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Towards EU 2020 Goals in Education: improving policy framework and practices in Kosovo

Abstract

Kosovo has adopted the SEE 2020 Strategy to coordinate and benchmark its economy and education system to that of regional neighbors and EU. The new strategy allows its education system to plan, assess and implement policy prescriptions that have been tested elsewhere in Europe. The paper assesses Kosovo situation against only two of the sub-dimensions of the strategy: access to quality education at all levels and linking education with labour market and proposes policy options and recommendations to better focus its resources towards meeting the 2020 targets. Kosovo access to compulsory education is nearly universal but lags far behind Europe and 2020 targets in pre-school enrolment. The number of higher education students is high but their study orientation does not necessarily follow job creation trends and labour market demand. About half of upper secondary students chose VET profiles but the system needs to be more closely linked to the needs of the economy and promote better linkages between students and enterprises.

Table of content

1. Introduction

South-East Europe (SEE) countries adopted the SEE 2020 Strategy (RCC, 2013) modeled on the EU Lisbon 2020 Agenda in 2014. The central objective of the Smart Growth Pillar of the strategy is to promote innovation and foster knowledge-driven growth in the region. The Education Dimension of the smart-growth pillar seeks to increase productivity levels and the number of highly qualified persons in the workforce. It defines the following actions and objectives: introduce policies to increase equitable access to and participation in high quality education at all levels, implement measures to prevent early school leaving and 'drop-out' rates, standardize qualifications and remove obstacles for recognition, ensure education better meets economic and labour market needs, promote smart specialization research and innovation and promote entrepreneurship as key competence at all levels of education and training.

The purpose of this policy paper is to present assess Kosovo education performance compared to two SEE 2020 / EU 2020 Education dimension objectives: improving access to quality education at all levels and ensuring that education better meets economic and labour market

needs. The framework of situational analysis is based on both qualitative and quantitative indicators of the SEE Strategy. Secondly, the paper presents policy options and practices to improve Kosovo education performance ahead of the 2020 deadline. The quantitative indicators have been prepared using standardized statistical data processing methodology and is based on inputs and data from Education Management Information System (EMIS), Kosovo Labour Force Survey (LFS), Eurostat and OECD. All the missing data have been collected from primary sources using a standardized questionnaire. The qualitative inputs are based on semi-structured interviews with key stakeholders and strategic documents and publications.

The first sub-dimension of SEE Smart Growth Pillar (Education component) provides an overview of trends and data on education access and gross enrolment in pre-school, primary, secondary and higher education, provides information about pupil/student attainment in both local and international external examinations, offers a presentation and analysis of system inputs (teachers, class-pupil ratio) and funding in the education sector. The second sub-dimension on better alignment of education to the labor market needs presents a comparative analysis of VET students orientation by profile and job creation trends and a detailed analysis of student orientation in higher education and labour market trends.

Policy options and recommendations on access to quality education at all levels present a coherent set of actions to improve both access and quality of education namely improving enrolment levels in pre-school as a quality measure, focusing on teacher quality rather than quantity and strengthening accountability mechanisms. Policy options on improving education and labour market alignment focus on improving the relevance of study offer through increased capacity to assess and monitor labour market trends and incentivize institutions' orientation towards performance and labour-market test study programmes through a new funding formula.

2. EU 2020 goals and Kosovo

South-East Europe (SEE) countries adopted the SEE 2020 Strategy (RCC, 2013) modeled on the EU Lisbon 2020 Agenda in 2014. The central objective of the Smart Growth Pillar of the strategy is to promote innovation and foster knowledge-driven growth in the region. The Education Dimension of the smart-growth pillar seeks to increase productivity levels and the number of highly qualified persons in the workforce. It defines the following actions and objectives: introduce policies to increase equitable access to and participation in high quality education at all levels, implement measures to prevent early school leaving and 'drop-out' rates, standardize qualifications and remove obstacles for recognition, ensure education better meets economic and labour market needs, promote smart specialization research and innovation and promote entrepreneurship as key competence at all levels of education and training.

The Education component is wide from a policy perspective and requires separate analysis for different objectives. However, the policy study concentrates on three important and interrelated issues: introduce policies to increase equitable access to and participation in high quality education at all levels and ensure that education better meets economic and labour market needs. The policy study approach is to analyse the situation in terms of education participation and quality at all levels and analyse the extend of education and labour market nexus in Kosovo. The policy study presents specific policy options to correct the course ahead of the 2020 deadline.

The first sub-dimension of access to quality education at all levels presents a number of qualitative and quantitative indicators that should be consistently monitored. The qualitative indicators for the first dimension are: quality of early childhood education and care, teacher recruitment and retention, development of teacher workforce, ensure equity in education at all levels and promote approaches to widen participation in higher education. The quantitative indicators for measuring the progress are : annual expenditure as a % of GDP by education level, annual expenditure per student, PISA results, participation rates in pre-school education, teacher salary levels, student teacher-ratio by education level and number of students and graduates.

