%	98.10%	95.20%	98.80%	97.40%
Low secondary (12-15)	114.70%	100%	96.40%	99.90%	94.10%	93.60%
Upper secondary (16-19)	81.80%	86.90%	91.80%	92.10%	97.80%	96.30%
Higher (20-24)	29.71%	38.54%	45.92%	50.87%	67.84%	76.50%

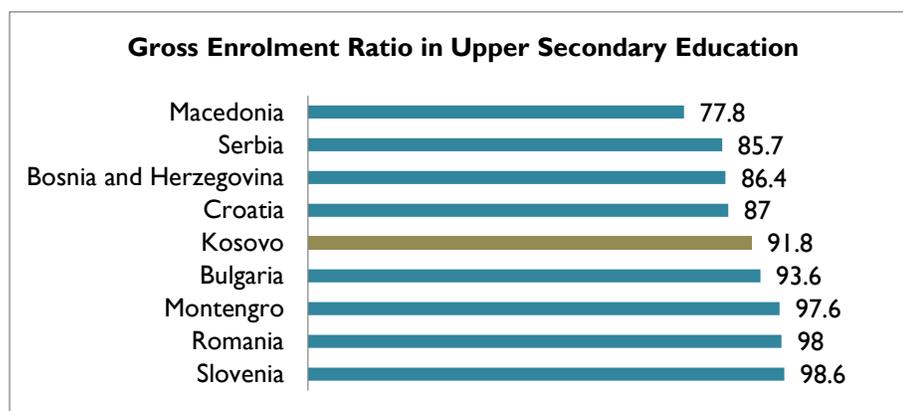
Source: (MEST, 2015) for all levels, except higher education, which was calculated

**Figure 5: Gross enrollment ratio in lower secondary education – regional comparison 2011**



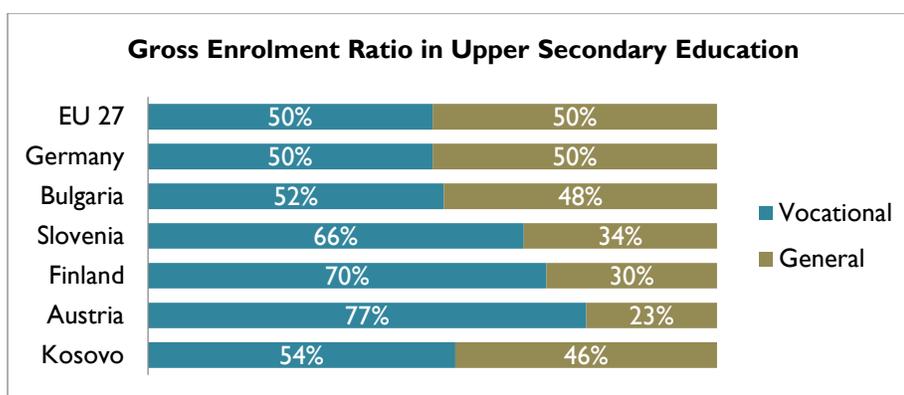
Source: (MEST, 2013)

**Figure 6: Gross enrollment ratio in upper secondary education – regional comparison 2011**



Source: (MEST, 2013)

**Figure 7: Students enrolled in upper secondary education by type of study 2011**



Source: (MEST, 2015)

In the academic year 2013/14, 54% of upper secondary students in Kosovo were enrolled in vocational schools. For comparison with several EU countries see Figure 7.

Table 8 provides comparison of some key indicators in Kosovo and the EU, as well as relative to the targets of the EU 2020 strategy. It is noticeable that Kosovo lags behind the EU in almost all education and employment indicators.

**Table 8: Kosovo compared to key EU 2020 indicators**

Indicator	Kosovo	EU	Europe 2020
The rate of 15-24 age group out of education and employment	35.30%	12%	10%
The graduates rate (30-34 years old)	10%	37%	40%
Inclusion of children (4-6) in the pre-school education	45%	93.90%	95%
The employment rate of the age group (20-34)	22.30%	75.50%	82%
Public expenditure in education	4.7%	5.30%	-
Participation in VET	54%	50.00%	-
The graduates rate (30-34)	10%	34.6%	40%

Source: (MEST, 2015)

Data from the Kosovo Agency of Statistics (KAS) on number of teachers, their qualification and gender structure by ISCED levels are summarized in Table 9. There is no accurate data on university teachers given the fact that many of them hold teaching positions in several higher education institutions.

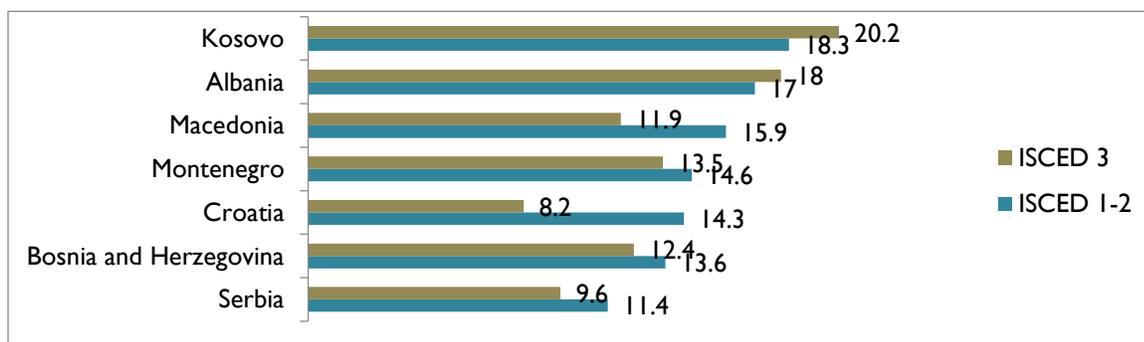
**Table 9: Teacher qualification structure in pre-university education sector**

ISCED level	Master degree or higher		University degree		Higher School Degree		Secondary Degree		Total	
	T	F	T	F	T	F	T	F	T	F
0			555	529	584	574	311	299	1450	1402
1	64	42	2752	1974	3312	1854	1403	505	7531	4357
2	252	111	4403	2067	4860	1763	617	232	10132	4173
3	470	155	5128	1957	544	204			6142	2316
Total	786	308	12838	6527	9300	4395	2331	1036	25255	12248

Source: (MEST, 2015)

Despite a declining trend of the student-teacher ratio in all levels of pre-university education (Duda and Golubeva and Clifford-Amos, 2013), Kosovo still has the highest ratio in the region, as shown in Figure 8.

**Figure 8: Student-teacher ratio across levels – regional comparison**



Source: (Duda and Golubeva and Clifford-Amos, 2013)

## 4.0 ANALYSIS AND FINDINGS

### 4.1 EFFECTIVENESS OF CURRENT POLICIES AND STRATEGIES

#### ***Policies and Strategies Dealing with Workforce Readiness in Kosovo***

GoK has acknowledged that to strengthen Kosovo's economy young people must be better-educated and better-trained to meet the standards for a globally competitive workforce. In a country where more than half of the population is under the age of 30<sup>10</sup>, youth workforce readiness must be a priority.

The myriad of policy documents created by GoK in the labor, education, youth, trade, and industry sectors seeking to address workforce development and readiness are indicators of such awareness. In general, these documents are well-written and maintain some coherence within a sector but are not always well aligned with policy documents in other sectors. A lack of rigorous and comprehensive assessments of labor market needs, the education system, and their interaction, provides only a weak base on which to conclude whether policies are effectively aligned with Kosovo's needs for a well-educated and well-trained workforce. Additional weaknesses shared by existing policy documents are a lack of sufficient GoK funding for implementing action plans and heavy reliance on donor funding. Considering the current state of GoK's budget, effective implementation of strategies supporting entrepreneurship and innovation requires joint action plans and budgeting of the involved ministries. The flexibility that the policy documents provide for adjusting and aligning policy implementation with needs on the ground is often hampered by the tendency to overregulate every aspect of policy implementation. Furthermore, policy implementation routinely starts without adequately equipping professionals with the necessary knowledge and skills for implementation.

A youthful population is an asset but also a large responsibility for GoK. Youth unemployment rates of over 70% (USAID/Kosovo Strategy 2014-2018) require a holistic approach from a host of governmental institutions including MLSW, MEST, MCYS, MTI, Ministry of Agriculture, Forest and Rural Development (MAFRD), AGE, and Kosovo Investment and Enterprise Support Agency (KIESA).

#### ***Sectorial Strategy on Employment and Social Welfare***

In March 2013, MLSW established an inter-ministerial team to develop the Sectorial Strategy on Employment and Social Welfare 2014-2020 (SSESW) and the Action Plan for its implementation. The draft strategy places special importance on employment, vocational training, and inclusion. Recent sluggish progress and somewhat difficult political developments in Kosovo, however, have hindered approval of the strategy and its action plan. While the draft strategy is seen as an improvement over the Employment Strategy 2010-2012 – it is more realistic in terms of what can be achieved in a specific time period and the funding necessary to achieve its goals – it has not entirely escaped the trap of formulating objectives for

<sup>10</sup> As per last census 2011, 965,244 from the total population 1,739,825 were younger than 30 years of age.

which insufficient funding is allocated.<sup>11</sup> The Employment Strategy 2010-2012 has been criticized for unrealistic, unclear, and immeasurable objectives, lack of mechanisms that ensure long-term job creation, and absence of financial incentives to stimulate private sector growth (GAP P. B., 2013).

### **Kosovo Education Strategic Plan (KESP)**

Based on available information about Kosovo's education system and labor market needs, MEST developed and endorsed a series of strategic documents that promote and support the preparation of a skilled workforce to directly respond to labor market needs. The 2011-2016 KESP – the most comprehensive policy document in Kosovo's education – clearly supports such measures in different education sectors, particularly VET and higher education (MEST, 2011). The VET section of KESP specifically addresses improvement of professional practice (target VET1) and links between VET schools and the labor market (VET 4&6). The National Qualifications Framework and procedures for accreditation and quality assurance (VET 8) are also paid sufficient attention in KESP. Likewise, the KESP section dealing with higher education promotes the alignment of tertiary programs with labor market needs based on labor market research (HE4). All other important education policy documents mainly originate from and are consistent with KESP. All education sector KIs, at both central and local levels of governance, identified KESP as the main education policy document guiding their actions. MEST annual planning is based on KESP, whereas implementation progress is assessed the following year in a meeting, known as Joint Annual Review, which brings together different sectors of the government as well as local and international development partners. The Joint Annual Review for year 2014 took place during the assessment, on 24-25 February, 2015. The progress report was presented by MEST and extensively discussed with all relevant stakeholders; the main conclusions and recommendations will be summarized in the Aid Memoire and are not currently available.

Effective implementation of KESP is highly dependent on the allocated budget. Kosovo's public spending in education has grown steadily from 3.3% of GDP in 2007 to 4.1% in 2012 (World Bank, 2014). Despite this growth, Kosovo still spends less than the Europe and Central Asia average (4.6%) or the upper middle income country average (5%). Among South Eastern European countries, Kosovo spends more than Albania (3.3%) and Macedonia (3.5%) but less than Croatia (4.4%) and Serbia (4.7%).

In 2012, wages accounted for 92% of total spending in basic education (grades K-9), capital spending for 3%, and goods and services for 5% (World Bank, 2014). Kosovo's non-wage spending is low compared to OECD and regional countries. On average, OECD countries spent 22% of their education budgets on non-salary recurrent items and about 8.7% on capital expenditures (World Bank, 2014). Total public spending for education in Kosovo stayed at €230.5 million per year for 2012 and 2013 and increased steeply to €262.3 million in 2014 due to the 25% increase in salaries in the education sector on April 1, 2014. This increase led to a 15% decrease in the budget for goods and services, which is expected to negatively affect effective implementation of KESP and its corollary policies.

### **Kosovo Industrial Policy**

The MTI Department of Industry sponsored the first Kosovo Industrial Policy<sup>12</sup> Concept, which links sector specific policies with the National Development Strategy 2020 (NDS). Aligned with KESP, the Concept seeks to support the new pre-university competency-based Curriculum Framework to address the skills shortage challenge by promoting competency-based learning and improving responsiveness of the education and training systems to labor market demand. One of the seven curriculum areas focuses on developing core and soft skills, such as researching, problem solving, reviewing new concepts, skills and materials, learning by doing, creativity, and entrepreneurship, in order to become competitive in the labor market and embrace 21<sup>st</sup> century technological developments. Many KIs shared the concern that this competency-based curriculum can be effectively implemented in general education high schools but not in vocational schools for two reasons. First, lumping together very diverse technical skills in one curriculum area creates

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<sup>11</sup> Objective one in the SSESW 2014-2020 aims to enhance employment, skills development, and functionalization of the labor market. Its implementation heavily relies on donor funding and activities do not align with current labor market needs. For example, 10,000€ are planned for training "delinquents" and candidates in correction centers, and 20,000€ for in-company professional development for VTC candidates in 8 centers during a 3 year period.

<sup>12</sup> Hereafter referred to as the Concept.

difficulties in harmonizing curriculum deliverance.<sup>13</sup> Second, teachers and curriculum coordinators are not prepared to implement the new curriculum in the classroom.

### ***Strategy for Improvement of Professional Practice***

The Strategy for Improvement of Professional Practice (SIPP) in Kosovo 2013-2020 (MEST, 2014) clearly addresses one of the key problems of the VET, which is also addressed in the KESP (target VET1): absence or poor quality professional practice. SIPP's strategic priorities can be summarized as follows: 1) enhancing opportunities for professional practice; 2) enhancing the quality of professional practice; and 3) building partnerships of VET schools, businesses and local community. They are accompanied by two manuals, one for schools and the other for businesses, which define the steps for organizing an effective professional practice. Effective implementation of this strategy requires that both vocational education institutions and the private sector understand their responsibilities and cooperate to achieve the goal of preparing the youth workforce in Kosovo. The current understanding of each actor's responsibilities and their degree of cooperation leave the strategy far from being effectively implemented.

### ***Kosovo Strategy for Youth and Action Plan (KSYAP)***

The MCYS – Department of Youth, in cooperation with relevant sector stakeholders, developed the KSYAP that aims to increase the employment of youth (ages 15-24) and enhance their engagement and participation in governmental and civil society organizations (CSOs) affecting their lives. Two of its six objectives - non-formal education, and employment and entrepreneurship - overlap and complement the MLSW and MEST strategies and action plans.

Youth entrepreneurship and innovation have been incorporated in several strategies: 1) KESP focuses on entrepreneurship; 2) KSYAP seeks to enhance cooperation between youth organizations and Government and support youth innovation and creativity by providing entrepreneurship training and seed funds to give life to their ideas; and 3) MTI approved the Private Sector Development Strategy 2013-2017, which aims to increase employment and reduce poverty by increasing the competitiveness of companies in the global arena. In this respect, one of the MTI Concept's measures was to support companies to develop technical, innovative, and managerial skills by establishing innovation centers, providing special funds that support innovative ideas, and training entrepreneurs to increase their technical skills. The MTI Concept aims to generate new jobs by fostering and promoting entrepreneurship and innovation with particular focus on youth and women, as well as minority participations. Additionally, it also plans measures involving establishing a grants scheme, joint industrial finance, risk sharing partnerships and incentives for start-ups and on-the-job training. The €1.6 million implementation budget, including donor support, for KSYAP 2013-2015 is deemed insufficient to achieve its stated objectives of enhancing social inclusion, employment and entrepreneurship, and non-formal education. The Kosovo Youth Action Plan 2016-2017, to be developed in the current year, is expected to focus on youth employment and entrepreneurship, and non-formal education.

### ***Kosovo Program for Gender Equality (KPGE)***

The KPGE 2008-2013 and the Action Plan for Women Economic Empowerment promote gender mainstreaming in education, economic development, and the legal system in order to break barriers and stereotypes that hinder women's progress. MEST and local NGOs were responsible for implementing education related activities (AGE, 2008). KPGE anticipated that gender-specific activities in education would ensure better access for all women, especially young women, and improve their skills to be able to compete in the labor market. This was another program that was well-written on paper but lacked the necessary

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<sup>13</sup> For example, six out of seven curriculum areas (Languages and Communication, Arts, Mathematics, Natural Sciences, Society and Environment, Health and Wellbeing) typically lead to acquiring competences not directly related to technical skills needed for a certain profession. All subjects providing technical skills are grouped under the seventh area named Life and Work. In pilot schools, the work around the implementation of the new curriculum is carried out by departments organized by curriculum areas and all staff teaching professional subjects are part of the Life and Work Department.

budget to ensure its implementation. For example, AGE was allocated only €65,000 in 2013 and €66,500 in 2014<sup>14</sup>.

### ***RAE Integration Strategy***

The RAE Integration Strategy (GoK, 2008) focuses on improving participation of RAE populations in the education system and providing basic skills needed for workforce development. It has a component which includes a range of active labor market measures, such as training, support for entrepreneurship and business start-ups. The Ministry for European Integration has assumed lead responsibility for promoting the implementation of this strategy.

### ***Communication with and Awareness of Policy Implementers about Policies***

Kosovo's ministries have protocols for passing necessary information to policy implementers. Although KIs from across ministries at the central government claimed that information was effectively passed to implementers at regional and local levels of government, those from regional and local levels of government revealed that clearer and more frequent communication of policies, rules, and regulations would help them better understand and implement such policies.

Major education policy documents in Kosovo are the product of teamwork and a wide consultation process with relevant stakeholders. However, this does not mean that policies have been properly communicated to those who are expected to implement them. This gap particularly applies to communication between the central and local government. For example, Municipal Education Directors complain that they know very little about the new competency-based curriculum, although they are supposed to support schools in its implementation. Likewise, schools know very little about government development policies that affect teaching and learning, including the teacher licensing process or teacher professional development.

Deficiencies in communication and coordination between levels can inhibit the implementation of education reform in Kosovo, including effective workforce development. One example is redundancy of professional profiles between centers of competence operated by the VET Agency and secondary vocational schools operated by municipal authorities. The Center of Competence (CoC) in Skënderaj, built with Norwegian support, specializes in construction and has very well equipped workshops situated in a 10,000m<sup>2</sup> building. Despite the fact that CoC has only 250 students, which is less than a third of its intake capacity, similar programs are offered by the Anton Çeta Vocational Secondary School situated only a few hundred meters away, and also by the Bahri Haxha Vocational Secondary School in the neighboring municipality of Vushtrri. The two vocational schools struggle to provide their students with opportunities for practical work, whereas Skënderaj CoC resources are underutilized. Similar examples can be seen in Prizren and Ferizaj, where CoCs specializing in business administration and health operate alongside vocational secondary schools offering similar programs with much less professional practice.