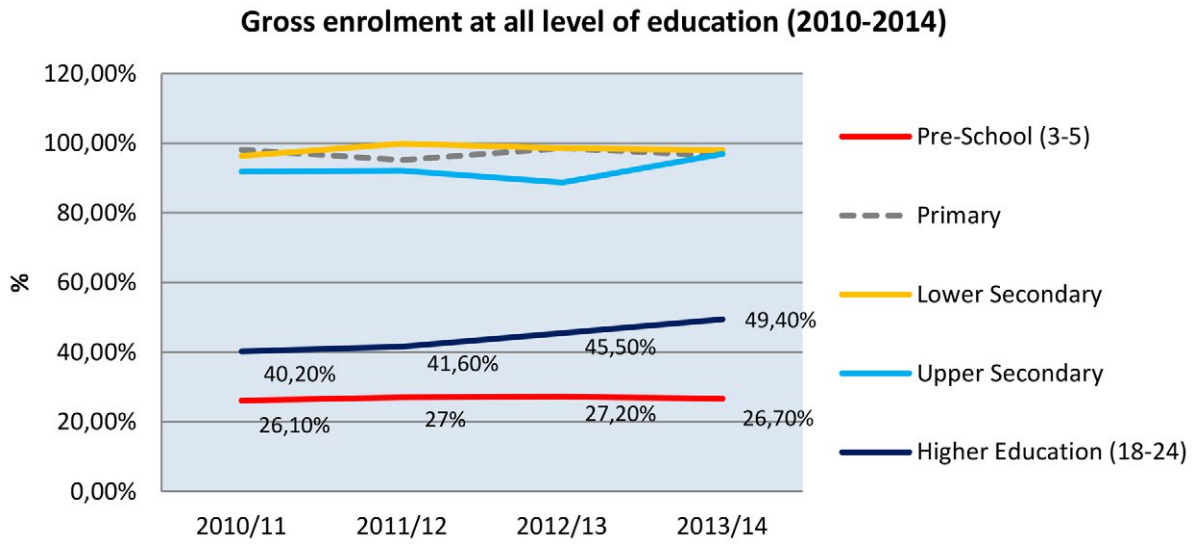
The second sub-dimension focuses on the linkages between education and labour market in vocational and higher education. The qualitative indicators for this sub-dimension are: policies to promote-work based learning, extent of provision of career orientation services, cooperation between VET schools and businesses and development of work-related system of continuing education and training. The quantitative indicators for monitoring the level of progress are: enrolment rates in VET as a ratio of overall enrolment in secondary school level, % of students involved in internships, adult participation in lifelong learning and student orientation by skills sets.

Problem statement 1:

3. Comparing Kosovo to EU 2020 sub-dimension on access and quality of education at all levels

3.1 Access to education

Kosovo has achieved nearly universal gross enrolment at all levels of compulsory education that are comparable



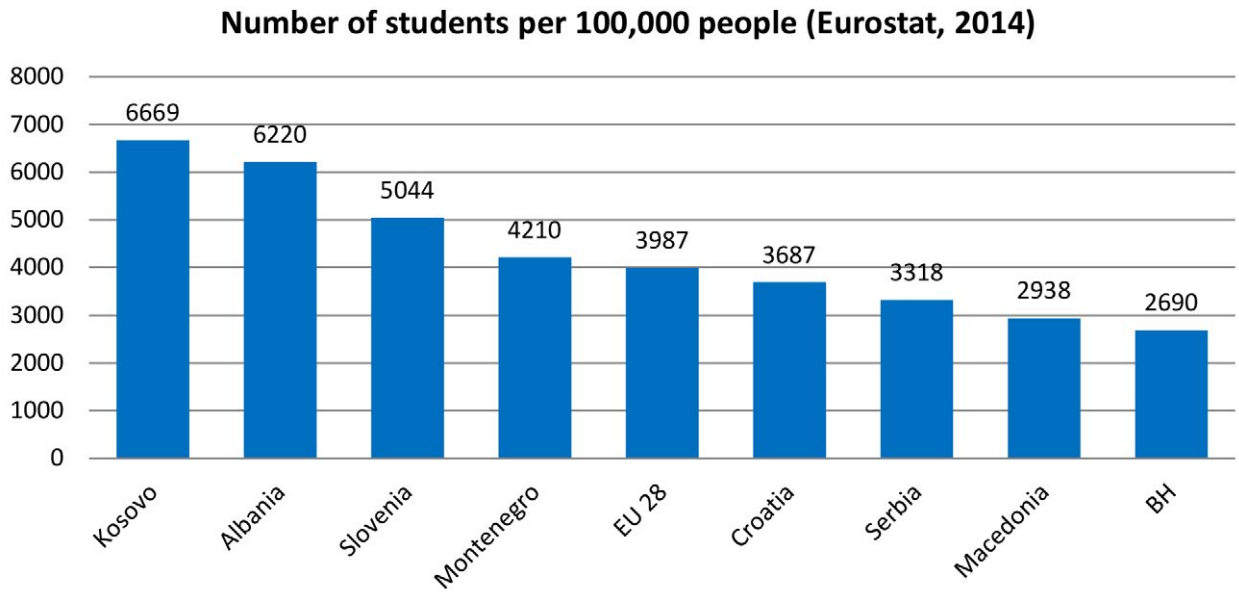
to EU levels but the number of highly qualified individuals remains low - gross enrolment rates in pre-university education (primary, lower secondary and upper secondary) in Kosovo has progressed over the past years, albeit is slightly below universal level. Significant progress has been achieved in increasing enrolment levels in upper secondary education from 82 percent in 2009 to 97 percent in 2014. Kosovo still remains to address participation of all social groups and people with special needs. Generally, Kosovo has progressed in offering compulsory education to nearly all children. However, it still lags behind in pre-primary and pre-school education. Enrolment of children from 3-5 is still low (26.7 percent) and could negatively affect their later learning prospects.