Recognizing the need for improved communication among different stakeholders in Kosovo's education sector, MEST, with the support of GIZ Capacity Development in the Basic Education Program (CDBE), developed a communication strategy (MEST, 2014d). Afterwards, a tailor-made training program, funded by the GIZ/CDBE, was provided to MEST and Municipal Education Directorate (MED) officials geared towards improving communication.

MLSW implements its strategies through Public Employment Offices (PEOs) in 23 municipalities, as well as eight Vocational and Training Centers (VTCs) and six mobile training units. All structures are under direct supervision of MLSW and decisions related to the implementation of the Active Labor Market Policies and Measures (ALMPM), allocated budgets, and identified targets are communicated to both executive structures. VTCs provide free vocational trainings in over 30 occupational profiles. However, centralization limits the efficiency of PEOs, and especially of VTCs that require training materials and tools, and centralized procurement affects their efficiency and performance in delivering services. To solve this problem, MLSW sponsored the Law on Employment Agency, which will transfer VTC and PEO implementation bodies to the

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<sup>14</sup> Prime Minister's Office, Annual working plan of Government for 2013 and 2014

Employment Agency (EA) and decentralize their budgets. Although, EA planned to start operations on January 2015, it is not established due to a lack of budget and pending Minister’s decision.

MCYS implements its strategies in cooperation with local youth action councils, youth centers, and youth officers at the municipal level. According to the Law on Youth Participation and Empowerment, these structures are decentralized. The municipality is responsible for providing space for youth activities and running costs for the youth centers and councils. The Local Action Youth Councils (LAYCs), in cooperation with youth centers, develop Local Youth Action Plans (LYAPs) in alignment with thematic areas of KSYAP, to address the needs of their community. In the best case scenario, the budget is allocated by the municipal assembly. However, there are cases when no budget is allocated. MCYS provides small grants for youth centers and youth-focused NGOs competing with projects that aim to achieve the strategic objectives of KSYAP. Communication between local and central levels occurs on a project basis and is based on good-will rather than a formal system.

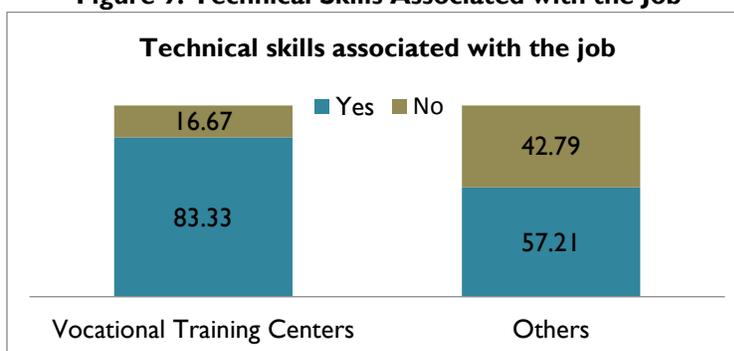
A UNDP/Aid for Trade project assessment revealed the lack of communication and coordination between MTI’s local and central structures, which will be addressed in the project’s second phase. The AGE under the Prime Minister’s Office was established by GoK authority (Kosovo Assembly, 2004) to implement and monitor the provision of the Law on Gender Equality, coordinate preparations of the Kosovo Programs on Gender Equality, and cooperate with Gender Affairs Officers (GAOs) at the central and local levels and with NGOs to promote a gender equality agenda. However, communication between central and local structures is not at an optimal level and, due to inadequate budgets, GAO activities are organized on ad hoc basis (Mullatahiri, 2013).

### **Education and Training System’s Responsiveness to the Problem of Youth Unemployment**

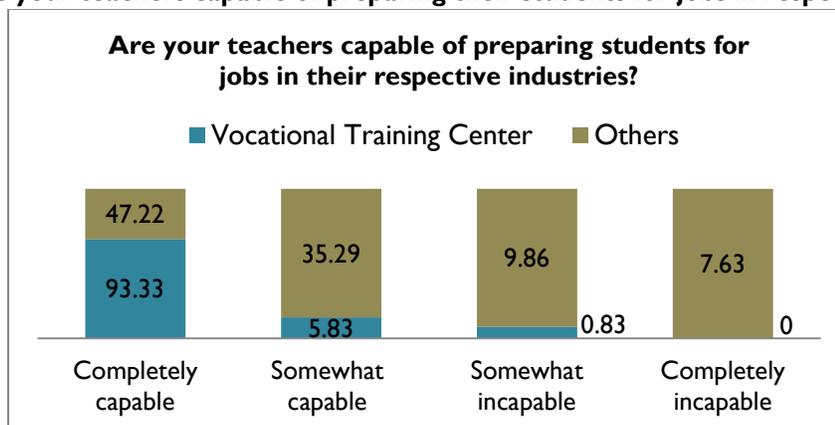
There are good examples of vocational schools introducing new programs which lead to better employment opportunities for their students. For example, a vocational school in Pristina developed a new program on computer machinery in cooperation with a local production facility, which can provide jobs for graduates.

MLSW-operated VTCs are located in seven major towns and provide tailor-made training programs for registered job-seekers. The VTC in Prizren offers courses in 11 different crafts and, according to the Director, 62% of trainees are able to find jobs. The center is well-resourced and there are cases of university students attending its courses in their field of study because hands-on practical skills are unavailable in university. About 83% of the VTCs’ students self-report having technical skills associated with the job (see Figure 9), and 93% state that their teachers are “completely capable” of preparing them for jobs (see Figure 10). In all surveyed schools and training institutions other than CoCs, rates are notably lower. In those institutions, surveyed students/trainees self-report that their technical skills preparedness ranges from 30% in general high schools to 75% in universities, whereas it reaches 93% among CoC students. On average, 56% of all respondents state that their teachers and trainers are completely capable of preparing students for future jobs. The Skënderaj CoC is an outlier among all surveyed institutions, with 93% of students stating that their teachers are completely prepared.

**Figure 9: Technical Skills Associated with the Job**



**Figure 10: Are your teachers capable of preparing their students for jobs in respective industries?**



## 4.2 MAJOR PROGRAMS IN WORKFORCE READINESS

### 4.2.1 Programs Supporting Employment and Vocational Training

The new draft Sectorial Strategy 2014-2016 sponsored by MLSW defines four strategic objectives to address challenges in the areas of employment and vocational training, social welfare, pension system, and social dialogue and labor.

Although the strategy and action plan are being revised, the ministry is continuing its efforts to increase employment, skills development, and improved functioning of the labor market. The main areas of intervention related to employment and vocational training are defined in cooperation with all stakeholders, including donors and other ministries. Whereas MLSW will contribute to infrastructure development and equipment of labs, other donor programs will provide a shared support to some of the programs listed below.

#### **Reformation and modernization of public employment services (PES) and responding to labor market needs**

Table 10 below presents the donor funded programs and projects that committed to support MSLW in the modernization and reformation of PES.

**Table 10: PES and ALMP programs**

Partner	Project/Program Name	Summary
UNDP/GoK and Ministry for Foreign Affairs of Finland	Active Labor Market Program (ALMP) for Youth Phase 2	Supporting Kosovo institutions to design strategic documents and policies, and providing training, internship opportunities and self-employment programs.
SDC/ Helvetas Swiss Intercooperation / MDA	Enhancing Youth Employment (EYE) Project	-Improving the linkages between the private sector and formal (i.e. schools) and non-formal (i.e. ad-hoc courses and practical learning) training and education systems. -Ensuring supply and demand better match by enhancing the market system for matching and career guidance services for Kosovo youth. -Enhance private sector companies' investments into opportunities that generate employment and enable youth entrepreneurs to have access to support services that allow them to successfully start and operate their own businesses.
BMZ/GIZ	YP Forth coming	Reducing informal employment and integrating young people in the labor market by introducing volunteer services and other leadership activities to increase participation of youth in the community and labor market.

**Implementation and expansion of active labor market measures to address the demands in the labor market focusing on persons facing difficulties in the labor market.**

MLSW, through its mechanisms at the municipal level (PEO and VTC), provides active labor market services and measures to registered jobseekers. Considering the high inactivity rates and budget constraints, the MLSW Department of Labor and Employment is able to provide public employment services and institutional training. However, to fill in the gap and address demand, other implementing partners and donor programs provide other measures, as indicated in Table 11, below.

**Table 11: Programs for persons facing difficulties in the labor market**

Partner	Project/Program Name	Summary
UNDP/GoK and Ministry for Foreign Affairs of Finland	ALMP Phase 2	Supporting Kosovo institutions to design strategic documents and policies and providing training, on-job training, internship opportunities, entrepreneurship training and start-up grant.
SDC/ Helvetas Swiss Intercooperation	EYE Project	-Improving the linkages between the private sector and formal (i.e. schools) and non-formal (i.e. ad-hoc courses and practical learning) training and education systems. -Ensuring supply and demand better match through enhancing the market system for matching and career guidance services and young women and men in Kosovo. -Enhancing private sector companies' investments into opportunities that generate employment and enable youth entrepreneurs to have access to support services that allow them to successfully start and operate their own businesses.
EU/WYG International	Enhancing Employment for Vulnerable Groups	Support the employment and social inclusion of the most disadvantaged and vulnerable groups, in particular beneficiaries of social assistance (category II) and people with disabilities, in labor market by expanding ALMP, introducing a grant scheme, and improving capacities of Department of Labor.
EU/IOM	EU-Beautiful Kosovo II	Reduce number of long-term unemployed in the short term by providing the public works (measure) and increased employability through work experience gained for selected beneficiaries.
SDC/ Helvetas Swiss Intercooperation	Skills for Rural Employment (S4RE)	Reduce poverty in rural Kosovo through targeted training and skills development, leading to increased employability by using M4P approach.
BMZ/GIZ	YP Forth coming	Reducing informal employment and integrating youth in the labor market by introducing volunteer services and other leadership activities to increase participation of youth in the community and labor market.
World Bank/MCYS	Kosovo Youth Development Program (KYDP)	Promote youth employment in Kosovo through entrepreneur trainings, business start-up and development grants, professional trainings and work practice; enhance youth policies and capacity building for Youth Department; and ensure quality service from youth centers.

**4.2.2 Youth Development Programs**

In alignment with the Kosovo Strategy for Youth 2013-2017 and Action Plan 2013-2015, in cooperation with the MCYS Department of Youth, and based on the demands of rural communities, interventions were funded by MCYS and some were implemented with the support of donor programs.

**Table 12: Youth development programs**

Partner	Project/Program Name	Summary
BMZ/GIZ	YP Forth coming	Reducing informal employment and integrating youth in the labor market.
World Bank/MCYS	KYDP	Promote youth employment in Kosovo through entrepreneur trainings, business start-up and development grants, professional trainings and work practice; enhance youth policies and capacity building for Youth Department;

		and ensure quality service from youth centers.
YMCA	Youth Leadership Program	Promote youth volunteerism and provide a leadership program in three levels: being aware of their community; youth creates their own group of interest; training on key life skills.

### 4.2.3 Private Sector Development

High rates of unemployment and a low level of job creation require immediate action in private sector development. In this regard, MTI adopted the Private Sector Development Strategy 2013-2017 as a guide for GoK and the donor community for the development of the private sector. To address the issues of unemployment and new job creation, the main focus of MTI was to increase employment and reduce poverty by supporting companies to develop technical, innovative, and managerial skills by establishing innovation centers, special funds that support innovative ideas, and providing training to entrepreneurs to increase their technical skills. Table 13, below, presents the donor programs and implementing partner programs that are supporting private sector development through human capital development and direct investment (opportunity or seed funds).

**Table 13: Private sector related programs**

Partner	Project/Program Name	Summary
USAID/ Cardno Emerging Markets/ Crimson Capital Fund/RTC Consulting	USAID Empower	Enhance opportunities for job creation in any value chain, through workforce skills development and attraction of foreign and domestic investment, using affirmative focus on assisting underemployed and disadvantaged populations. It aims to expand earning opportunities for women and to encourage their elevation into senior business management roles
USAID/Chemonics International	USAID AKT	Improve autonomous, horizontal communication between Kosovo Albanian and minority communities, and GoK and minority communities; improve economic opportunities in target municipalities; increase efficiency and capacity of target municipal administrations to respond to the needs of all their citizens; build capacity of Kosovo organizations by leveraging local, cross-ethnic leadership.
UNDP/ Government of Finland and Czech Trust Fund	Aid for Trade	Foster sustainable and inclusive economic growth through the promotion of trade and enhancement of Kosovo's competitiveness by providing technical assistance and supporting capacity development for MTI to develop and implement evidence-based and pro-poor trade reforms.
UNDP/ Austrian Development Agency (ADA)	EG/ITD	Create individual and institutional capacities in the municipalities of Dragash/Dragaš and Shtërpçë/Štrpce and further strengthen Suharekë/Suva Reka capacities to facilitate economic empowerment and job creation for individuals at risk of economic and social exclusion.
EU/ADA	Kosovo SME Promotion (EU KOSME)	Strengthen the capacities of MTI; establish a sound public-private sector dialogue to enhance the effectiveness of envisaged support action; support the Business Consultants Council (BCC); and implement the voucher scheme.
EU/IOM	Trade and Private Sector Development	Increase economic growth, private sector employment and international trade in Kosovo by improving the competitiveness of locally operating enterprises, and building a business climate conducive to investment and trade. Provide grants for SMEs that have growth potential.
EBRD/TEB Bank	Women Entrepreneurs in Kosovo	Support development of women-led SMEs in the region by providing training, coaching, mentoring, and access to finance and know-how to potential women.
EBRD/KOSME project	Support to Business Consultants	Increase capacities of BCC members for offering a broader range of services to address the more sophisticated needs of clients through educational activities such as workshops, conferences, presentations,

Partner	Project/Program Name	Summary
	Council (BCC)	trainings and seminars; ensure CMC certification process.
Women for Women International	Supporting Women in Rural Areas	Support the most marginalized women by providing basic business skills and a vocational skill with earning power in their local markets; encourage them to share ideas and resources; invest in business together; and help each other find solutions to common challenges.
SDC Swiss Contact, PEM and RIINVEST	Promoting Private Sector Employment (PPSE)	Increase sustainability of SMEs of selected sectors (tourism, food processing, manufacturing) to provide gainful employment for women and men by increasing the production and income; improving internal governance and promoting better organized sector; and reducing barriers for women entrepreneurs.
SDC Helvetas Swiss Intercooperation and MDA	Enhancing Employment for Vulnerable Groups	Improve the linkages between the private sector and formal (i.e. schools) and non-formal (i.e. ad-hoc courses and practical learning) training and education systems; support improved career guidance and job-match services to improve the alignment or supply and demand in the workforce; enhance private sector companies' investments into opportunities that generate employment and enable youth entrepreneurs to have access to support services that allow them to successfully start and operate their own businesses.
BMZ/GIZ	Competitiveness of the Private Sector in Rural Areas (CoSiRa)	Enhance capacities of public and private institutions to implement measures that increase the competitiveness of rural areas and their economic sectors. The selected sectors are wine, metal, non-wood forestry products, ICT, tourism, and regional development.

#### 4.2.4 Programs Enhancing Innovation

The innovation-support initiatives listed below are in alignment with strategic goal 1.1 of the Private Sector Development Strategy 2013 - 2017 of the Ministry of Trade and Industry.

**Table 14: Innovations programs**

Partner	Project/Program Name	Summary
STIKK/ Norwegian Embassy	Innovation Center Kosovo (ICK – NGO)	Support entrepreneurship, innovation, and commercially based business development, with a focus on information and communication technology. The center supports both start-ups and existing companies with the potential for growth.
MTI	Jakova Innovation Center (JIC)	Provide space and training to support and help entrepreneurs build profitable and sustainable companies.
Enhancing Youth Entrepreneurship (EYE) /Venture Capitalist	BoneVet Foundation	Provide makerspace (a physical and online place for those involved in ICT development and creation to interact) and resource sharing among its “makers” to encourage “hands-on” exploration, and foster creativity, open-mindedness, social responsibility, and team work.

#### 4.2.5 Programs Supporting Improvement of the Quality of Education

##### **Implementation of the Kosovo Curriculum Framework**

The new, competency-based Curriculum Framework was adopted in August 2011, whereas core curricula for the primary, lower secondary, and upper secondary levels were produced one year later. Piloting of the new curriculum started in the 2013/14 academic year in 10 primary and secondary schools; 82 additional schools were added to the pilot in the 2014/15 academic year. According to MEST (2015), piloting is conducted both in rural and urban areas, and includes samples of all communities living in Kosovo, with the exception of the Serbian communities. The main implementation challenges include:

- Developing school-based syllabi for subjects

- Training teachers for implementation of the new, competency-based approach
- Providing adequate teaching aids to schools
- Monitoring the pilot and collecting information needed for expansion to all schools

The following development partner (DP) funded programs/projects have supported the implementation of the Kosovo Curriculum Framework.

**Table 15: Curriculum related programs**

Partner	Project/Program Name	Summary
UNICEF	UNICEF Support to MEST	Support to the development of the Kosovo Curriculum Framework (KCF).
World Bank	Institutional Development for Education Project (IDEP)	Support to the development of the KCF.
EU	EU Education SWAp	Support to development of the KCF, including support to development of core curricula and the plan for rolling out the new curriculum.
EU	The Twinning Project	Support to piloting the new curriculum and procurement of teaching aids to the 92 pilot schools.

### **Professional Development for Teachers**

In 2010, GoK introduced a training program accreditation system (MEST, 2010) effectively recognizing qualifications gained through in-service training. Since then, more than 100 in-service programs have been offered by accredited public and private providers, and the first edition of the Catalogue of Recognized Programs was printed in 2011 (MEST, 2011c). MEST and development partners have offered a variety of different training programs for Kosovar teachers and administrators, including programs aiming to facilitate implementation of the new Kosovo curriculum.

The two largest teacher training interventions currently operated by MEST are: 1) Advancing Teacher Qualifications (ATQ), which aims to upgrade qualifications of teachers having graduated from two-year programs offered by former teacher training colleges; and 2) training of teachers for use of ICT based on the well-known program “European Computer Driving License” (ECDL).