Pre-school education has not been a policy priority and little or no investments in terms of human resources and infrastructure were made in the past four years. Numerous studies have indicated the advantages of pre-school and pre-primary education as relevant to achieve success in the formal education. Pre-school and pre-primary education are key to support children acquire important pre-literacy skills, like phonological awareness and narrative skills, as well as acquire the habit of enjoying books, knowledge of letters and basics of reading and writing. This particularly applies to children living in socially disadvantaged milieus, who traditionally occupy the lowest level in the formal education system. From that perspective such a low participation in this level of education level inevitably affects the performance of children in the early years of compulsory education and puts a majority of them in a slow pace of personal development.

Over the course of the past five years Kosovo has made significant progress in increasing student enrolment in higher education of age-groups 18-24 years. While there were only 40,00 students in 2004 that number has tripled by 2015 thus reaching 122,000 students. Kosovo has the highest student number per 100,000 population. In addition to the University of Prishtina, the Government has established an additional five other public universities in Prizren, Gjakova, Gjilan, Mitrovica and Ferizaj. About 30 % percent of students study in one of the 28 private colleges of higher education. The increase in student enrolment in both public and private higher education has made Kosovo as only of the most densely-student populated places in Europe. The number of students per 100,000 people is 6,669 amd is nearly the double of EU (28) average with 3,987 students per 100,000 people.

Table 1: Students, teachers and education institutions at all levels of education (2014)

	Age-group	Number of pupils/ students	No.schools/ institutions	Teachers
Pre-school (ISCED 0)	0-5	25,337	42	1,364
Primary (ISCED 1)	6-10	145,511	985	16,517
Lower secondary (ISCED 2)	11-14	135,085		
Upper secondary (ISCED 3)	15-17/18	86,219	119	5,441
Higher education (ISCED 4)		122,029	38	



3.2 Pupil results/attainment in external examinations

Kosovo is expected to have the lowest PISA performance score in Europe - Kosovo has participated in OECD Programme for International Student Assessment PISA 2015. The final results will be published in 2016. However, based on the projections models and level of socio-economic development, Kosovo overall PISA score is likely to fall in the range of 370-400. That would place Kosovo's score as the lowest among European and Central Asian countries in math, science and reading skills. Under such a scenario, Kosovo lags around 60 PISA scores behind Montenegro, 100 scores behind Slovenia and about 120 scores behind OECD countries. Each 40 point gap is equivalent to approximately one year of schooling. In essence, the average Kosovo pupil lags about one years behind Montenegro, 2 years behind Slovenia and about three years of schooling behind OECD pupils. This assumption should generally hold given the circumstances of Kosovo education development and the level of socio-economic progress.

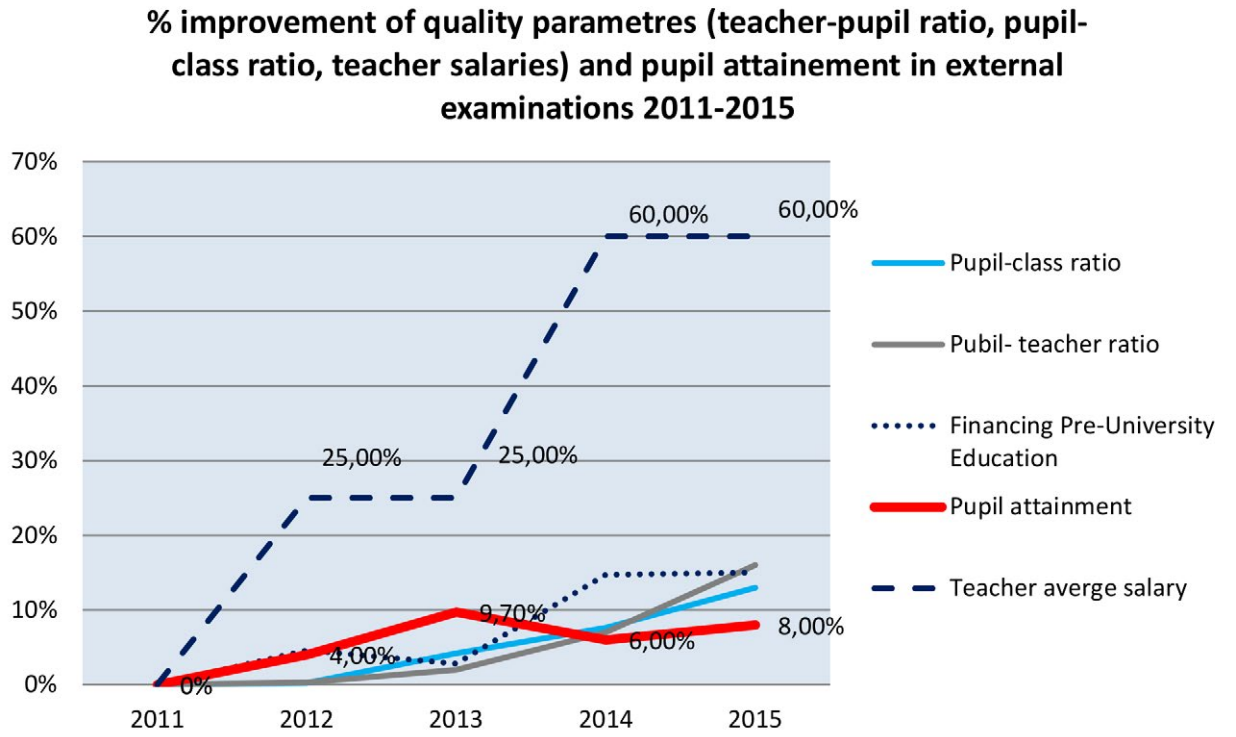
Table 2: PISA average results (2012-2014). Kosovo figure is an estimare	
Kosovo	390 (estimate)
Albania	439
Montenegro	451
Serbia	486
Slovenia	498
Greece	534
OECD average	502

Kosovo pupil performance in external examination and average attainment levels are still low compared to EU averages. The average pupil attainment in semi-mature (lower secondary education) is 62 % percent and considerably better than average pupil attainment in Matura examination (upper secondary) with 54 % percent. The data (MEST, 2014) from pupil performance reveal that pupils are lagging behind in math and science subjects with an average attainment level of 34 % percent.