**Table 16: Professional development for teachers**

Partner	Project/Program Name	Summary
USAID	Basic Education Program (BEP)	Training of school administrators, training on assessment and a number of focus areas (ICT, environment, mathematics, and so on) for compulsory education.
GiZ	Capacity Development for Basic Education (CDBE)	Training of school administrators, training of teachers in fields like mathematics, sciences and methodology for compulsory education.
EU	EU Education SWAp	Support to MEST in developing the in-service program accreditation procedures and carrying out the first round of accreditations.
EU	Teacher Training And Capacity Building Of School Directors In Kosovo	Training of school administrators, training of teachers in selected fields for pre-university education.
EU	The Twinning Project	Training of teachers for implementation of the KCF.

### **Teacher Licensing**

GoK introduced a teacher licensing system based on participation in in-service training and performance appraisal (MEST, 2010b, 2013c, 2014d) to provide a framework which incentivizes teachers to continuously enhance their professional performance. The system makes teacher professional development mandatory, and imposes a number of performance standards. Teacher performance is to be appraised by an education inspection, representing a major challenge due to its limited capacity. As of 2014, 22,315 teachers received the initial license based on their pre-service qualifications (MEST, 2015).

**Table 17: Teacher licensing programs**

Partner	Project/Program Name	Summary
World	IDEP	Support to developing the Teacher Licensing System and the database

Bank	of licensed teachers. The support shall continue through a new World Bank funded project.
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### **Quality Assurance in Education**

Kosovo's education system has almost no quality assurance (QA) mechanisms at any level. This is partly due to an unclear division of responsibilities between the central level (MEST) and the local level (MEDs), as well as to the limited capacity of education authorities and schools to assure the quality of curriculum and learning outcomes. The same applies to external mechanisms for quality measurement – national tests are characterized by serious flaws in administration.

With technical assistance from DPs, the National Qualification Authority (NQA) has produced essential material and operational tools related to the legal framework of qualifications and VET QA, and introduced procedures for voluntary accreditation of VET institutions based on external assessment. MEST is currently working with DPs in developing a comprehensive QA Strategy for pre-university education, and for improving the external assessment of students.

**Table 18: Education quality assurance program**

Partner	Project/Program Name	Summary
EU	Kosvet 5	Technical assistance to NQA in developing QA and accreditation mechanisms
EU	The Twinning Project	Technical assistance to MEST to develop a comprehensive QA strategy for pre-university education
WB	IDEP	Support to improving the external assessment of students
USAID	BEP	Support to improving the external assessment of students
Austria	MEST I	Austrian soft loan to support digitalization of state Matura

### **Information and Communication Technology**

Despite several attempts for ICT integration into pre-university education, there was little success in making use of computers in the classroom as a daily routine. Computer to student ratio in Kosovo in pre-university education is 1:46, while 57% of teachers are trained in ECDL. Informatics is a compulsory subject in schools, designed to develop IT skills, but it remains that IT is not used to teach other courses. In addition to procuring computers, MEST worked with DPs on developing e-content and maintaining ICT equipment in schools.

**Table 19: ICT programs**

Partner	Project/Program Name	Summary
EU	IT Pilot Project in the field of Education in Kosovo	Technical assistance to assess situation with ICT and develop e-content for Kosovo schools.
EU	EU – ICT and e-learning in Education Project, Phase II	TA to develop e-content for Kosovo schools.
USAID	BEP	Support to use ICT based technology in the classroom and improves maintenance of ICT equipment in primary and lower secondary schools.

### **Capacity Building**

The Education Sector Pooled Fund (ESPF) was established in May 2013 through an Arrangement of Joint Funding (AJF) between GoK, represented by MEST, MoF and the Ministry of European Integration (MEI), and the development partners contributing to the fund, including SIDA and ADA. This Fund covers the eighth program area of KESP (capacity building), whereas MEST has developed and adopted a comprehensive capacity building plan for 2014 and 2015. The GIZ-funded TalkOn Program, focused on building capacity for implementation of the MEST Communication Strategy, started in early 2014 as a pre-cursor to a larger capacity building intervention, which is funded by ESPF and will last until the end of 2015.

**Table 20: Capacity development programs**

Partner	Project/Program Name	Summary
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GiZ	TalkOn	Comprehensive capacity building program focused on implementation of the MEST Communication Strategy for high-to-mid level management staff of MEST and MEDs in 3 program areas: leadership, management, and communication.
SIDA ADA	ESPF	Support implementation of the comprehensive capacity building plan developed by MEST.

#### 4.2.6 Programs Supporting More Effective Links of Education with LM

##### **Centers of Competence**

CoCs are a new concept of VET institutions aimed to facilitate a major departure from content-based to competency-based curriculum, and provide excellent preparation of young people for the labor market. Centers have superb facilities, good links with the labor market, and are supposed to serve as a model for vocational schools in Kosovo and the region. At present, there are four CoCs operating in Kosovo:

- Skenderaj in the construction sector
- Malisheva in the economy sector
- Ferizaj in the healthcare sector
- Prizren in the economy, trade, and travel and tourism sectors

MEST and respective municipalities have mandated that the Agency for Vocational Education and Training and Adult Education (AVETAE) operate the four centers, and introduced legal arrangements for upgrading existing vocational schools to CoCs; two schools have already become CoCs.

**Table 21: Education-labor market linkage programs**

Partner	Project/Program Name	Summary
NORAD	Centers of Competence	Support construction of CoCs in Skenderaj and Malisheva
Lux-Dev	Centers of Competence	Support construction and operation of CoCs in Prizren and Ferizaj
GiZ	Centers of Competence	Support capacity building of AVETAE

##### **Practice Firms**

Practice firms enable schools to create virtual businesses which are part of a larger international network of virtual firms, allowing students to practice various aspects of business administration, including marketing, accounting, human resource (HR) management, and so on. Currently, practice firms established with support from DPs operate successfully in all economic and agricultural schools in Kosovo. Also, there is a Service Center at MEST which provides virtual services to all practice firms, and organizes trainings and networking for teachers, as well as annual fairs.

**Table 22: Business simulation programs**

Partner	Project/Program Name	Summary
SDC	Support to Practice Firms	Support establishment and operation of practice firms in vocational schools
ADA	ECO-NET	Support establishment and operation of practice firms in economic schools, as well as setting up and operation of the MEST Service Center
DANIDA	MEST-DANIDA	Support establishment and operation of practice firms in agricultural schools

##### **Relevance of education programs to the labor market**

GoK has been working for years to strengthen the quality and relevance of education programs and the link between education and the labor market as a precondition for employability and economic development. Key actions are reflected in the recently launched intervention “Aligning Education with Labor Market Needs,” which has three objectives:

- Strengthen the link between higher education and labor market needs through the development, modernization and quality reform of higher education programs to meet labor market needs.
- Ensure that NQF is successfully implemented with validated qualifications offered by accredited institutions at Levels 1 – 5 of the NQF.

- Improve the quality of practical and applied teaching and learning in VET schools in core occupational sectors relevant to labor market needs.

**Table 23: Labor market related education programs**

Partner	Project/Program Name	Summary
EU/ADA	Strengthening links between Education and Labor Market	The project will: a) strengthen the link between higher education and labor market needs by the development and modernization of HE programs according to labor market needs; b) improve the pre-service teacher training programs conform to requirements of new curriculum of Kosovo and MEST priorities; c) enhance the quality of practical and applied teaching and learning in VET schools in core occupational sectors relevant to market needs; and d) enable a better understanding of beneficiary and international qualifications and further develop and modernize Kosovo's qualification system for qualification framework professional qualifications (notably levels 3-5).

#### 4.2.7 Programs Targeting Vulnerable Groups

##### Support to RAE students

There are three main types of interventions supporting participation of RAE students in education:

- Homework assistance to primary and lower secondary schools provided through community-based or school-based learning centers.
- Mentoring provided to upper secondary and tertiary students.
- Scholarships for upper secondary and tertiary students.

The interventions have been supported by various development partners in various locations in Kosovo, whereas MEST has dealt with coordination, and recently took over part of the funding.

As an example, the MEST Community Division reports 583 RAE students attending upper secondary education in the 2014/15 academic year, of which 500 receive scholarships. MEST provides scholarships for 33 tertiary students. 46% of scholarship beneficiaries are reported to be female.

**Table 24: Programs targeting vulnerable groups**

Partner	Project/Program Name	Summary
EU	Support to RAE Integration Strategy (SIMRAES)	Support to set up 6 learning centers in RAE communities and scholarships for upper secondary and tertiary student.
SDC	Various projects	Support to operate learning centers, scholarships for upper secondary students.
Balkan Sunflowers	Various projects	Support to operate learning centers.
REF	Roma Versitas	Mentor RAE tertiary students and trainings on soft skills.
German Government	PROSPECT	Support operation of learning centers.

##### Special Education

During 2008-2013, the number of children with special needs in education increased from 909 to 6,093, of which 109 are in pre-school institutions. MEST paid much attention to the inclusion of children with special needs and, with support from development partners, created a better environment for them. Five special schools were transformed to resource centers with the aim to facilitate integration of children with special needs in mainstream schools instead of separating them in special schools.

Special attention was also paid to training teachers in inclusive education. According to MEST (2014c), 5,400 teachers received different trainings on inclusive education; and 150 teachers completed a more comprehensive training program on working with special needs children, earning them a combined 60 academic credits.

**Table 25: Special education programs**

Partner	Project/Program Name	Summary
Government of Finland	Support to Special Needs Education	Government of Finland has been lead donor in special education and supported the establishment of the inclusive system in Kosovo and in the wider West Balkans Region.

#### 4.2.8 Programs Targeting the Serbian Community

Education in Serbian still remains effectively under the jurisdiction of Belgrade, although through legislation Kosovo has devolved responsibilities from central to municipal level, creating basic pre-conditions for municipalities with a Serb majority to maintain a high degree of autonomy in managing the Education System. A survey carried out by European Center for Minority Issues (ECMI) on 721 respondents in four Serb majority municipalities in the north of Kosovo (Zeitoun et al., 2014) provides interesting insights on perceptions of Serbian speaking citizens on Education and Employment:

- 64.4% of respondents are either satisfied or somewhat satisfied with the educational provision.
- 54.7% see few opportunities for employment within their field of study, whilst a striking 28.9% see no opportunities at all.
- Another question assessing opportunities in the geographic area where they live suggests similar pessimism, with 35.2% reporting few opportunities and 43.1% no opportunities.

Most of the donor-funded projects in the field of Education try to reach Serbian schools, but very few of them succeed in implementing any meaningful activities due to political obstacles imposed by the parallel system. For example, the World Bank funded IDEP project which ran from 2007-2012 had a school grant component to support schools in improving the quality of education. Despite the fact that 10 Serbian schools were included and submitted their projects, implementation was not possible because the schools refused to open accounts with the Kosovo Treasury system.

Few projects that managed to reach Serbian Education community are listed in Table 26.

**Table 26: Programs targeting Serbian Community**

Partner	Project/Program Name	Summary
EU	EU Education SWAp	The project managed to translate core curricula in Serbian language and provide them to municipalities with majority Serb population. However, since Serbian schools do not implement Kosovo Curriculum this was of a very little use.
GiZ	TalkOn	The Project reached out to one Serb municipality and managed to include the MED staff in training and mentoring scheme.
SDC	Kosovision	In addition to organizing competition of 1,250 five-grade classes from Albanian, Bosnian and Turkish language streams, the project managed to organize a separate competition of 83 classes from the Serbian language stream. This was achieved through cooperation with a Serbian NGO from Kamenica.

#### 4.2.9 Programs Targeting Serbian Youth – Labor Market

The Labor Force Survey 2013 does not provide the any statistical data on Serbian youth unemployment, since the Kosovo Agency of Statistics was not able to conduct the census in three main Serbian municipalities in the North (Leposaviq, Zubin Potok and Zveçan and part of Mitrovica municipality). Hence, the final results from the 2011 Kosovo Census exclude the households from these municipalities (KAS, 2014) However, anecdotal evidence and focus group discussions have shown that unemployment is a persistent problem for Serbian youth as well (FGD). In addition the ECMI survey (Zeitoun et al., 2014) indicates that unemployment is stated to be the most important problem by 42% of the surveyed population in Northern Kosovo including young people and older adults. Younger people in these communities may not speak either of the official languages in Kosovo whilst older generations speak both languages but do not have the necessary skills required in the labor market, presenting an impediment for their employment.

More than 50% of respondents have reported that they are not working in their field of study. The survey<sup>15</sup> also shows that of those employed, 37.4% work in the private sector, 41.3% in the public sector, 19% in SMEs and 2.2% in agriculture. Although in most parts of the country the public sector is widely seen as providing more security through stable jobs this is not the case in the northern part of Kosovo where there are significant Serb populations. (Zeitoun et al., 2014).

The WRA was able to identify a small number of labor market-related programs targeting or including Serbian youth.

**Table 27: Programs Targeting the Serbian Community in the Labor Market**

Partner	Project/Program Name	Summary
Chemonics	USAID – Advancing Kosovo Together	Advancing Kosovo Together (AKT) aims to increase inter-ethnic cooperation and interaction, between Kosovo’s Albanian and Kosovo Serb populations, and to improve economic opportunities in target communities.
AKTIV (NGO)	Youth Employment Programs	Based in Northern Mitrovica, Aktiv is a youth-focused NGO seeking to facilitate the meaningful involvement of the Serb community in building a participatory, peaceful, and prosperous nation. ACTIV works on CSO capacity building, prevention of gender violence, youth employment and community awareness programs.
SDC/ Helvetas Swiss Intercooperation	Skills for Rural Employment (S4RE)	Reduce poverty in rural Kosovo through targeted training and skills development, leading to increased employability by using M4P approach.
SDC/ Helvetas Swiss Intercooperation / MDA	Enhancing Youth Employment (EYE) Project	Improving the linkages between the private sector and formal and non-formal training and education systems. Enhancing the market system for job-matching and career guidance services for Kosovo youth. Enhancing private sector companies’ investments in opportunities that generate employment and enable youth entrepreneurs to have access to support services.

### 4.3 CAPACITY OF EDUCATION AND TRAINING SYSTEM

Presented below is a detailed analysis of the challenges and gaps in Kosovo’s workforce readiness system followed by a brief discussion of some areas for positive change that could potentially address the gaps identified by the assessment.

#### **Supply and Demand Skills Gap in Kosovo**

Various studies suggest that the major problems hindering economic growth in Kosovo are an underdeveloped economy with low capacity to create new jobs and lack of skilled workforce (AKB, 2012), (USAID, Growth Diagnostic Study on Kosovo , 2012), (MTI, 2014), (World Bank, 2010). As suggested by KHDR: Private Sector Development 2012 (UNDP, 2012), the majority of Kosovo businesses are created out of necessity<sup>16</sup>, not because entrepreneurs see an opportunity to start a business. Thus, 98% of registered businesses are micro-enterprises that employ 1-9 employees (USAID, Kosovo: Country Development Cooperation Strategy 2014-2018, 2013). The results of the World Bank’s 2008 BEEPS survey (World Bank, 2010) of 270 businesses in Kosovo suggest that skills and education of workers are the fifth most severe problem after electricity, corruption, crime, and access to finances. Only 6.8% of the Kosovo population has tertiary qualification compared to 7.9% in Macedonia, 9.4% in Albania, 13.8% in Montenegro, and 13.9% in Serbia. Around 45% of Kosovo businesses consider skills and education of the workforce obstacles to doing business, compared to an average of 39% in Southeast Europe.

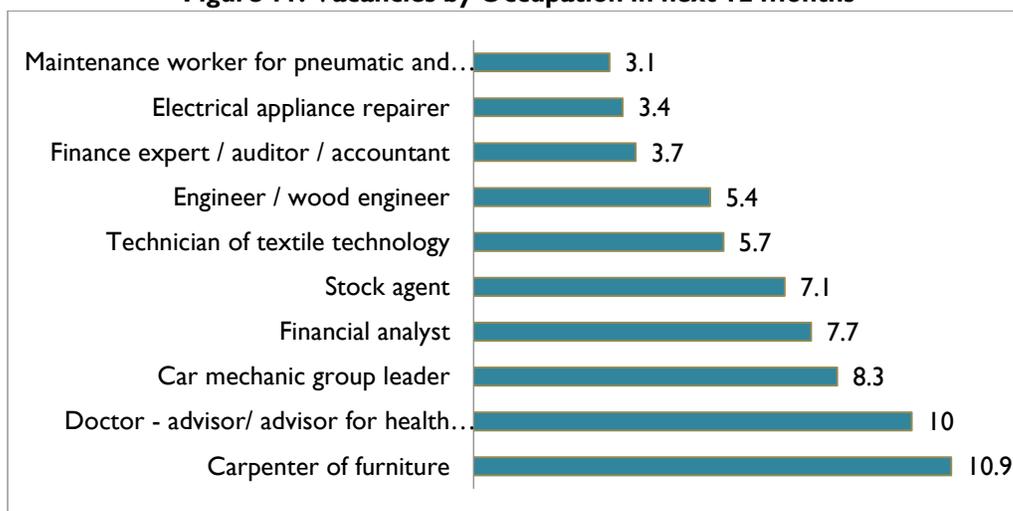
<sup>15</sup> Self-reported sectors of employment

<sup>16</sup> Necessity entrepreneurship is when people lack jobs or better alternatives, hence has no effect on economic development. Opportunity entrepreneurship is when people identify an unexploited business opportunity which has a positive effect in the economic development.

Although there is no comprehensive skills gap analysis in Kosovo, evidence suggests that there is a mismatch between supply and demand. Gallopeni (2013) assessed the match of supply and demand of nine soft employability skills based on perceptions of a representative sample of employees and employers. The skills mismatch is visible in all nine cases, with the largest gaps in ICT, self-management, and teamwork skills. On one hand, the economy cannot create enough jobs to absorb new entrants; on the other, new graduates lack the necessary skills demanded in the labor market.

The primary data<sup>17</sup> collected during this assessment suggests the same gap. Although students in secondary and tertiary education believe that they are equipped with the skills necessary for their profession, employers are not satisfied with the skills of new recruits and interns. Employers noted that job applicants often lack the skills, knowledge, and competencies required for employment in key sectors in which openings actually exist within the Kosovo economy (see Figure 11). These include jobs in the ICT sector, such as software developer, mobile phone engineer, and electrical engineer; agriculture sector as dairy technologist; tourism and food and beverage sectors, as tour guides, chefs and waiters; wood processing and leather sectors as technicians and designers; and small-scale manufacturing sector as certified welders. Many employers also highlighted the pervasive absence of applicants with management skills, including operations, QA and production management, and a huge gap in those qualified to assume middle management positions. Employers also complained of the difficulty in finding qualified receptionists for general office work.