3.3 System inputs and quality parameters

Teacher remuneration is presented as an essential action to improve SEE countries towards EU 2020 goals. Kosovo teachers seem to enjoy some of the best working conditions in SEE both in terms of pay scale and workload. In order to compare the financial expenditure made by the competent authorities to pay teachers, one of the most commonly used indicators is the relation of the minimum and maximum statutory salaries to the per capita Gross Domestic Product (GDP), an indicator of the standard of living of a country's population. In the majority of European countries, average basic teacher salaries in primary and general secondary education are lower than per capita GDP. The lowest rate can be observed in Latvia, Lithuania, Romania and Slovakia where the minimum primary teacher salary corresponds to less than 65 % of national GDP per capita.

In the majority of European countries, an overall number of working hours per week is also set, based on the amount of working time in other employment sectors. This is between 35 and 40 hours in all countries, as specified in collective bargaining or other agreements. In around a third of European countries, the amount of time that teachers should be available in school each week is also defined and does not generally exceed 30 hours, except in Portugal, Sweden, the United Kingdom and Norway. The weekly teaching hours range from 12 hours per week to as much as 36 hours per week. Variations



within countries and education levels may relate to minimum and maximum numbers of teaching hours or to subject-related differences and teacher working experience. In Kosovo, the average teaching workload is 20 hours per week. Kosovo teacher pay is significantly higher than annual GDP per capita (145 percent) and it is among a few European countries offering generous remuneration (Germany, Turkey, Portugal).

Pupil-teacher ratio has improved considerably in recent years due to both an increase in teacher numbers and decreasing student numbers due to demographic trends. However, teacher-student ratio in remains the highest challenge in higher education.

Teacher-student ratio	
Pre-school	18.6
Primary/Lower secondary	15.7
Upper secondary	16.1
Higher education	36

Increased financing and investments have not produced the expected results in pupils' achievements - an analysis of the percentage of improvement of key education inputs and pupils achievement in national matura indicate that while there has been a significant improvement in financing, wages, pupil-teacher ratio and pupil-class ratio over the past years, that has failed to produce the desired impact on pupil achievement rates in exit examinations. When viewed more closely, expenditure in new school buildings and increased expenditures on wages, while important pre-requisites in all education systems, they do not seem to have any impact on pupil achievement.

3.4 Funding for education sector

Funding for education sector has increased steadily since 2011. Public expenditures on education expressed in terms of percentage of annual government expenditures and compared to GDP are comparable with regional and EU practices. Nominal expenditures have increased significantly compared to 2011. On the other hand, expenditure data of 2014 reveal that about 71.4 percent went for wages and salaries.

Education funding by sector, 2014. Source: MEST, 2014/ Eurostat	
% of GDP in education (EU 28) average	5.3%
% GDP in education (Kosovo)	4.70%
Kosovo Expenditures in education sector	262.3
Kosovo Government Education budget (%)	16.50%
Pre-school expenditure	7.7 million Euro
Pre-University expenditure	178.6 million Euro
VET Expenditure	25.2 million Euro
Pre-university expenditure	210.99
Higher education expenditure	50.76

However, expenditures per pupil capita are low compared to the regional, EU and OECD averages. This stems partly because of a low GDP base and government budget and partly because Kosovo has significantly more pupils per total population than other countries.

Expenditure per student by level of education / MEST, 2014	
Pre-school expenditure	275 Euro
Primary School	345 Euro
Secondary School	459 Euro
VET Expenditure	459 Euro
Higher education	703 Euro

Problem Statement 2:

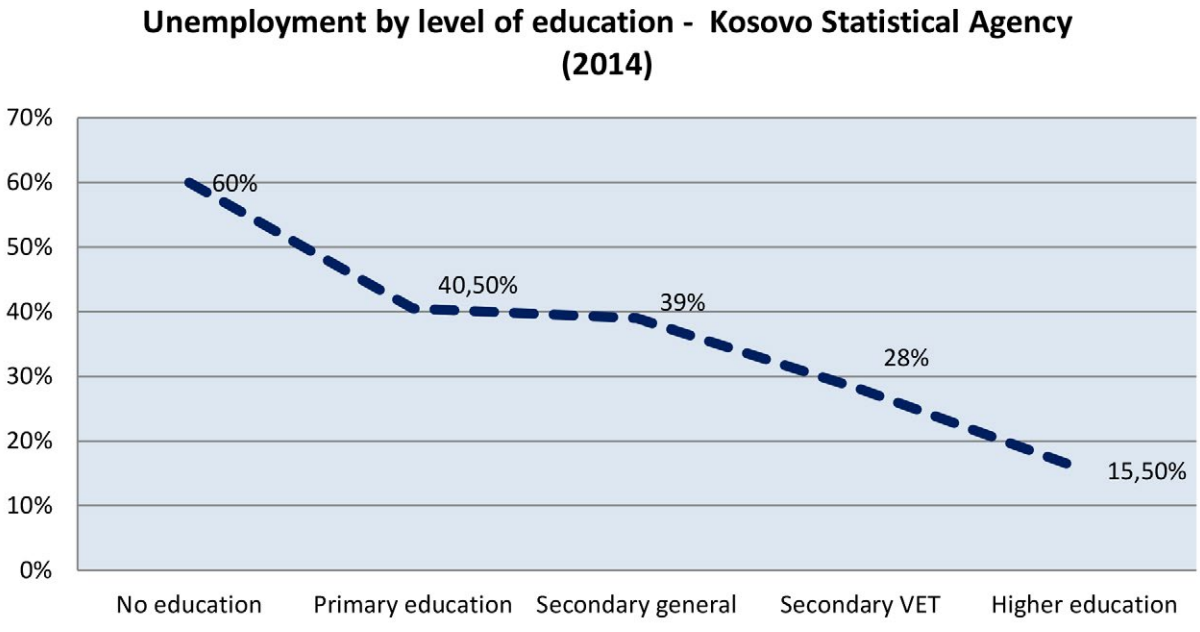
4. Comparing Kosovo to EU 2020 sub-dimension on linking education with labour market