**Figure 11: Vacancies by Occupation in next 12 months**



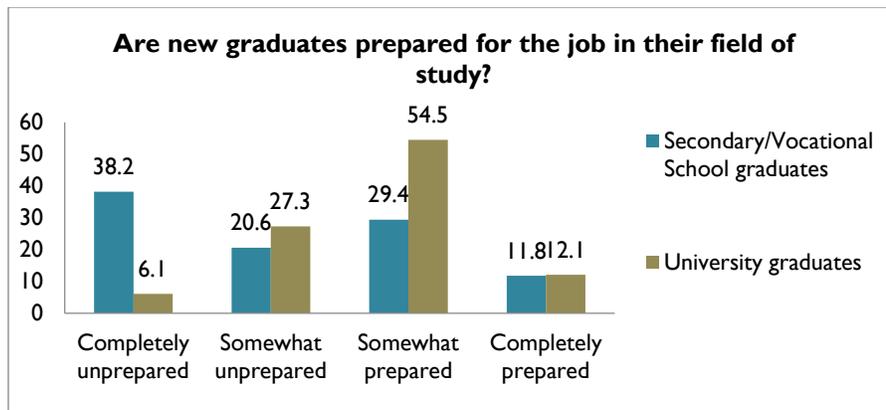
Source: Figure. 9. Survey of the Labor Market Demand, AKB, 2014.

The AT surveyed 35<sup>18</sup> businesses and 752 young people attending secondary or tertiary education institutions or training courses offered by VTCs. As the level of education of the potential young employee increases, so does the frequency of employers stating that they are prepared for the job. Of surveyed employers (see Figure 12), 38% stated that vocational school graduates were completely unprepared for jobs in their field of study, while only 6.1% stated the same about university graduates; 29.4% stated that vocational school graduates were somewhat prepared, and 54.5% stated that university graduates were somewhat prepared – indicating that overall, employers find university graduates to be more capable in their field of study.

**Figure 12: Employers' reports about new graduates' preparedness in their fields of study**

<sup>17</sup> KIIs with sector specific association, individual businesses and focus group discussion.

<sup>18</sup> The qualitative survey was carried out with 35 employers from different sectors including wood processing, tour operators, hotels, ICT, metal processing, textile industry, food processing, and PVC processing.



44.1% of employers report that new graduates are completely unprepared to work independently on projects; 41.2% that they are somewhat unprepared to use technical skills/use equipment; 38.3% that they are somewhat unprepared to make a persuasive argument to convince others to adopt an idea; and 38.3% that they are completely prepared to collaborate with people from diverse backgrounds.

**Figure 13: Surveyed employers' reports about graduates' preparedness to use soft and technical skills**

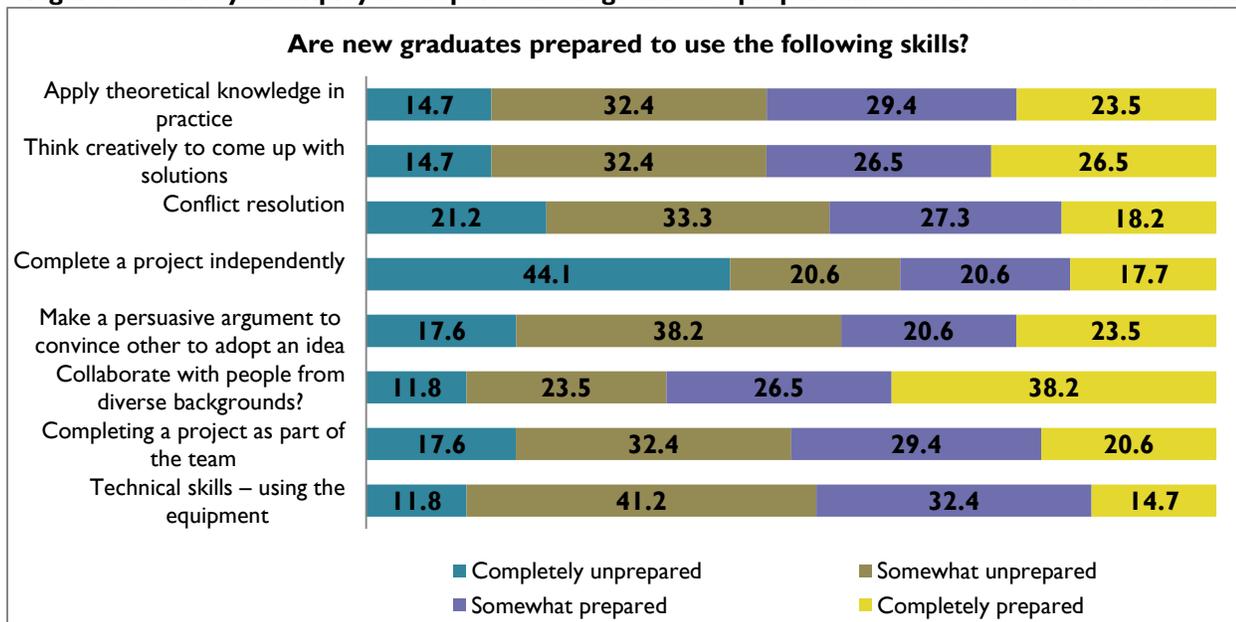


Table 26 displays a huge gap between what employers and young Kosovars report about the level of job skills that youth possess. The majority of surveyed youth, 86.2%, self-report that they are completely or somewhat prepared to apply theoretical knowledge in practice, whereas only 52.9% of employers report that young graduates have this skill. The Wilcoxon-Mann-Whitney test juxtaposing young respondents and employers answers for skills presented in Table 26 returned statistically significant results for each skill, confirming that young Kosovars self-report a significantly higher level of skill mastery than employers' state that they possess. Data from FGDs reveal two patterns of youth responses regarding their job readiness. First, young people who were currently attending school (Pristina, Prizren, Vushtrri) and had little to no experience in the job market or workplace generally agreed with the statement that they were prepared for the workplace. They confidently stated that they have gained soft skills in school or VTC. "The first thing you have to learn as a waiter is communication," a trainee in the Prizren VCT said in the FGD. However, young people that had worked for some time or had some workplace experience (Gjakove and Ferizaj), particularly unemployed youth, stated that they did not have either technical/practical or soft skills demanded in the labor market.

**Table 28: Business representatives' and youth' assessment of youth job preparedness**

Skills	Category	Completely prepared	Somewhat prepared	Somewhat unprepared	Completely unprepared
Complete a project as part of the team	Business	20.59	29.41	32.35	17.65
	Youth	50.41	34.10	6.66	8.83
Collaborate with people from diverse backgrounds	Business	38.24	26.47	23.53	11.76
	Youth	55.01	24.25	11.25	9.49
Make a persuasive argument to convince other to adopt an idea	Business	23.53	20.59	38.24	17.65
	Youth	46.60	37.64	7.88	7.88
Complete a project independently	Business	14.7	20.6	20.6	44.1
	Youth	45.8	37.5	7.5	9.2
Conflict resolution	Business	18.2	27.3	33.3	21.2
	Youth	48.4	36.1	8.2	7.4
Think creatively to come up with a solutions	Business	26.47	26.47	32.35	14.71
	Youth	55.74	31.28	6.28	6.69
Apply theoretical knowledge in practice	Business	23.5	29.4	32.4	14.7
	Youth	53.6	32.6	6.5	7.4

The five most frequently selected skills and knowledge that surveyed employers consider when hiring are: language skills (85.17%), relevant working experience (68.6%), creative thinking (51.4%), analytical skills (48.6%), and interpersonal skills (45.7%) (see Figure 14).

**Figure 14: Five most important skills & knowledge for employers**



Employers surveyed by the Alliance of Kosovo Businesses (AKB)<sup>19</sup> made similar statements on the importance of skills. According to them, the main reasons for not filling the job vacancies were lack of necessary work experience (60%), lack of qualifications/skills (53%), and low levels of education compared to job requirements (48%).

Table 27 summarizes perceptions of students/trainees on the skills they have gained during their studies/training, cross-referenced with preferences of businesses for such skills. Most of the students/

<sup>19</sup> AKB conducted a survey with 1480 legal entities (family businesses, private enterprises, public sector, foreign establishments, non-profit organizations) that had more than five employees.

trainees state that they have the soft skills mostly appreciated by employers: analytical skills (56.5%), creative thinking (76.8%), interpersonal skills (69.8%), and self-discipline (89.6%).

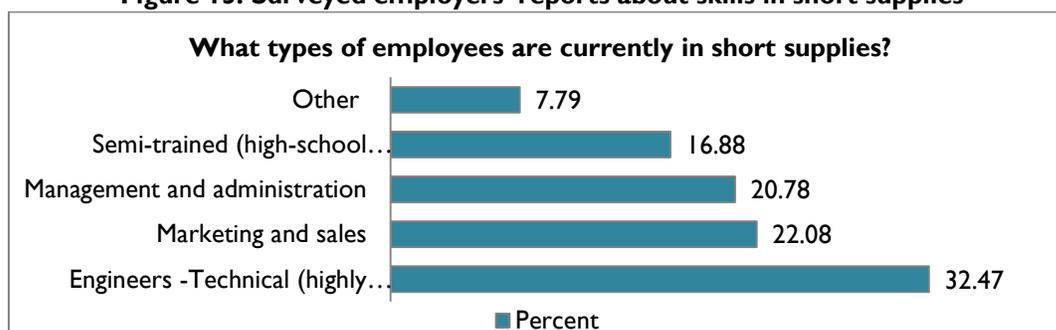
**Table 29: Comparative assessment on skills and knowledge**

Skills	Businesses consider important		Youth have gained those skills	
	Yes	No	Yes	No
Analytical skills	48.6	51.4	56.5	43.5
Creative thinking	51.4	48.6	76.8	23.2
Interpersonal skills	45.7	54.3	69.8	30.2
Language skills	85.7	14.3	n/a	n/a
Ability to work in teams	14.3	85.7	82.4	17.6
Knowledge of business functions	34.3	65.7	52.6	47.4
Relevant work experience	68.6	31.4	49.3	50.7
Technical skill associated with the job	20.0	80.0	61.4	38.6
Computer skills	14.3	85.7	69.0	31.0
Locating information	14.3	85.7	72.0	28.0
Reading and interpreting information	31.4	68.6	74.3	25.7
Prioritizing work	25.7	74.3	62.5	37.5
Adaptability/managing	11.4	88.6	69.5	30.5
Confidence	25.7	74.3	86.0	14.0
Self-discipline*	40.0	60.0	89.6	10.4

Note. Statistics for self-discipline reflect only responses of 69 master level students from the Faculty of Education in the University of Pristina.

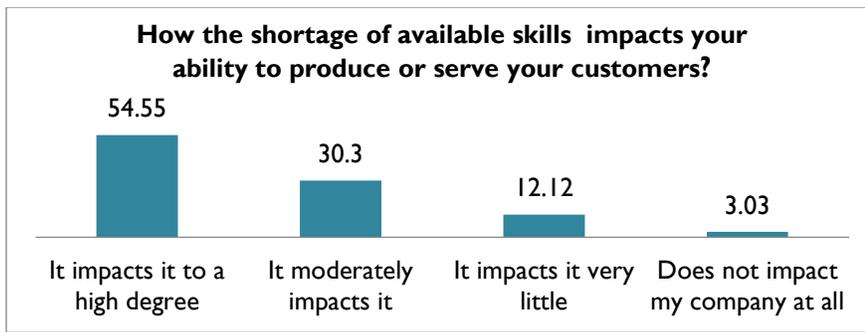
During FGDs, unemployed youth stated that in addition to nepotism, the main barriers they face in securing employment relate to their lack of previous work history, with many employers requiring two years prior experience even for entry-level jobs; their lack of information on available employment openings; and what they perceive to be irrelevant or exceedingly rigorous qualifications for various positions. For example, for a position as a cleaner in a hotel, applicants were required to have completed secondary school and be fluent in spoken English.

**Figure 15: Surveyed employers' reports about skills in short supplies**



The shortage of skills was reported to have an impact on the productivity and the capacity of the firm. Over 54% of the interviewed employers reported that the shortage of skills has a high negative impact on their business, 30.3% reported moderate impact, and only 3% said that shortage of skills does not impact their business. This is a vivid market-based assessment of the dynamic in which the lack of skills and labor-readiness constrains business growth at a time when economic growth is a national priority.

**Figure 16: Impact of shortage of skills in company's productivity**



Over 80% of employers stated that they always or sometimes have problems finding employees with the right skills for the job. The most used methods when recruiting employees were online job portals (27.27%), asking a partner to refer somebody (18.18%), through the PEO (18.18%), and advertising in the local newspaper (14.55%). The AKB survey also indicated that employers mainly recruit through advertisements (37.8%), family and friends (30.4%), and Public Employment Services (22.8%).

**Figure 17: Recruitment methods**



While youth indicated having no opportunity to apply classroom learning into practice, over 78% of interviewed employers participated at job fairs, and offered internships and part-time jobs; 71% hosted instructors for trainings; and 59% provide mentors for interns. These figures indicate that internship placement and part-time jobs, or job fairs, are not carried out in organized way, but are sporadic cases until donor programs are present.

**Addressing employers’ needs**

The lack of communication, cooperation, and alignment between the business community, secondary and tertiary level education, and VTCs has resulted in an outdated curriculum that cannot keep pace with technological advancements, as well as a large number of graduates with a degree but no real skills to find a job. Creative and problem solving skills were explicitly integrated into the Kosovo General Curriculum Framework developed in 2001. The New Kosovo Curriculum (MEST, 2011b), which is currently being piloted, includes critical thinking as one of the six key competencies along with problem solving, reaching informed and evidence-based decisions, and linking decisions with their consequences. However, the AT found no evidence to support claims on students’ mastery of critical thinking independent of self-reported mastery of such skills from students/trainees themselves.

What businesses particularly value in future employees is relevant work experience – either practical experience gained in school or work experience through job placement. Among businesses, 68.6% listed this element among the five most important characteristics of a future employee (see Table 28). On the other

hand, students/trainees appear to be more cautious when reporting work experience relevant to their profession, again, either in a form of practical experience gained in school or work experience through job placement. More than half report that they have no relevant work experience. Table 28 disaggregates the results by the type of school. It is clear that VTCs lead in providing relevant work experience to their trainees, and this is consistent with the information provided by the Director of the VTC in Prizren, according to whom 62% of trainees get jobs.

**Table 30: Percentage of students with relevant work experience within type of institution**

		General Upper Secondary School	Vocational Secondary School	University	Post-graduate	VTC	Total
Yes	Frequency	37	193	9	43	88	370
	Percent	20.11	55.3	31.03	62.32	73.33	49.27
No	Frequency	147	156	20	26	32	381
	Percent	79.89	44.7	68.97	37.68	26.67	50.73
<b>Total</b>	<b>Frequency</b>	<b>184</b>	<b>349</b>	<b>29</b>	<b>69</b>	<b>120</b>	<b>751</b>
	<b>Percent</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Further disaggregation of data by surveyed education/training institutions shows that 79.3% of students attending the CoC in Skënderaj have relevant work experience, whereas in other vocational schools this ranges from 38% to 52%. The CoC is very well equipped for most professions; it has an industrial-like environment. However, students from surveyed secondary vocational schools report serious flaws in professional practice. In most cases, they must find internships or practice placements in companies themselves, an often-daunting process, with schools facilitating such processes only on an ad hoc basis. Only a few months away from graduation, a vocational school student said in an FGD that he has not done real work practice in his field of study. His practical experience consisted only of simulations. Few students reported successfully arranging on their own their practice in businesses in communities where they live.

Successful implementation of the competency based curriculum requires a considerable amount of effort to improve professional practice from VET schools. As a result of the reduction in the vocational schooling period from four to three years, which took place in 2014, professional practice credits have decreased in order to make room for general education classes. In one of the schools, although actual practice remained 12 hours in grade 11, it was significantly reduced from nine to six hours in grade 10, and from 18 to 12 hours in grade 12. In light of these cuts and the elimination of Grade 13 (in academic year 2014/2015) with its own practice hours, new cohorts of students have far less professional practice overall and there is no evidence that the quality of professional practice has improved.

The quality of the professional practice varies from one school to another. CoCs and VTCs provide conditions for professional practice that are more industry-like than vocational schools and also pay greater attention to student preparation for the job market than other schools, which either lack adequate facilities/equipment or are unable to procure the necessary amount of raw material needed for practice.

### **Career counselling**

Career guidance is relatively new to Kosovo. The first steps were made in 2002 when Regional Employment Offices arranged for job or training placements of registered job-seekers. In parallel, with the introduction of an additional “orientation year” for compulsory education starting with the 2002/03 academic year, discussions for a school based guidance system were initiated.

The Danish Development Agency (Danida) funded Improving Youth Employment Project, which established students service centers in four VET schools offering profiles in agriculture. The centers provide students with information about career opportunities and help them make career decisions. Moreover, the centers are focused on creating links with the labor market, at the same time creating job opportunities and practical guidance for students on employment and self-employment. Center activities include practical work programs (internships); information sessions for students on their last school year of compulsory education; information sessions during the enrollment period; visits to businesses and information sessions for students

during their school hours. Centers are staffed with teachers who have part-time teaching assignments in addition to their counselling duties.

One of the schools targeted by this intervention chose to offer the best students the possibility of an internship with a local company in order to convince companies of the benefits of qualified staff. In addition to services, the school offers career guidance as a separate subject, which has improved student enrollment. UP also has a career guidance center, which serves students, graduates, and potential students. At present, its Career Center has only two staff (one on leave), provides workshops focusing on soft skills which are underrepresented in the academic curricula, and has developed a manual for practical work to be used for student placement in companies. Similar manuals were developed by MEST for secondary VET students. Very few UP students drop in to the Center on a daily basis for employment information or career advice.

In general, during their school years, young people are given very poor information on labor market demand and opportunities. In FGDs, unemployed university graduates often bitterly reported that they chose particular faculties of study based primarily upon family pressure and professional prestige rather than on labor-market information of their own interests or talents. Career guidance needs to provide individuals with better support in making their educational, training, and occupational choices and in managing their careers. The new Career Guidance Development Strategy and Action Plan 2015-2017 is still under development and is focused on improving the cooperation between schools and employment services, and establishing more formalized structures for integrated career guidance with closer links to the labor market. The initial plan is to introduce career guidance modules within the KCF learning field “Life and Work” in the final grades of lower secondary and upper secondary education.