Kosovo Labour Force Survey 2013 shows that the labour market in Kosovo is in a more difficult situation compared to other Western Balkans countries and the 28 EU member states. The participation rate of the working age population (15-64 years) in the labour force in Kosovo is only 40.5%, of which 30% are unemployed, while 59.5% of the population is considered economically inactive, which means that they are not employed and they are not active in seeking employment. Meanwhile, in the Western Balkan countries the participation rate of the working age population in the labour force ranges from 43% to 68%, and 71.8% in the European Union (EU 28). These differences are partly explained by the fact that Kosovo has a young population and many of these young people are still in school (and therefore classified as inactive). Another concern is that over the coming years the possibility for inactive population to grow remains high, since every year approximately 33.000 to 34.000 young people become part of the working age population, while only about 10,000 are removed from the working-age population (i.e. 64-year-olds become 65 years old).

A particular concern for Kosovo are the 124,500 young people (15-24 years) that are not in education, employment and training (NEET). They represent about 35.3% of the young people (KAS, LFS 2013). The percentage of youth not in education and employment is significantly higher tthan in the EU (28) which stands at 12%. The prospect for reaching EU 2020 goals for reducing that percentage to 10 % percent seems highly unlikely.

Percentage of NEET: young people (15-24) not in education and not in employment	
Kosovo 2014	35.3%
EU (28) 2014	12%
EU 2020 target	10%
Source: Eurostat 2014/ Kosovo Agency of Statistics 2014	

However, the quality of education, gross enrolment rates and the number of years spent on education are essential for human capital formation and represent a key input in improving productivity and employment opportunities. Unemployment levels in Kosovo are generally high but there seems to be a clear correlation between the level and type of education with employment levels. The



lowest unemployment rates are among the population groups that have tertiary (15.5 percent) and upper secondary professional (27.6 percent) qualifications. Unemployment levels among population groups with upper secondary general education and elementary education are above the average levels unemployment (KAS, 2013). These data point towards the need to both increase the number of years spent in education and improving education-labour market relations.

Labour productivity levels in Kosovo are low compared to both regional and EU economies (OECD, 2015). Advancing labour force skills is closely linked to their level of participation in the economy and society. The level and relevance of education are often cited as a key measure for boosting enterprise competitiveness in open borders economy. The structure and the level of education of Kosovo labour force is not significantly different from that of EU (OECD, 2015). However, the level of education and qualification does not necessarily ensure that the programmes were relevant job market nor of the adequate quality. There is an inherent anomaly in the labour market – enterprises seem to complain about difficulties to find labour with adequate skills (BEEPS, 2014) while the levels of unemployed with tertiary education has increased in recent years (KAS, 2014).

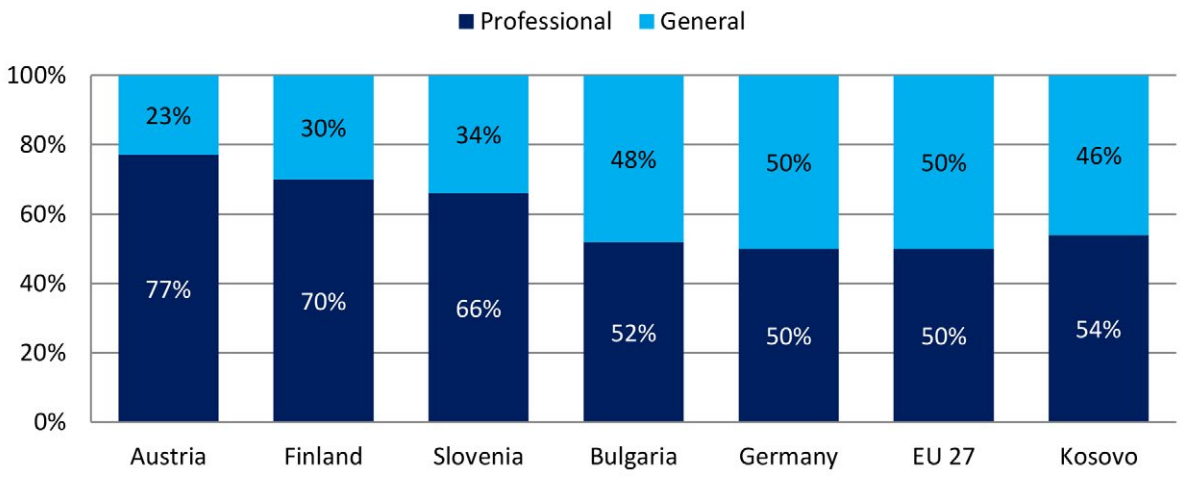
4.1 Relevance of VET Education to labour market needs