KESP sees career guidance as closely linked to professional practice. Target VET I states that “by 2014 learners’ professional practice is organized in close cooperation with enterprises and support provided to all for viable placements and a learners’ career orientation and guidance system for all levels is in place.” Although this target has not been achieved, there are 11 schools in Kosovo that have career guidance and provide services to their students (MEST, 2015).

### ***Soft and Entrepreneurial Skills***

Life and Work, one of KCF’s seven learning areas, aims to enable students to become informed, skilled, and adaptable adults full of initiative. The plan is to implement activities from this learning area across all curriculum key stages leading to a step-by-step achievement of learning outcomes. In primary school this learning area focuses on life-skills, handicrafts, and home economics, whereas in lower and upper secondary school counselling and career orientation, technology and information, education for work, and entrepreneurial education are included. In the future, the Life and Work learning area will occupy the majority of allocated time in vocational schools, bearing in mind that all other learning areas will be devoted to particular vocations. In reality, the Life and Work subject, together with the optional curriculum subjects, should compose 60% of the time allocation in these schools, which will be mainly dedicated to acquiring skills within a particular occupation.

The importance of developing critical thinking and creative problem solving skills among students became clear to Kosovo educators in the early days of in-service training efforts accompanying the education systems’ reconstruction after the 1999 war. One of the key training programs that reached almost one third of Kosovo’s teaching workforce is Reading and Writing for Critical Thinking (RWCT), implemented by the Kosovo Education Center (KEC). A recent program evaluation shows that the quality and intensity of learning in the classes of RWCT-trained teachers is significantly higher than in those where teachers have not had such training. The evaluation found that students in classes where teachers had received RWCT training displayed higher order thinking, deeper levels of knowledge, and were more able to engage in more substantive conversations on relevant topics than their peers.

### ***Availability of Vocational Education and Training***

According to KCF, there are six types of vocational schools:

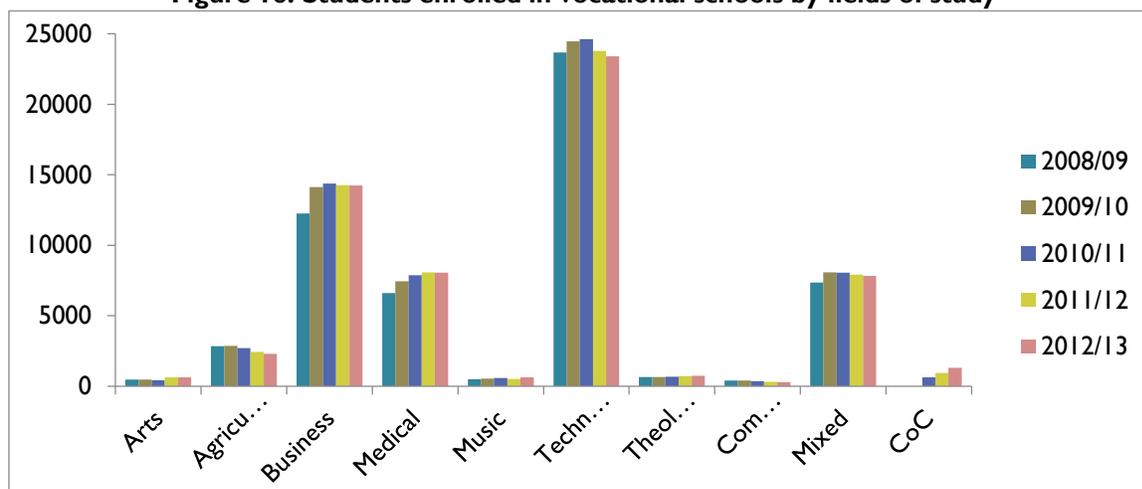
- Agricultural

- Technical (electro-technology, engineering, civil construction, graphic design, communication)
- Medical
- Economic and administration
- Chemistry-technology
- Art

In urban areas, vocational schools specialize in one of these fields and offer profiles based on the local tradition and perceived economic needs. In semi-urban and rural areas, combined vocational schools offer programs from two or more fields listed above, i.e. civil construction and agriculture. Vocational schools in Kosovo suffer from a bad image and, as a result, youth are not interested in attending them (Gashi and Serhati, 2013). Policy makers and teachers, as well as students, claim that for most young people, enrollment in VET schools is a second option after failing to enroll in general upper-secondary schools (gymnasia).

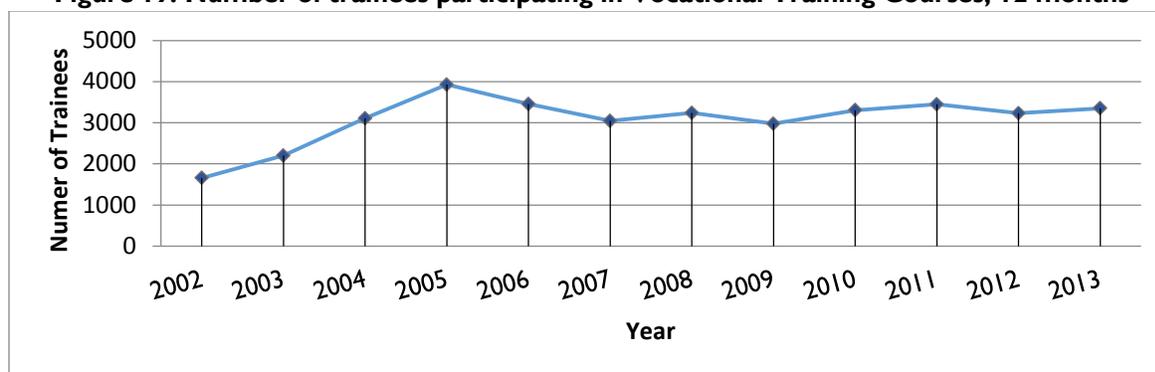
Profiles in VET and higher education do not match labor market needs in terms of the number of enrolled students. Our interviewees report low interest in vocations demanded by the labor market, such as welding and plumbing, whereas interest remains high for profiles like business administration and health, which require students to pursue tertiary studies in order to become employable. Figure 18 shows that most vocational secondary school students have enrolled in technical and business programs, and enrollment patterns have not changed significantly in five consecutive years despite likely changes in demand. To date, out of 59 VET schools, 18 specialize in areas for which there is limited labor demand, including 10 economy schools (comprising business and trade), nine artistic schools, and one theology school. The remaining 41 comprise 19 technical schools, nine mixed, seven medical, three agricultural, and one hotel/tourism, which theoretically are in line with demanded specialties but in practice, given the poor quality of education, fail to supply the market with skilled workers.

**Figure 18: Students enrolled in vocational schools by fields of study**



In 2013, the eight regional VCTs operated by MLSW enrolled 3,350 registered job-seekers in their training programs (MLSW, 2014). Figure 19 below shows enrollment by year.

**Figure 19: Number of trainees participating in Vocational Training Courses, 12 months**



Source: (MLSW, 2014)

As presented in Figure 19, since 2004, approximately 3,400 trainees are enrolled in VCTs each year.

**Table 31: Trainees in VTCs by qualification**

Skills	ISCED	Trainees
Unskilled	0-2	919
Semi-skilled	3	24
Skilled	3a	50
Secondary school	3c	1964
Higher school	4	6
University	5a	387
<b>Total</b>		<b>3350</b>

Source: (MLSW, 2014)

### **Access to ICT Training**

Internet penetration in Kosovo is at satisfactory levels and comparable to developed countries: penetration based on households is 84.8% while penetration based on users is 76.6% (STIKK, 2013). However, Kosovo still has a low level of digitalization and IT use in the economy (von Zallinger, 2014). Table 27 shows that 14.3% of businesses surveyed listed computer skills among five preferred skills of their future employees, while 69% of young people surveyed consider they have gained IT skills.

Youth use ICT equipment to find, retrieve, analyze, modify, and present information in an adequate and creative manner. The increased capacity for using ICT equipment supports initiatives and independent learning, allowing learners to reach valuable conclusions on their own and have in mind implications of ICT utilization at home and at work.

According to the JAR Progress Report (MEST, 2015), the scale and distribution of ICT equipment progressed from 2013 to 2014. The number of schools with adequate ICT equipment increased from 467 in 2013 to 523 in 2014, increasing the percentage of schools with adequate ICT equipment to 44.4%. The current PC to student ratio is 1:46 (MEST, 2015), which does not contribute to a wider use of IT for the purpose of learning. For comparison, a survey by the European Commission (2013) shows there is an average of three to seven students per computer in the EU, with the ratio improved for older students. Maintenance of ICT equipment represents another key problem in Kosovo schools, and “it is essential that problem of maintenance be recognized and solved” (Divjak et al., 2010).

MEST (2015) reports that around 57% of teachers are trained on using ICT based on a comprehensive computer training program, ECDL. However, most of the several attempts for ICT integration into pre-university education were unsuccessful. ITC is, however, utilized in teaching other subjects.

### **Teachers**

As specified in the KCF, the main role of teachers is linked to the school’s main task of ensuring a friendly environment for the development of competencies, and reflecting a greater level of autonomy for the school

to plan and carry out the curriculum. According to the KCF, “teachers are expected to use greater flexibility to plan and use a wide range of teaching methodologies suitable for an interactive and individualized approach to students aimed at achieving the predefined learning outcomes” (Anastasoska-Jankulovska, 2013).

Pre-service teacher training programs still mainly focus on academic content, while the pedagogical component enjoys insufficient attention or is improperly implemented. As a rule, teachers are required to complement their university education by in-service training, but the capacity for providing in-service training is insufficient due to the limited number of training providers and scarce resources. Teachers receive no professional support while on the job, particularly new teachers and those who want to implement innovations.

In July 2012, the Minister of Education decided that all public providers of higher education should review their teacher education programs in line with the requirements of the KCF approved in 2011, as well as recommendations of the Kosovo Accreditation Agency (Asunta, 2011). The key points upon which the restructuring will be based include:

- New teacher education subject-based programs will lead to a Master’s Degree (300 ECTS), with 180 European Credit Transfer System (ECTS) academic training and 120 ECTS training in pedagogy and practice teaching.
- Teacher education programs should include: 1) academic training provided by academic units; and 2) pedagogical training and teaching practice for all education levels and profiles provided by the Faculty of Education.

Based on this decision, the Faculty of Education developed and accredited the first series of five Masters level programs leading to degrees in teaching, and is in the process of developing more such programs to meet the needs of the pre-university education system, including programs for vocational education teachers.

Table 30 shows that 85.2% of students and trainees surveyed consider that their teachers and trainers are somewhat or completely capable of preparing them for the job market, with VTC trainees having particularly high opinions of their trainers.

**Table 32: Students’ perception on their teachers/trainers**

		Are your teachers capable of preparing their students for jobs in respective				Total
		Completely incapable	Somewhat incapable	Somewhat capable	Completely capable	
Type of institution	High school	16.9%	20.8%	49.7%	12.6%	100.0%
	Vocational school	4.6%	4.6%	22.9%	67.9%	100.0%
	University	3.4%	27.6%	48.3%	20.7%	100.0%
	Post-graduate			54.4%	45.6%	100.0%
	VTC		.8%	5.8%	93.3%	100.0%
<b>Total</b>		<b>6.4%</b>	<b>8.4%</b>	<b>30.6%</b>	<b>54.6%</b>	<b>100.0%</b>

Experts and school principals, however, point out that teachers are not prepared for implementing the new, competency-based curriculum. Further, the practice teaching offered by the Faculty of Education as part of regular study programs was criticized as overly formalistic and not providing future teachers with adequate skills. As a rule, VET teachers have academic or professional training but no pedagogical training, the latter being seen as the main cause of poor teaching. The AT team heard that many VET teachers lack practical skills due to their academic training, and therefore schools prefer to hire instructors/craftsmen who work alongside teachers, although there are administrative difficulties for such hires. Many unemployed youth in the FGDs reported that they experienced the curriculum as theory-heavy, unimaginative, out of date and of little practical relevance.

The AT asked students whether their teachers were capable of preparing them for jobs in respective industries. An ordered logistic regression for teachers' capability returned statistically significant coefficients for all variables except for gender and RAE ethnic groups (see Table 31). On one hand, general education high school students and university (undergraduate and graduate) students are respectively 9% and 25% less likely to report that their teachers are capable of preparing them for jobs in their industries than their counterparts in vocational secondary schools. VTC students, on the other hand, are 4.12 times more likely to report that their teachers are capable of preparing them for jobs in their industries than their counterparts in vocational secondary schools. Older respondents are also 1.56 times more likely to report that their teachers are capable of preparing them for jobs in their industries than their younger counterparts. Young respondents of Serb ethnicity are 27% less likely to report that their teachers are capable of preparing them for jobs in their industries than their Albanian counterparts. The results should not be interpreted as an assessment of actual teacher capability to prepare students for jobs upon graduation; at best, they are just perceptions heavily affected by the personal expectations of respondents, events that may have occurred around the time of the survey, or the way the survey was administered.

**Table 33: Results of Ordered Logistic Regression for question: Are your teachers capable for preparing their students for jobs in respective industries?<sup>20</sup>**

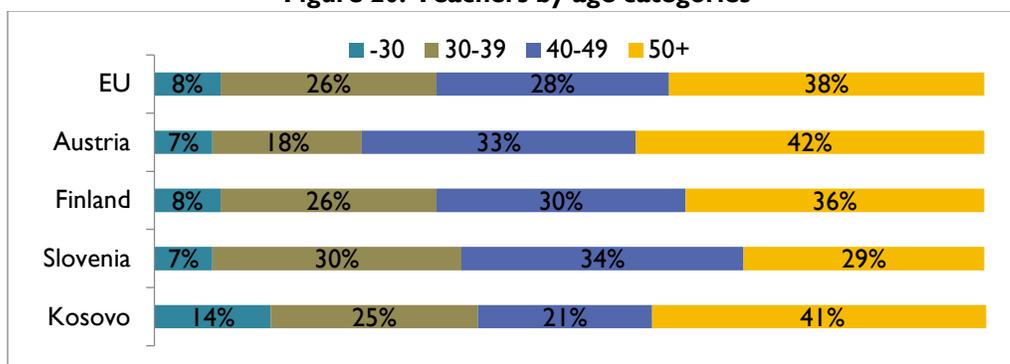
Independent variables	Coefficients	Odds Ratio
Age	0.44* (.21)	1.56*
Gender	-0.33 (0.17)	0.71
General education high school	-2.34*** (0.20)	0.09***
University (undergraduate and graduate)	-1.37** (0.44)	0.25**
Vocational Trainings Center	1.41** (0.47)	4.12**
Serbian ethnic group	-1.31*** (0.37)	0.27***
Roma/Ashkali/Egyptian	-0.78 (0.41)	0.45

Note: Standard errors are in parentheses. Probability: \*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p \leq .05$ .

41% of Kosovo teachers are older than 50, and 13% are less than five years away from the retirement age (MEST, 2015), above the European average and putting Kosovo among countries with the oldest teaching workforce, as shown in Figure 20.

<sup>20</sup> The responses from the vocational schools students were excluded from the model so that they could serve as a residual category against which responses of the general high school and vocational training center students were compared. Also, the variable capturing the ethnic Albanians was not included so that it could serve as a residual category against which responses of students of Serb and Roma/Ashkali/Egyptian ethnicities are compared.

**Figure 20: Teachers by age categories**



Source: (MEST, 2015)

### **Obstacles to Development of VET in Kosovo**

Most education funding in Kosovo, around 56%, is currently allocated to primary and lower secondary levels. Allocations per student in VET, amounting to €23 per year, are insufficient to cover basic needs given the fact that public Vocational Schools and VTCs have serious limitations in generating income. Very often, they lack raw material and consumables even if their equipment is up-to-date. Limited financing for VET restrains investment in schools' infrastructure, equipment, and workshops for specific skills, for which there is a considerable demand in Kosovo.

In general, VET schools are not considered a 'serious' option and, therefore, attract students with lowest grades in lower secondary education. Interviews with vocational school staff and students confirmed the belief that most children in Kosovo decide to enroll in a vocational school after they fail to enroll in a general schools (gymnasium) where they usually apply first following the advice of teachers and parents. Thus, vocational education is viewed by the Kosovo public as education of last resort, a repository for poor, less successful students.

Quality and QA of VET schools are among the major challenges the sector currently faces. Even though MEST and development partners have worked towards reforms in the VET system, mainly on the legislation infrastructure and policy development, the quality of practical and applied teaching and training at VET schools needs to be improved.

In many cases, specialties in VET overlap with those provided under higher education, often causing vocational secondary schools to be seen as a second choice for students who would rather attend gymnasias and later enroll in university level programs in the same field. One extraordinary feature of vocational schools in Kosovo is the fact that almost all students take the Matura Exam, which gives them the right to obtain their secondary school diploma in addition to a professional certificate, and apply for university enrollment. Typically, the Matura test pass rate of vocational students is much lower than that of the students from gymnasias, which gives the latter much better chances to enroll in tertiary education.

### **Linkages with the Private Sector**

Cooperation with businesses is one of the key problems of the VET system in Kosovo. Gashiand Serhati (2013) reports that businesses are reluctant to cooperate with VET schools to create/adjust necessary skills by providing professional practice. Those that accept students for practice mainly assign them as "observers" rather than engaging them in company activities and working processes. Many informants told the AT that students even feel exploited during professional practice since they need to do physical work unrelated to their training.

However, there are also examples of good practices. One of the deputy principals of a CoC is in charge of liaising with businesses, providing those centers with more interaction with the business community than is the case with other vocational schools. For example, the CoC in Skënderaj has more than 90 agreements for the placement of students with local businesses. Likewise, the CoC in Malisheva succeeds in placing all of its students in local banks, insurance companies, and other businesses. Industrial boards operating in a few

academic units at the UP are seen as means to involve the business community in curriculum design and implementation.

Another good example is practice firms, which operate in 10 economic and three agricultural schools. Practice firms are part of a larger international network of virtual firms allowing students to practice various aspects of business administration, including: marketing, accounting, human resource management, and so on. Each practice firm has a partnership with a real firm which sponsors it in exchange of promoting its products.

### ***Achieving Workforce Readiness: Required Changes***

Within a free market system, workforce readiness requires a responsive alignment between the human resource needs of the labor market and the capacity of the education and training system to generate potential employees who possess in the skills, competencies and workplace-relevant attitudes employers require. In Kosovo, such an alignment would help grow the economy which in turn, would open additional employment opportunities for labor market entrants. As discussed throughout, the Kosovo Workforce Readiness Assessment has identified significant areas of dysfunctionality, lack of coordination and gaps in the education and training system itself and in its attunement to and alignment with the needs and opportunities of the marketplace.

In light of the extraordinary inter-sectorial complexity of the workforce readiness process and the evolving nature of marketplace requirements in this era of economic globalization, it is important to stress that there is certainly no single “silver bullet” change or solution that in itself, is sufficient to address the challenges of workforce readiness. Below we list five feasible, practical areas for change in the education and training system that could, in the short to mid-term, help students acquire the relevant skills and knowledge they will need to find employment in the Kosovo labor market:

- 1. Improve the linkage between secondary and tertiary education and training institutions and the businesses community:** Workforce readiness requires that education and training institutions and programs are attuned to the needs and requirements of the marketplace. Numerous cost-effective activities, tailored to local needs and opportunities are possible to better link employers with education and training institutions, providing concrete benefits to both. These include: enlisting local businesses or business associations to make presentations to high school students and their families and to consult with teachers and guidance personnel; establishing an “adopt-a-school” program linking local businesses and schools and providing coaching, resources and occupational information; creating a program in which successful graduates return to their school or university to share their employment experiences; offering field visits for students to local businesses; and many other approaches.
- 2. Improve the quality and quantity of practical experience in both general and vocational high schools:** Practical, hands-on experience is a key to transforming a rigid theory-focused education and training system into one which provides young people with the competencies they need to secure employment. The decision to reduce the length of the vocational high school program by one year decreases the amount of professional practice students receive, presenting a further challenge to the acquisition of hands-on skills. While issues of teacher training and the availability of necessary workshop equipment and supplies can be addressed over time, internship programs are a cost-effective means of providing employment-relevant practical experience for students and introducing young people to the realities of the workplace. Such programs may also serve to reduce the practice of nepotism in hiring by introducing employers to talented and skilled young people who have actual practical experience in their business.
- 3. Introduce career guidance and occupational information in all levels of the education and training system:** At present, students and parents make education and training decisions in the absence of occupational information or data on employment opportunities and labor market skills requirements. During the final years of compulsory education, as students make decisions concerning whether to pursue general or vocational secondary education and throughout high

school, students should have access to a trained career counselor or to a teacher who has additional training in career guidance as well as participate in classroom discussions on career decisions, labor-market needs and education and training options. High school and university career centers need significant capacity-building to enable them to go beyond provision of “soft-skills” workshops to include individual jobs counselling and linkages to the labor-market. Consideration should also be given to initiating a public education mass-communication campaign to inform Kosovar families about the realities of the workplace, growth areas in the economy and employers’ skills requirements.

4. **Support integration of workplace competencies into the new curriculum:** The new Kosovo Curriculum focuses on developing six competencies among students: communication and expression competence; thinking competence; learning competence; life, work and environment-related competence; personal competence; and civic competence. The new curriculum is currently being piloted in 92 primary and schools and will gradually be rolled out to all pre-university education institutions in Kosovo. The revised curriculum will inevitably affect workforce readiness, offering both challenges and opportunities for improvement, particularly in light of the explicit requirement for enabling students to master work competencies. In general, Kosovo’s teachers are trained to follow a prescribed curriculum based on approved textbooks. The new curriculum requires schools to develop their own syllabi based on the core curricula developed by MEST, and chose teaching and learning materials from different sources including sources available online. This presents an opportunity to integrate local labor-market and career information into the syllabi, a process that can be supported by engaging local employers and businesses in the process.
5. **Promote the use of information and communication technology (ICT) in schools, and access to on-line learning and employment information:** ICT represents both an important set of skills and competencies sought in the marketplace; and also offers a means for young people to access information on careers and employment opportunities and to engage in education opportunities not available in their schools. While on average, EU schools have 1 PC for every 3 to 7 students, the ratio in Kosovo is 1 to 46. With the cost of PCs continuing to fall opportunities exist to significantly improve the access to ICT for young people and to train teachers in ICT education. This in turn, offers the potential for a significant improvement in teaching and learning, access to career information and to employment openings.

#### 4.4 EQUALITY AND INCLUSION

Despite the progress, gender imbalances are still present in the Kosovo society. Table 32 shows the education attainment level by sex, and the numbers indicate that the participation of women decreases in higher attainment levels.

**Table 34: Population aged 15 years and over by sex and completed education level**

Completed education level	Gender		
	Male	Female	Total
Not completed education	18,765	59,143	77,908
Primary education	43,612	86,965	130,577
Lower secondary	212,547	286,399	498,946
Upper secondary	274,762	153,143	427,905
Post-secondary vocational	20,928	10,640	31,568
Degree bachelor	45,789	29,424	75,213
Postgraduate degree /master	5,984	2,811	8,795
Postgraduate degree / PhD	1,108	228	1,336
<b>Total</b>	<b>623,495</b>	<b>628,753</b>	<b>1,252,248</b>

(Source: Population Census 2011)

#### Gender

Although Kosovo has not achieved a desired level of gender equality in education, there is a general perception that the situation has improved in last few decades. An example is the UP where women constitute 54% of the student population as compared to 1970 when only one to every fifth student was a woman. Table 33 shows that participation rates of girls in pre-primary and compulsory education are satisfactory but they drop during upper secondary education. Although male students are more likely to quit school than female students, the problem with the latter may be more complex, because when dropping out girls usually remain out of the active labor force. Therefore, it is of utmost importance to work on reducing drop-out rates among girls as much as possible.

In compulsory education, one way to address this issue is to establish better links between education and social welfare authorities so that families receive support to fulfil their obligation to ensure their children regularly attend school. Very often, children of compulsory age are in need of basic school supplies, clothing or transportation, and these can be provided directly by local authorities or in cooperation with civil society organizations. Another strategy is to offer homework assistance for children from poor families, which can be organized by schools or local community centers. This type of program proved to be very useful in RAE communities, and tends to not only discourage drop-outs but also to improve the likelihood of continuing upper secondary education. Schools also have drop-out prevention teams, which need to be more active in addressing the issue.

At the upper secondary level, which is non-compulsory, students often need textbooks, schools supplies, transportation and mentoring. The latter could be provided to girls at risk of dropping out and could be organized by schools themselves. Another approach could be that girls who leave regular education are given the chance to take courses in VTCs in order to gain professional skills. We have observed that such courses are more practical and more labor-market oriented compared to vocational school programs. Again, this requires some contact with families in order to convince them that there are viable alternatives available.

**Table 35: Gross enrollment rates in pre-university education by sex**

Education level	Male	Female	Total
Pre-Primary	73%	75.1%	74%
Primary Education	95.5%	94.9%	95.2%
Lower Secondary Education	96.5%	96.4%	96.4%
Upper Secondary Education	88.1%	95.8%	92.1%

Source: (MEST, 2013)

However, fewer women than men advance to higher levels of education. This is subsequently reflected in female inactivity rates, which are twice as high as for men. As far as rates of employment are concerned, only one in ten women of working age are employed (Support to Kosovo's Policy & Strategic Planning Project, 2014).

### **Roma, Ashkali and Egyptian youth**

Despite difficult economic situations, poverty and inter-ethnic tensions, participation of RAE communities in education has improved in the last couple of years. Table 34 shows enrollment data for RAE students in various education levels. It is obvious that participation in pre-school and upper secondary education still remains a huge challenge, and compulsory education enrollment remains significantly lower compared to the majority population.

**Table 36: Gross enrollment rates of RAE in pre-university education**

Education level	Frequency	Percent
Pre-Primary	296	32.9%
Primary and Lower Secondary Education	6,374	78.7%
Upper Secondary Education	375	16.5%

Calculated based on (MEST, 2014b) and Population Census 2011.

The AT conducted a survey with 752 young Kosovars of different ethnicities, education levels, genders and ages. Results of ordered logistic regression, modeling young people self-reporting about their state of

preparation for a job in their field of study, returns statistical significant coefficients on variables capturing gender, general education high school attendance, and Serbian ethnic identity. Thus, young women in this assessment were 53% less likely to report they are completely prepared for a job in their field of study compared to young men. Additionally, general high school students were 26% less likely to report job readiness, and those identifying as ethnic Serbs were 22% less likely to feel they were prepared for a job in their field of study. Interestingly, students attending VTCs were twice as likely to report feeling prepared.

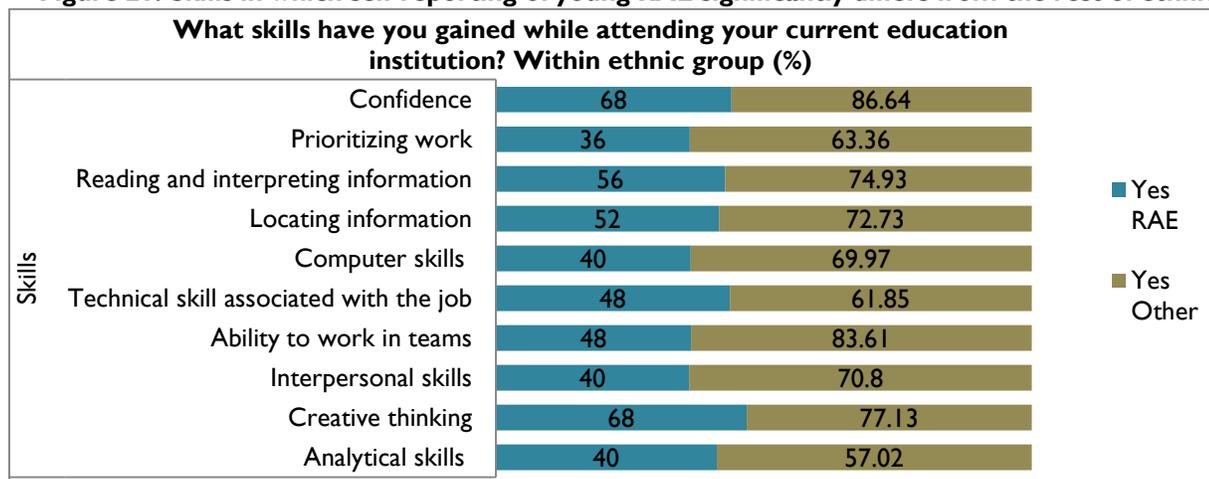
**Table 37: Results of logistic regression for question: Are you prepared for a job in your field of study?**

Independent variables	Coefficients	Odds Ratio
Age	0.02 (.16)	1.02
Gender	-0.63*** (0.16)	0.53***
General education high school	-0.56** (0.38)	0.56**
University (undergraduate and graduate)	0.66 (0.37)	1.94
Vocational Trainings Center	0.70* (0.32)	2.02*
Serbian ethnic group	-1.50*** (0.33)	0.22
Roma/Ashkali/Egyptian	-0.78 (0.43)	0.46

Note: Standard errors are in parentheses. Probability: \*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p \leq .05$ .

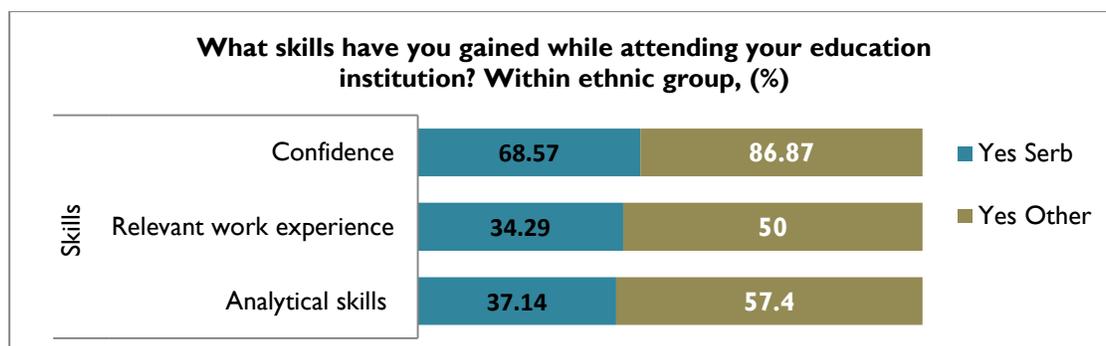
In order to estimate whether there is any difference among ethnicities of youth self-reporting skills they have gained in the education and training institutions they were attending at the time of the survey, the AT ran a logistic regression for each of the fourteen foundational, technical and soft skills noted in the questionnaire. Statistically significant logistic regression results revealed that young RAE were less likely to self-report as having gained ten out of the fourteen skills they were asked about than their Albanian counterparts. Figure 21 presents percentages of young RAE self-reports on the ten skills in which they differ from the rest of ethnic groups.

**Figure 21: Skills in which self-reporting of young RAE significantly differs from the rest of ethnicities**



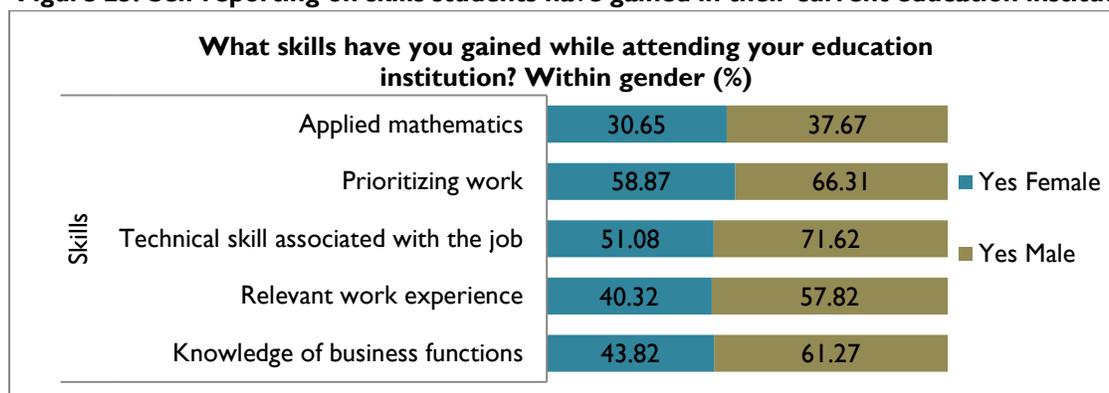
Logistic regression results of the fourteen skills revealed that young Serbs also were less likely to self-report that they have gained analytical, relevant work experience and confidence in their education institutions than are young Albanians. Figure 22 shows percentages of the young Serbs and young Kosovars of all other ethnicities that self-report having gained those skills.

**Figure 22: Self-reporting on skills students have gained in their current education institution, by ethnic group**



Results from the logistic regression also showed that young women were less likely than young men to self-report that they gained skills in applied mathematics, prioritizing work, technical skills associated with their job, relevant work experience, and knowledge of business functions.

**Figure 23: Self-reporting on skills students have gained in their current education institution, by gender**



Results from six ordered logistic regressions of questions asking whether young Kosovars are prepared to use their skills (see Table 36) in the workplace at the time of the survey revealed consistent differences in self-reporting between young Serbs and young Albanians. Similar differences were also noted in self-reporting skills between young RAE and young Albanians, and between young women and men. Table 36 presents the results of six ordered logistic regression analyses that proved statistically significant for variables distinguishing the Serb ethnic group, RAE ethnic group and gender. Across the six, the odds that young Serbs would self-report as being prepared to use those skills in workplace are 13% to 43% lower than the odds of Albanian peers reporting the same thing. In terms of competence in specific skills (completing a project either as part of a team or independently, resolving conflicts, applying theoretical knowledge in practice) RAE youth showed a statistically significant difference from their Albanian peers. Young Albanians had higher odds of self-reporting that they have those skills. Young women were also 71% less likely than young men to self-report that they are able either to complete a project as part of the team or to make a persuasive argument to convince others to adopt an idea in the workplace at the time of survey.

**Table 38: Results from ordered logistic regressions for job preparedness of the Serb, RAE and women<sup>21</sup>**

Skills	Serb		Roma/Ashkali/Egyptian		Gender	
	Coefficient	Odds Ratio	Coefficient	Odds Ratio	Coefficient	Odds Ratio
Completing a project as part of the team	-2.00*** (0.04)	0.13***	-1.35** (0.44)	0.25**	-0.34* (0.15)	0.71*

<sup>21</sup> The responses from the vocational schools students were excluded from the model so that they could serve as a residual category against which responses of the general high school, universities and vocational training center students were compared. Also, the variable capturing the ethnic Albanians was not included so that it could serve as a residual category against which responses of students of Serb and RAE ethnicities are compared.

Skills	Serb		Roma/Ashkali/Egyptian		Gender	
	Coefficient	Odds Ratio	Coefficient	Odds Ratio	Coefficient	Odds Ratio
Collaborate with people from diverse backgrounds	-1.33*** (0.34)	.26***	n/a	n/a	n/a	n/a
Making a persuasive argument to convince other to adopt an idea	-1.09*** (0.31)	0.33***	n/a	n/a	-0.34* (0.15)	0.71*
Complete a project independently	-1.82*** (0.33)	0.16***	-1.23** (0.41)	0.29**	n/a	n/a
Conflict resolution	-0.96** (0.32)	0.38**	-0.85* (0.40)	0.43*	n/a	n/a
Think creatively to come up with a solutions	-0.82* (0.33)	0.43*	n/a	n/a	n/a	n/a
Apply theoretical knowledge in practice	-1.73*** (0.32)	0.18***	-1.64*** (0.43)	0.19***	n/a	n/a

Note: Standard errors are in parentheses. Probability: \*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p \leq .05$ . N/a denotes that coefficients for variables that are statistically insignificant, therefore they are not presented in the table.

Young Kosovars were asked whether the education or training institutions which they were attending had initiated or participated in activities that establish connections between those institutions and private and public employers (see Table 37 Ordered logistic regressions were conducted for each activity including demographic variables for age, gender, ethnic group, and type of education and training institution. Consistently, from one model to another, high school students had lower odds (6 to 28%) than vocational school students of reporting that their school either initiates or participates in activities that introduce or connect them with potential workplaces or employers. Respondents who identified as Serb also had lower odds (22 – 42%) than their Albanian peers of reporting that their educational institutions initiate or participate in job fairs, or in activities that place their students in unpaid internships. Young women had lower odds (55 – 62%) than young men of reporting that their institutions initiate or participate in programs that focus on student part-time employment, unpaid internships or work mentoring programs. General high school students were 2.18 times more likely than vocational school students to report that their school did not participate in any of the activities in question. Young Serbs were 2.53 times more likely than their Albanian peers to report that their educational institutions do not participate in any of the activities in question.