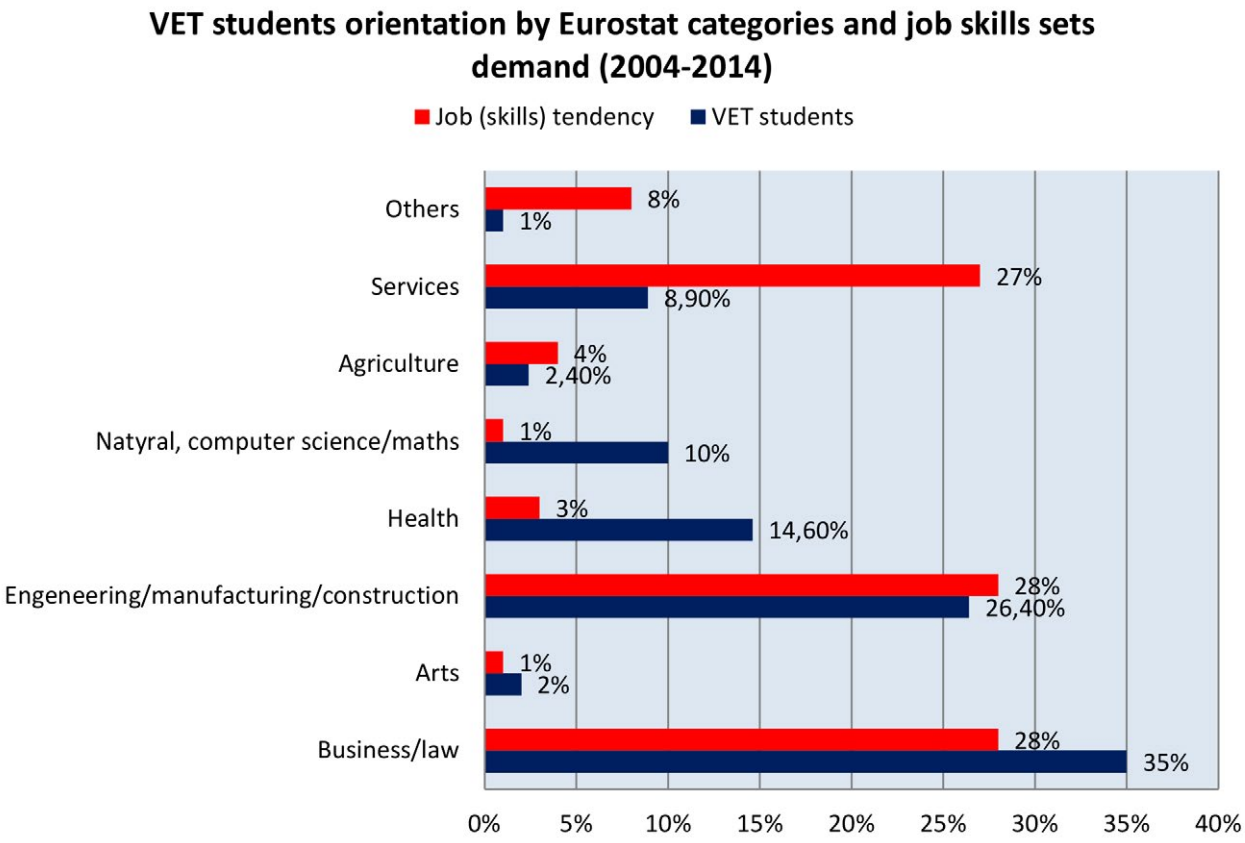
Vocational education represents one of essential priorities in helping students transition from school to the labour market. Even though positive steps have been noted in recent years, there are still concerns regarding the skills mismatch. Over the past four years more students in upper-secondary education were in professional education than general education. The participation rate in vocational education is close to EU average. However, the percentage of students in VET has dropped from 56 percent in 2011 to 54 percent in 2014. The main challenges in vocational education remains the inadequacy of cooperation with the industry and concerns that some schools specialise in areas where there is no demand in the labour market. Professional practice for students still needs to be developed.

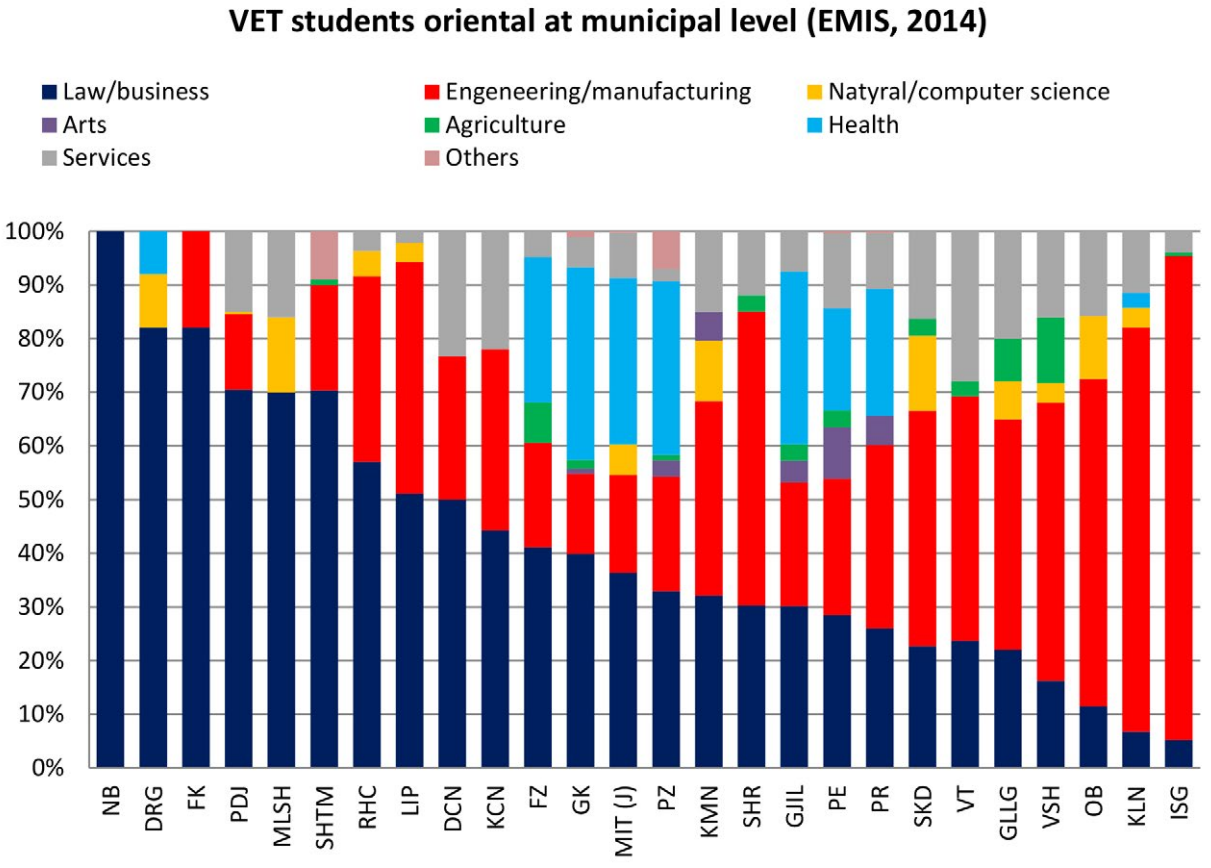
Although the orientation of upper secondary students towards VET programmes is similar to the EU average, a closer analysis of VET profiles at both central and local level reveals a completely different picture. Kosovo VET students orientation in the law, business, medicine and computer science is significantly higher compared to the job prospects in the labour market. On the other hand, the market demand for profiles in services, engineering, manufacturing and agriculture is lower than the job creation trends between 2004-2014 (KAS, 2014). The policy paper has clustered the number of students in VET profiles as per Eustat categories and compared to the equivalent skills set of jobs created in the past decade (KAS, 2014). The analysis reveals the the number of students oriented in medical profiles is five times higher than their job prospects in the labour market. A more moderate student oversupply is noted in legal and business profiles where about 7% of students are expected to encounter more difficult job finding prospects.

On the other hand, there seems to be an undersupply of VET students in a number of job skills sets fields. The percentage of VET students oriented towards Services profiles (9 %) is significantly lower than job creation trends in the past decade (27%). The number of students enrolled in turism, hotels/restaurants, personal care, domestic service, transport, environmental and horticultural services is considerable lower than market demand signals. A more moderate undersupply of VET

The orientation of upper secondary pupils (general and professional) - KAS/Eurostat 2014







students can be noiced in the skill set cluster of engineering, manufacturing and construction trades. The number of students enrolled in food processing technology, machinery, wood processing, metal processing, rubber, electrical equipment, furniture, plastics, leather and textiles trades is still lower than job creation trends.