**Table 39: Results of logistic regression for report on activities that surveyed education institution is involved** <sup>22</sup>

Activities	General High School		Serb		Gender	
	Coefficient	Odds Ratio	Coefficient	Odds Ratio	Coefficient	Odds Ratio
Job fairs	-1.60*** (0.23)	0.20***	-1.51*** (0.85)	0.22**	n/a	n/a
For part-time employment of its students with companies	-2.27*** (0.29)	0.10***	n/a	n/a	-0.53** (0.18)	0.59**

<sup>22</sup> The responses from the vocational schools students were excluded from the model so that they could serve as a residual category against which responses of the general high school and vocational training center students were compared. Also, the variable capturing the ethnic Albanians was not included so that it could serve as a residual category against which responses of students of Serb and RAE ethnicities are compared.

For unpaid internships for students with companies	-2.81*** (0.27)	.06***	-0.87* (0.39)	0.42**	-0.60*** (0.18)	0.55***
Company workers mentor students	-1.28*** (0.24)	0.28***	n/a	n/a	-0.48** (0.18)	0.62**
Do not participate	0.78*** (0.20)	2.18***	0.81* (0.38)	2.53*	n/a	n/a

Note: Standard errors are in parentheses. Probability: \*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p \leq .05$ . N/a denotes that coefficients for these variables are statistically insignificant; there they are not presented in the table.

### **Poverty, Education and Employment Prospects of Kosovar Youth**

In 2011, it was estimated that 29.7% of the population in Kosovo lives below the poverty line, and 10.2% live in extreme poverty. The poverty rate is twice as high in rural areas compared to urban (33.4%). The poverty rate of persons 15 years of age or older is highest for the unemployed (36.1%), followed by students (30.4%), retired and disabled (29.6%), housekeepers (29.5%), and subsistence farmers (29.4%) (ASK and World Bank, 2013). Anecdotal evidence and interviews with a VTC director in Ferizaj confirmed that unemployed coming from rural areas are not able to attend training at the VTC due to transportation costs.

### **Workforce Development Challenges in Rural Areas**

Each of 42 municipalities in Kosovo has at least one secondary school, including a general high school and a vocational school. However, there are differences between vocational schools in urban and semi-urban areas. The latter are, by default, mixed vocational schools offering a diversity of programs from different and incompatible areas, for example: business administration, agriculture and medicine. Workshops in such schools are usually not very well equipped, and opportunities for placement in companies are limited. Vocational schools in Kosovo are under the authority of their respective municipalities, and they do not have to admit students from other municipalities. However, due to low demand for vocational schools, there are opportunities for internal mobility.

Recognizing the challenges of preparing an effective workforce in rural areas, there are programs addressing this topic. One such program is the Swiss-funded S4RE, which aims to reduce poverty in rural Kosovo through targeted training and skills development, leading to increased employability. The S4RE supports local service providers (public and private) in developing a system to provide skills and training services that are complementary to the formal VET system and are more strongly based on practical training and private-sector linked activities. The S4RE stimulates *Opportunity Groups* as an effective way to develop locally demanded technical, entrepreneurial and life skills for young people, leading to improved employment and income. The three-year program is implemented by Helvetas and will run until the end of 2015.

### **Youth with Disabilities**

Disabled people are another marginalized category in Kosovo's education and training system and labor market. Due to methodological flaws, the 2011 Population Census failed to provide an accurate figure of disabled persons in Kosovo. Handikos, the largest national association of disabled persons, asserts that there are between 150,000 and 200,000 disabled persons in Kosovo (~10% of population). According to Handikos, the Population Census reports that there are 97,000 people with "difficulties" but this group includes a wide range of citizens (i.e., senior citizens with hearing or vision impairment).

MEST Special Needs Division reports 6,093 students with special needs are enrolled in the public Pre-University System, which is not satisfactory when compared to total numbers (MEST, 2014c). Our informants from Handikos believe that society has negative biases in relation to disabled persons and, very often, disabled persons have similar biases in relation to their own abilities. Frequently, rather than trying to enhance abilities of their disabled relatives, family members will emphasize disabilities. The VTCs, in cooperation with Handikos, provide training for disabled persons in areas such as IT, office administration, and call centers. Logistical arrangements are not in place, so in most cases disabled persons do not have access to transportation or even to a number of buildings. Within the framework of social responsibility, certain corporations have initiated employment of disabled people and, so far, seven people were employed.

Earlier initiatives by UNDP and Kosvet 6 to support employment of disabled persons by contributing to their salaries for a certain period of time have failed.

The Law on Vocational Ability, Rehabilitation, and Employment of PWD, provides all rights for PWD to access and gain from vocational training and rehabilitation, and ensures affirmative actions for their employment. Article 12 requires that all institutions - private, public, and NGOs - employ people with disabilities with appropriate conditions. Furthermore, for every fifty employees, the employer is obliged to employ one PWD (Kosovo Assembly, 2008). In addition, the GoK approved the National Strategy on Rights of PWD in Kosovo 2013-2023 in 2013 (GoK, National Strategy on the Rights of Persons with Disabilities in Kosovo 2013-2023, 2013). Among other areas of intervention the strategy aims to provide equal opportunities for the employment of persons with disabilities and create conditions for inclusion in education and professional development. In this regard, the regulation on Active Labor Measures Program (ALMP) ensures that all vulnerable groups, including PWD, have equal access to labor market services, measures and support<sup>23</sup> (GoK, 2012). In other words, the regulation ensures that PWD may receive a supplement to their monthly living allowance of up to a maximum of 50% of living allowance when they participate in on-the-job training. This measure was usually applied when donor funding was available. However, there were cases when the PWD was asked by the employer to stay home while they paid him or her (Haulica, 2015).

According to the Law on Disability Pension, a PWD is entitled to the disability pension only if the person’s disability is deemed permanent and falls within the stipulated categories (deaf persons are excluded and blind persons fall under a different law) (Kosovo Assembly, 2003). In other words, if a person is partially disabled but still capable of working and obtains a job, the disability pension payments will cease on the first date of employment. Contradictions between the Law on Disability and ALMP regulations may contribute to increased informality of vulnerable groups (including PWD), while reducing their chances of employment and risking their welfare.

The survey<sup>24</sup> with PWD points out that they face limitations related to their employment (59%), education (39%), and social inclusion (31%). It should be noted that youth with disabilities often terminate their education early due to pervasive social stigma. As Table 38 shows, the number of employed PWD is extremely low, with only 9% having full or part time employment.

**Table 40: Employment of PWD**

PWD (aged 19-30)	Percentage of population
Full time	5%
Part-time	4%
Receiving disability pension	6%
Actively looking for a job, currently unemployed	27%
Not looking for a job, currently unemployed	18%
Never looked for a job, currently unemployed	15%

To address some of the issues stated above, the EU sponsored the Enhancing Employment of Vulnerable Groups project that aims to support employment and social inclusion of the most disadvantaged and vulnerable groups, in particular beneficiaries of social assistance and PWD, in the labor market. The project interventions are directed towards development and implementation of active employment policies at the central and local level, and piloting the grant scheme to develop new Active Employment Measures to

<sup>23</sup> Eurostat Labor Market Policy Statistics (2013): *Services* refer to labour market interventions where the main activity of participants is job-search related and where participation usually does not result in a change of labour market status.

*Measures* refer to labour market interventions where the main activity of participants is other than job-search related and where participation usually results in a change in labour market status; *Supports* refer to interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance

<sup>24</sup> The survey was conducted on June 2011, with 950 respondents of which 63% were Albanian, 16% Serbs, 10.5% RAE and 10.5 from other ethnicities; 45% were women; 667 were PWD and 283 were care-takers.

benefit vulnerable groups. As a result nine sub-projects were selected by the EU to address the issues of unemployment and work readiness for vulnerable groups.

### **Barriers Affecting Young Women's Access to the Labor Market**

Although Kosovo has well established legislation, strategies, and policies that promote gender equality, the country still faces many challenges in achieving gender mainstreaming. There are large gender disparities throughout the labor market indicators. More than half of the working age population of women is inactive; 78.9% of working age women are inactive compared to 39.8% of men; about 40.9% of young women (aged 15-24) are not in education, employment or training (NEET), compared to 30% of young men (aged 15 - 24)<sup>25</sup> (LFS, 2014).

The main reason for the high inactivity rate amongst women is family responsibility. Only 1.9% of inactive men cite this reason. This comes as a result of traditional gender roles in the family, where women are expected to undertake the majority of household responsibilities including child care, caring for the elderly, caring for family members with special needs, and other obligations (AGE, 2008). Other causes of the high inactivity rate are attending school or training (15% of women, 16.1% of men) and believing there is no work available (14.4% of women, 9.7% of men) (AGE, 2008). The other barrier that affects women's participation in the labor market, especially young women from rural areas, is adequate public transportation (Mullatahiri, 2013). According to the World Bank (2014b), lack of public transportation may cause a loss of job or training opportunities in the town, even in cases when private transportation is available<sup>26</sup>. Moreover, the World Bank study suggests that the reservation wage effect due to remittances may impact their decision to be active in the labor market. This same issue was brought up by businesses during interviews and FGDs.

### **Incentives for Employers**

The regulation on ALMP foresees incentives for employees (including PWD) who participate in the active labor market measures. However, this process does not create any incentive for employers who consider providing training or hiring a person from the vulnerable groups. Instead, the regulation obliges employers to appoint a mentor who will supervise the intern or participant, create suitable conditions and safety at work, and provide a certificate for all participants. Further, the MLSW does not take any responsibility for costs occurring as a result of damaged equipment, accidents, or illness of participants on the program.

To date, the MLSW through PEO and VTC mostly provided employment services and vocational training as an active labor market measure due to budget limitations. All other measures, such as internships, on-the-job training, public works, start-up incentives, and wage subsidies, were implemented by donor programs. The Action Plan 2014-2016, of the Sectorial Strategy on Employment and Social Welfare 2014-2020, anticipated a budget only for vocational trainings and start-up incentives, and made no prediction for budget for other measures such as internships or on-the-job training, public works or wage subsidies for which MLSW has approved the regulation. No incentives of any kind are provided for employers.

### **Underserved and Vulnerable Youth**

FGDs with young people from Ferizaj, Gjakova, Graçanic, Mitrovica, Pristina, Prizren, and Vushtri revealed that the main barriers for majority of young people were lack of working experience and necessary skills demanded by companies as a consequence of outdated curriculum that is not in alignment with actual industry needs, and lack of opportunity to practice classroom learning in the working environment. Youth attending school or university - who had no experience and were looking for a job or had a job at the time of interview - were more confident about having the necessary skills for the job than their counterparts who had held a job in the past or had been looking for one for some time. Those in the first category identified slow economic growth and nepotism as the main reasons for the high rate of unemployment and were hopeful that at the end of their studies they would find a job.

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<sup>25</sup> As per Labor Force Survey 2013 (2014), the total inactive population is 708,436, of which 472, 511 are women economically inactive, of which 69,500 are young women (aged 15-24) that are not in education, employment or training; 235,925 men are not economically active, of which 55,000 are young men not in education, employment or training.

<sup>26</sup> Cars or mini-vans available to share among groups of passengers often serve as a substitute for public transportation.

Nepotism in the recruitment process in both private and public sector was perceived as a high barrier. As stated by one participant:

*“Most jobs are not advertised, everything is made through connections. Even if a job is advertised, it is not worth trying. Usually people are already working at that place. The advertisement is made only for the sake of the recruitment procedure. Hence, if you have no connections, it is very hard to find a job.”*

In addition, as noted above, lack of occupational information and career guidance centers within the secondary schools and university prevents them from making educated decisions about what profession to choose, the next steps to follow, and what jobs are demanded by the labor market. None of the young people attending FDGs stated that they have had occupational counselling in prior levels of education, which accounted for the lack of labor information.

Young people also provided their suggestions for how to address these barriers. The suggestions were: to establish career orientation centers to guide students of secondary and tertiary education on their future career; create linkages between schools and the business community to smooth the transition of youth from school to work; update the curricula not only in secondary and tertiary education but also revise curricula in the VTC to match the needs of industry; establish entrepreneurship programs to support youth self-employment; provide soft-skills training, training on problem-solving, negotiations, and practical labs to support innovation and creative thinking; and create favorable conditions for business development by providing incentives for businesses that want to expand and generate jobs.

As indicated above, 59% of PWD face barriers when accessing labor market; however 43% of them are interested and have the potential to enhance their skills by participating in different training programs in accordance with the law on vocational ability and rehabilitation of PWD. In general, PWD believed that neither the public nor the private sector is willing to employ them due to widespread discrimination. Hence there is a room for specific interventions such as professional trainings, microfinances, and supporting employers with incentives to improve their workshop according to the needs of PWD (GoK, 2011).

## 4.5 KEY CHALLENGES

The terrain of workforce readiness and of constructing a system that equips young people with the skills, knowledge and competencies necessary to secure productive employment in a labor market sufficiently robust to identify, select and employ them, cuts across academic categories, governmental organograms and business sectors, challenging all to critically assess inherited systems, procedures and ways of doing business, and to create new, more nimble, productive and accountable structures and institutions, linkages and information pathways. Within the nation-building context of a recently sovereign but contested republic struggling to build new legal and policy frameworks and institutional structures that will provide security, opportunity, and prosperity while assuming the immediate responsibilities of governance and negotiating the inputs and requirements of an array of donor nations and multilateral agencies – the proverbial building a ship while already at sea - the challenges of market-based workforce development are indeed profound.

As will be described in greater detail below, these challenges relate to: 1) the structural characteristics of the Kosovar economy – the *demand side* of the workforce/employment equation – that is comprised of a preponderance of sole-proprietor micro and small enterprises that fail to generate anywhere near the number of positions sufficient to employ a significant percentage of young people and that generally hire new employees from within family and social networks; and 2) a clumsy, outdated workforce education and training system – the *labor supply side* - that remains largely disconnected from the needs of the market, rarely providing students with occupational information and career guidance, and educating and training young people through curricula and instructional styles that emphasize theory and repetition over critical thinking and practice, failing to deliver effective hands-on training or practical experience.

And so we find a sad irony: while many youth bemoan the absence of employment opportunities, particularly those without a year or two of previous work experience, and the lack of a level playing field in terms of access to the few available employment opportunities, many employers report that when job

openings do exist they are unable to find young people qualified for these positions. Despite their critiques of their educational experiences, young people in the survey generally reported confidence in their knowledge-base and competencies; yet, employers often complained to the AT of a lack of motivation, commitment and basic skills amongst the young, would-be labor market entrants.

#### 4.5.1 Systemic Challenges

**Data Gaps, Validity and Reliability:** Effective program design and planning is contingent upon access to valid and reliable information; in cross-cutting areas, such as workforce readiness, the challenges of identifying and aligning information from several relevant sectors is formidable. While the Kosovar development landscape is replete with GoK and donor-initiated research studies and initiatives, the validity and reliability of these are in some instances questionable and significant gaps remain. For example, as will be discussed below, the actual dimensions of youth unemployment are not certain and the scope of informal-sector, off-the-books youth employment remain largely *guesstimates* and anecdotal. The findings of the World Bank's current household and business survey as well as the UNDP's impending skills survey should help clarify important aspects of the workforce readiness picture.

**Donor Coordination and Information Sharing:** Within Kosovo's complex, often program-driven development context, the challenges and importance of GoK and donor coordination and information sharing remains substantial. While all relevant stakeholders acknowledge the necessity of coordination, the process remains imperfect and several knowledgeable KIs have suggested that there remains significant room for improvement.

#### 4.5.2 The Demand Side - Labor Market Challenges

**Inactivity.** Perhaps the most striking feature of the Kosovar labor market is its large inactive population: the majority, 59.5% of the working-age people, are reported not economically active<sup>27</sup>, with 76.7% of youth falling into this (15-24 yrs.) category. But unless carefully defined, these figures, with respect to the youth population, may be misleading. Inactive is defined as *people aged 15-64 who were neither employed or unemployed during the referenced period*. This category that would include young people who are enrolled in secondary or higher education or vocational training programs as well as those out of school and not looking for work. More relevant to the issue of workforce readiness may be the figures for youth unemployment:

*Youth unemployment refers to unemployment of persons between 15 and 24 years old. The young people are neither employed nor in school or training present the portion of youth (15-24 years old) who are not employed who did not attend school or training (Kosovo Statistical Yearbook 2014, pg.91).*

The most recent figures for youth unemployment (2012) indicate an unemployment rate of 52% for males and 63.8% for females, and a total youth unemployment rate of 55.3%. These rates are down – due to changes in measurement definitions - from the previously published rates (2009) of 68.5%, 81.7% and 73.0%, respectively. Although the AT cannot ascertain the validity and reliability of these data, it is reasonable to assume that a large cohort – possibly the majority - of out-of-school youth are unemployed and many may be inactive in the sense that they are not looking for employment at least in terms of registration with Public Employment Office. The main reasons given for not seeking employment, which were voiced often during the FGDs with youth, are the belief that there is no work available and that pervasive nepotism in the hiring process in the public and private sector makes such efforts unlikely to succeed. (KAS K. A., 2014).

Many youth described the repeated experience of applying for jobs for which they believed they were qualified and which seemed open, only to be rejected. Most seem to believe that they are passed over in favor of some relative or friend who is less qualified but more connected. As one young man in Gjakova put it “there is always someone ahead of you.” Other youth from the Kosovar community expressed the belief that they have lost jobs to members of the RAE community whom they see as perhaps deserving

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<sup>27</sup> Labor Force Survey (2014) – Economically inactive are not employed and have not actively sought employment in the past four weeks and/or are not available to start work within two weeks.

beneficiaries of “positive discrimination,” while RAE youth feel that they are still subjected to employment discrimination and prejudice (FGD, Gjakova). Young people seemed unanimous in their belief that the only avenue for employment success was through nepotism and corruption. One young man who reported having failed at several earlier attempts at building a career (including being passed over for a police job despite ranking 12<sup>th</sup> for 300 positions) expressed his regret in having to use three personal contacts in his Municipality to receive a small loan to purchase raspberry saplings to start his business. Without these contacts he was sure that he would have been turned down for the loan.

Despite the level of disillusionment voiced in all youth FGDs, when asked to discuss the topic of migration from Kosovo, KIs expressed a diversity of opinions ranging from those who could easily imagine themselves leaving the country if their situation did not improve to others who stated they would stay because of their ties to their families and communities and dedication to building the country. Some doubted if the situation was actually better in neighboring countries. Virtually all participants seemed to know someone who had left the country, and several young people in the FGDs had also done so, legally or illegally, and returned.

The challenges of re-engaging a large, discouraged, inactive youth population are substantial, and for some minority communities - the beleaguered and shrinking Serb community in Gracanica (FGD), for example – seemingly intractable. Some immediate if modest interventions that can help restore young people’s belief in the possibility of a positive, productive future are strongly indicated. Still, while clearly discouraged, the youth interviewed by the AT seemed to draw upon some reserve of optimism. As one unemployed young woman from a small village near Mitrovica put it “hope dies last” and somehow, despite their disappointments and apparent economic inactivity, virtually all of the youth with whom the AT spoke imagine a positive, if unplanned and somewhat vague, future. When asked what they might be doing three years from now if things were to work out well for them in terms of employment, not a single young person in the FGD Ferizaj could provide such an optimistic narrative.

**Informality.** Although there is ongoing debate as to its positive and/or negative impacts upon the economy, informal employment<sup>28</sup> is certainly a significant challenge to the labor market, though there is a lack of reliable data and analysis on the size and features of this phenomenon. There is some evidence to suggest that more than one-third of the actual labor force is not officially reported and that in the agricultural sector, upon which over 60% of the population is dependent, about 70% of the workforce is not declared (RIINVEST Institute, 2013). The UNDP Human Development Report 2012 estimated that 30 to 40% of the Kosovo’s labor market is informal. Based on interviews with 600 business owners (and a series of case studies), the 2013 *To Pay, or Not to Pay*, concludes that businesses resort to off-the-books hiring primarily to avoid taxes and regulations (RIINVEST, 2013). In addition, 68.2%<sup>29</sup> of business owners declared that their employees *asked* to be paid in cash rather than through bank transfers, in order to avoid income tax and pension contribution and retain more cash on hand (RIINVEST, 2013). Often, being employed in the informal sector is the only way to have a regular or seasonal job in an economy that provides limited formal opportunity. While it seems reasonable to assume that perhaps a significant percentage of youth who are officially reported as unemployed or inactive may actually be gainfully, if unofficially, employed, further research is warranted to better understand the dimensions and consequences of informal employment, including its gender dynamics and consequences for rural, vulnerable, and minority populations.

**Remittances.** The UNDP’s 2012 Kosovo Remittance Survey indicates that about 25% of all households, particularly those in rural areas, receive remittances, which comprise the second largest source of family income after permanent employment and have improved the livelihoods of these families. However, it may be important to note that particularly for female-headed households, receipt of remittances is associated with increased economic *inactivity*: for those unemployed, a decreased likelihood of seeking employment or of registering with the Public Employment Services (UNDP, 2012). Here, too, further investigation is certainly warranted to ensure that program initiatives take the dynamics of remittances into account.

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<sup>28</sup> A wide definition of informal employment includes self-employment and wage employment in informal enterprises and informal jobs in a formal company.

<sup>29</sup> 408 employers out of 686 employers who participated in the survey.

**Gender.** Despite legislation, policies, and strategies promoting gender equality, significant differences in labor market participation for women and girls remain. In light of the extremely high level of inactivity for working age women (78.9%), the budget allocation specifically aimed at empowering women<sup>30</sup> seems quite modest. The rate of inactivity among young women correlates with low levels of employment. The main reasons for this high inactivity rate are family responsibility, 35.9% compared to 1.9% of men. As stated previously, this is due to traditional gender roles in the family. Other reasons are attending school or training (15.1%) and the belief that there is no work available (14.4%) (KAS K. A., 2014).

*Recent studies have noted that the requirements for maternity benefits contained in the new Labor Law has had an unintended negative impact upon the employment of young women, with private sector employers avoiding hiring young women (GAP I. f., 2011) (RIINVEST, 2013).*

**Structural Unemployment.** The chronic mismatch between the number of job openings and the skill-level as well as the number of people wanting to work is another vexing characteristic of the Kosovar labor market. Across many sectors, businesses continuously report that the level of skills and qualifications of the workforce is not in alignment with their requirements<sup>31</sup>. While the types of technical skills that applicants bring to the workplace often do not match labor market demands, employers also report that employees lack practical transferable “soft” skills such as communication (in foreign or native languages), negotiation, analytical problem and conflict solving, mathematic-numerical skills, and client-oriented services (World Bank, 2013) (WRA KIIs and FGDSs). The World Bank Survey (2008) points out that lack of necessary technical and soft skills of the labor force has a direct impact on competitiveness in the domestic and regional markets. The same is reported by RIINVEST (2011) and appeared in the WRA KIIs, where in some areas of expertise - food processing, dairy technologist, mechanical engineering and textile production manager – there appears to be a severe problem with the lack of skilled local applicants and companies reported that they have to hire staff from neighboring countries, significantly increasing their production costs. As stated by a production manager:

*“We would like to expand our production line but we lack a skilled workforce in the textile industry. All new recruits have to undergo nine months of training to be able to deliver quality work. Sometimes the investment in human capital does not ensure return on investment since new employees may leave soon after the training. For our company this means a waste of resources, which increases the operational costs.” (KII)*

Many business managers and owners also cited an on-going lack of current and potential middle-management personnel across a broad array of management competencies, as a significant factor inhibiting business expansion, increased employment and economic growth (WRA KIIs).

### 4.5.3 The Supply Side – Workforce Education and Training Challenges:

**Labor Market Linkages.** The foremost challenge confronting the Education System regarding workforce readiness is to ensure that graduates’ qualifications meet the expectations of the labor market. As the WRA KIIs and employer FGDS demonstrate, the links between the Kosovar economy and the education system remain tenuous. The private sector still has difficulty in defining and communicating its needs, and the VET and higher education institutions are not yet in a position to provide the labor market with potential employees whose skills make them immediately attractive to prospective employers. In sectors in which there is rapid technological development, particularly ICT but also textiles and food processing, the poor articulation between the education and training system and the business community is particularly problematic with young people learning technologies that may be more than one generation out of date (KIIs). This dynamic suggests that at least in these fields, traditional brick-and-mortar training institutions may

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<sup>30</sup> Annual Action Plan of the Government of Kosovo – 2013, Available at: <http://www.kryeministri-ks.net/>

<sup>31</sup> The World Bank (2013), “Technical analysis and recommendations for improving interventions in the field of employment and vocational training in Kosovo: Contribution for Sectorial Strategy on Employment and Social Welfare (2014–2020)” Washington, D.C.: The World Bank.

have to give way to models incorporating more nimble virtual training systems with far closer ties to emerging technologies and to the needs of the marketplace.

**Skills Training.** The education system in Kosovo fails to address the pedagogical and skills training needs of Europe's youngest population, resulting in vast numbers of unemployed youth without the skills or training required of a growing economy (USAID 2013). Companies often complain about skills but they are very reluctant to cooperate and contribute to program development and implementation (KIIIs). Therefore, this calls for a more effective approach in engaging enterprises in discussions with the education system.

**Resources and Sustainability.** Due to a lack of funds, envisaged measures to improve workforce development within the education sector have not been fully implemented, resulting in a somewhat piecemeal process and significant ongoing programmatic and material gaps. Further, implementation of key projects and particularly of the active labor market policies have largely depended on donor support. This may narrow their scope and coverage and leave them vulnerable to interruption or termination as well as threaten sustainability within ongoing affordable local institutions. Donor-driven, program-based development also may challenge the overall cohesion of the education and training system and certainly raises issues of coordination and planning of such initiatives.

**Institutional Coordination.** One of the principal challenges of creating and conducting an effective labor-market sensitive workforce development system is its cross-cutting nature, posing significant requirements for institutional linkages, collaboration and coordination. Given this complexity, it is not surprising that the level of inter-institutional co-ordination and cooperation between relevant ministries for the sector (MLSW, MTI, MED, MCYS, MAFRD, MEST, MoF) has been inconsistent, which has hindered implementation of activities. Added to the challenge of collaboration and coordination at the central level is the concomitant requirement for similar cooperation at the municipal level where, for example, there have been difficulties in the implementation of public works projects.

**Higher Education Enrollment.** The demand for higher education in Kosovo has steeply increased in the last decade, posing substantial challenges for the sector. Whereas in the academic year 2008/09 there were approximately 48,000 tertiary students enrolled in higher educational institutions, in five years that number has increased 2.5 times. In the academic year 2013/14, Kosovo had seven public universities and 25 private colleges offering 573 different programs of study. With just over 120,000 students enrolled, Kosovo reached a higher education participation rate of 74.3% of all persons aged 20-24, which is significantly above the EU average of 62.7%. Comparable figures for the United States show that in 2011 about 42% of young people ages 18-24 were enrolled in college or university programs, up from a figure of 36% one decade earlier.<sup>32</sup> In the context of a Kosovar economy characterized by high levels of structural unemployment, the decision to enroll in an undergraduate or even graduate program may be seen by many students and their parents as a decision that can increase the likelihood of subsequent employment, mobility (the possibility of finding employment outside of Kosovo) and bestows a measure of prestige to the family (KIIIs). But as one young man stated in an FGD, why should he enroll in a graduate program just to become another "waiter with a Master's Degree." It should also be noted that the high tertiary education enrollment rates serve to decrease the apparent rates of economic inactivity and unemployment for young people described earlier in this report.

**Higher Education Instruction.** Related to the enormous increase in enrollment in tertiary education is the issue of the number of qualified teachers/instructors for this huge population of university students. Comments by numerous students during FGDs across Kosovo were virtually unanimous in their critique of their higher education curricula as overly theoretical, unimaginative, lecture-heavy, and frequently tied to an out-of-date text book, often authored by the instructor. Students found the courses to be generally quite remote from the realities and requirements of the workplace.

In terms of numbers of college instructors, a slightly increased teaching staff is providing instruction to far greater numbers of students at UP, five new universities and twenty-five private higher education

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<sup>32</sup> National Center for Education Statistics, Institution of Educational Sciences. [www.nces.ed.gov/fastfacts](http://www.nces.ed.gov/fastfacts).

institutions. There are for example, academic units at the UP where the teacher/student ratio exceeds 1:200. This is doubly destructive: it does not allow for quality academic provision and it simultaneously reduces the possibility for research activities and creation of new knowledge that could be relevant to addressing the developmental needs of the country.

**Occupational Information, Vocational Guidance and Career Counseling.** An effective career guidance system can be the key link between the needs of businesses and industry, and the talents, ambitions, education and training of young people. However, Kosovo's youth and their families typically pursue education and training options without access to any useful occupational and workforce information, career guidance or career education. Young people in FGDs reported being urged by their families to pursue enrollment in prestigious university faculties – economics, medicine or law, for example – without regard for their own talents, interests or to future employment opportunities; several expressed the wish that they had pursued other fields of study. Young people reported an abundance of discouraged, unemployed university graduates (FGDs). As one aptly put it, “We don't have a good economy but we do have lots of economists.” (FGD, Ferizaj).

Development of an effective, labor-market sensitive career guidance system includes several elements: creation and incorporation of career education in school curricula; creating and building the functionality and capacity of career centers in secondary schools and in tertiary institutions; development of career guidance and counselling as a recognized profession in Kosovo and strengthening career guidance with the Public Employment Services centers (SDC, 2013, Career guidance: Development trends in Kosovo). Our site visit and KIIs at the UP Career Center found a woefully under-resourced and under-staffed institution with great ambition and dedication but little ability to serve more than a tiny proportion of the student population. Career guidance centers in the majority of secondary schools seem even more limited and many students seem to enter the primarily male, professional (vocational) high school programs by default. While the Swiss-supported Enhancing Youth Employment (EYE) Project has identified career guidance as an important component of workforce development, the challenges of finding resources to support a sustainable, non-program based career guidance system seem quite formidable.

#### **4.5.4 The Political Environment – Challenges Affecting Serbian Ethnicity Youth in Kosovo**

In considering the key challenges confronting workforce readiness in Kosovo, one cannot avoid reference to a macro-political context that severely constrains the nation's economy and labor-market and also results in a dual education system in which schools where Serbian is the medium of instruction are essentially incorporated into the Serbian education system and remain estranged from that of Kosovo.

Throughout this assessment, the AT has made note of the many dimensions along which Serb young people appear to experience the unfortunate dynamics of poor preparation for the workplace and limited access to jobs, even more severely than do their ethnic Albanian peers. In responding to the youth survey questionnaire (4.7% of the respondents identified themselves as Serb) these young people were significantly less likely to report that their teachers were capable of adequately preparing them for the workplace and to feel prepared for employment. As compared to the other young people who completed our survey instrument, Serb youth were 15-20% below their peers in reporting that they had acquired confidence (69%), analytical skills (37%) or job-relevant relevant experience (34%). Further, as noted earlier, the Serb youth were far less likely to indicate that they had learned important job-relevant skills including the ability to work with people of diverse backgrounds or to have had any practical, hands-on experience at school. FGDs (6% of the participants self-identified as Serb) further amplified these discouraging statistics, with many young people reporting an overall lack of job-relevant skills, few if any employment opportunities, and almost total isolation from their non-Serb peers.

While it would be foolish to assume that the political dynamics that make the prospects for successful employment for Serb youth in Kosovo even more daunting than for their peers will be easily and amicably resolved in the short run, it is important to acknowledge these overarching dynamics and their negative consequences for communities struggling to educate and train their young people to find productive careers

in their communities. Certainly any local measures that build peaceful relations and reconciliation between these communities and nations should be supported. The visit to STIKK, the Kosovo ICT Association, and the Innovation Center in Pristina by a group of young IT enthusiasts from North Mitrovica through their local youth NGO, AKTIV, is one example of such productive encounters.

## 5.0 CONCLUSIONS

Key conclusions of the KWA are summarized below:

1. **Youth Unemployment:** Although reliable population data are not available, relevant evidence strongly suggests that as many as 50%-70% of out-of-school youth ages 15-24 are unemployed, and the percentage is likely higher for young women, vulnerable populations and minorities. Little is known about the rate of informal sector employment for Kosovo's youth, but it is likely that perhaps a significant segment of youth officially categorized as unemployed are actually working off-the-books, at least seasonally or on a part-time or intermittent basis. Seemingly progressive maternity benefits regulations contained in the new Labor Law may have had the unintended consequence of further reducing the participation of young women in the formal economy.
2. **Young people dismayed by nepotism and corruption in the hiring process:** Most out-of-school young people interviewed by the AT expressed anger and discouragement at a job search process that they believe to be corrupt and where regardless of qualifications or ability, private and public sector jobs are reserved for friends and relatives of business owners or government officials. Many expressed a sense of fatalism and futility, pointing to what they see as the impossibility of acquiring the two years prior experience that employers seem to require.
3. **Minority youth particularly disheartened:** While youth from the majority population appear to agree with the concept that RAE community members are deserving of some level of special support, many feel that RAE youth have become the beneficiaries of "positive discrimination" that leaves the majority of young people with few employment options within the public service. However, RAE youth, including those enrolled in university undergraduate and graduate programs, clearly believe that their ethnicity is an ongoing barrier to career advancement and economic success. Young member of Serb communities appear particularly disillusioned, with those from Gračanica struggling to imagine a positive future of their ever-shrinking, isolated community and feeling abandoned and forgotten by both Pristina and Belgrade.
4. **Immigration as an option in an employment-poor environment:** Many young people personally know someone who has emigrated due to a perceived lack of economic opportunity and a number of the older, out-of-school and unemployed youth are themselves at least thinking about this as a possibility. The younger, still-in-school youth, imagine leaving Kosovo primarily for study abroad or post-academic adventure, but not as economic necessity. Most youth from the Albanian-speaking communities expressed strong feelings of attachment to Kosovo and hoped to remain there.
5. **Secondary and tertiary education leaves students unprepared for the workplace:** While still in school, students overwhelmingly expressed the sentiment that their teachers are capable and preparing them for the demands of the workplace. Not surprisingly, unemployed out-of-school youth have a different perspective: they are extremely critical of an education and training system that they view as rigid, out-of-date, overly focused on theory, and lacking hands-on and experiential learning and workplace-relevance.
6. **Poorly prepared labor market entrants have negative impact on business and economic growth:** The lack of adequately trained, skilled or motivated entry-level applicants appears to have, in some instances, constrained business growth and often requires employers to assume the direct and opportunity costs of providing such training.
7. **Education system not attuned to the needs of the labor market:** Employers were unanimous in asserting that the high school and university curricula are unconnected and have little relevance to actual labor market needs in Kosovo and that there are no in-place systems to link the workplace and the education and training system. Employers often complain that high school and university graduates lack

the basic knowledge, skills and competencies necessary for success in the workplace and that many do not seem to have the maturity, motivation or commitment necessary to keep a job.

8. **Possibilities exist for business growth and employment expansion:** Local entrepreneurs, business owners and others knowledgeable about Kosovo's economy do see opportunities for business and employment growth in several key labor-intensive sectors, including textile, wood processing, agriculture, food processing, and energy efficiency/recycling. Although unlikely to directly employ large numbers of young people, representatives of the ICT sector appear particularly optimistic and see Kosovo as a growing center for IT outsourcing and development.
9. **Policy framework and GOK and donor initiatives:** Although the GoK has established a policy framework to address major aspects of workforce readiness and development needs, and numerous donor programs have been implemented to help build the capacity and linkages of various elements of a potentially sustainable market-based workforce education, training and placement system, significant gaps remain and unfortunately progress appears still dependent on ongoing donor resources. Although imperfect, systems are in place to coordinate and synchronize donor initiatives across the sectors relevant to workplace readiness. However, beyond the information contained in this assessment, a comprehensive compilation or database of such activities apparently does not exist.
10. **Workforce readiness programs:** As will be described in the following section of this report, despite the real obstacles and complexities, there is an array of possible productive program interventions that can be expected to produce measurable and sustainable improvements in components of the workforce readiness system. In light of the terrible losses in human and economic potential, and the serious possibilities for social instability because of high levels of youth unemployment, support for such programs seems clearly warranted.