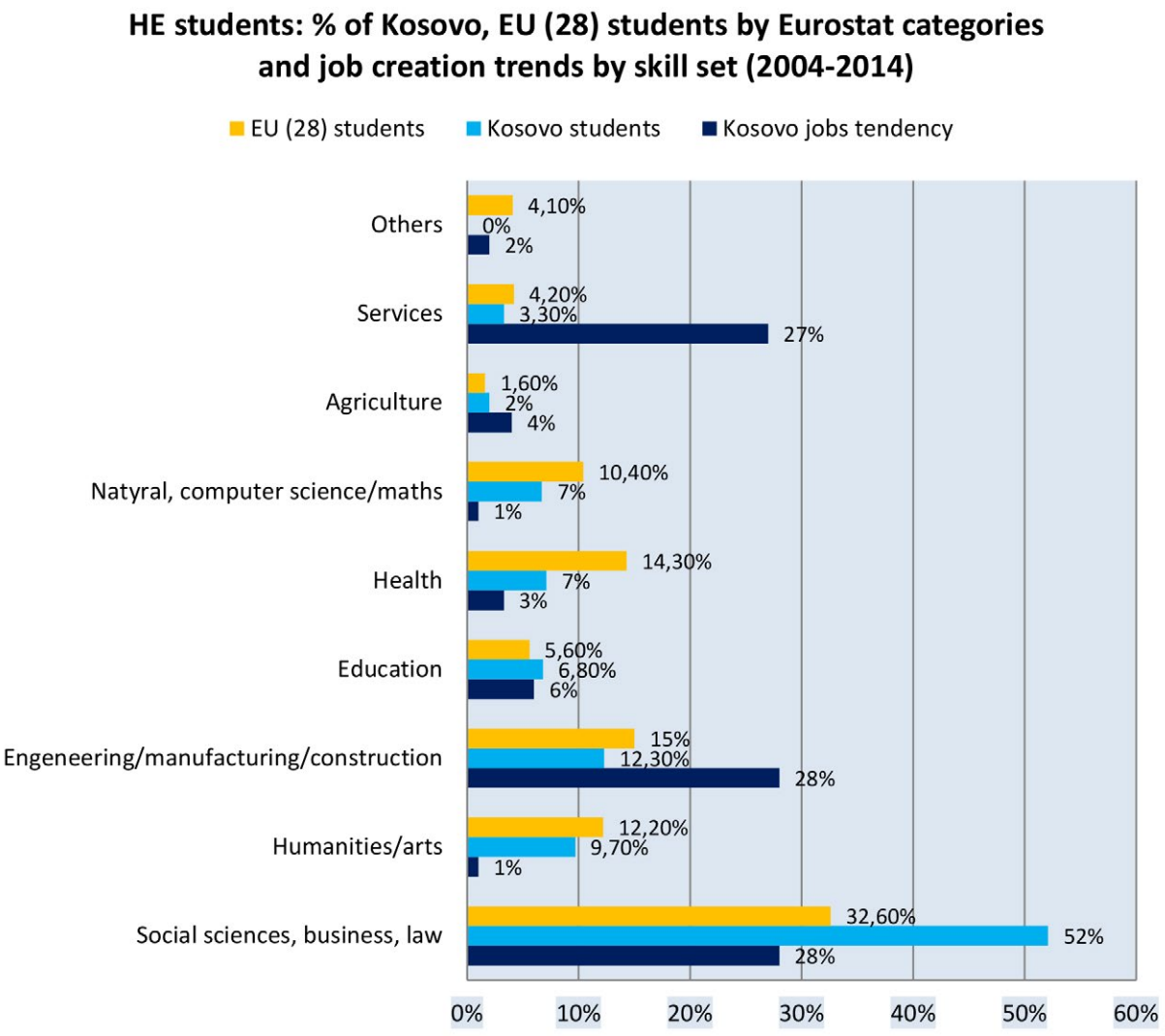
There is a significant mismatch between VET student orientation at local level with the structure of local economies – a closer analysis of profiles and VET students orientation by municipalities reveals a mismatch between profiles that students choose and a needs of the local economies. VET students in Novoberdo, Dragas, Fushe Kosove, Stime, (O) Rahovec, Decan are surprisingly orientated towards VET profiles in law and business administration while negelecting the importance of rural development, agriculture and services. Dragas is a predominantly rural municipality known for agricultural potential while no students have opted for corresponding profiles. Rahovec is famous for its food production and winery and only a negligible number of VET students opt for those profiles. On the other hand, other municipalities kown for their industrial and manufacturing base such as Gllogovc, Mitrovica, Hani Elezit attract few or none of VET students in corresponding profiles.

Large urban settlements as Prishtina, Prizren, Ferizaj, Peja, Mitrovica should normally attract more students in services profiles. The existing orientation of VET students in services is about five times lower than the job creation prospects.

4.2 Relevance of higher education for labour market needs

A recent World Bank report (2014) highlights enterprises and employers dissatisfaction with the skills and qualifications of their graduates. According to the report about 75 percent of enterprises the responded to survey questions noted that they faced difficulties with finding people with adequate skills. Employers note that higher education graduates do not posses the required communication, interpersonal and technical expertise needed in the existing market. There is no external examination tests or surveys or tracer studies to monitor student post-graduate transition into the labour market (ETF, 2014). However, the paper has clustered the job creation trends in the past decade using Eurostat education/skills categories with student orientation in higher education programmes in corresponding fields.

The percentage of students enrolled in programmes of education category 'social sciences, law and business' is twice as high (52%) as their job finding prospects (28%) and higher compared to EU students orientation. About



30 percent of students in EU (32 %) of students pursue of degree in one of the programmes in 'social science, law, business' category (Eurostat, 2014) compared to 52 % of their counterparts in Kosovo. A moderate oversupply of students can be observed in humanities and arts too. The number of students pursuing degrees in native language, foreign language, archeology, philosophy and arts is much higher than their prospect for finding a job in the labour market. A modest oversupply could also be observed in health and welfare.

On the other hand, there is a significant undersupply of students in the categories of services, engineering, manufacturing and construction (12.8%) compared to much higher job creation prospects (28 %). The number of students studying Engineering trades (Mechanics, Energy, Electricity, Metals, Automatics), Manufacturing (food technology, metal processing, plastics, wood processing and leather processing) is much lower than market demand. The labour market is creating more jobs and needs more skills in services, agriculture and rural development than the existing students.

However, job creation trends are only one indicator since it does not necessarily mean that the market requires higher education graduates and may instead opt for VET graduates. The paper has analyzed another indicator – sectors employing more professionals (KAS, 2014). According to the KAS metadata (Alled, 2015), economic sectors employing he highest number of professionals are manufacturing, electronics, informatics, programming, audiovisual services, medicine and medical services, accounting, financial services and real estate. A further indicator often used is the number of employees in economic economic sectors – NACE categorization. The highest number of employees are concentrated in retail, manufacturing, construction, education, health and welfare, housing, public administration and administrative services.

An analysis of all indicators presented above as well as government strategic plans stress the need for more graduates in engineering, manufacturing, rural development, business administration and trade, agriculture and rural development and services. When measures against any of the indicators above (job creation trends, sectors employing the highest numbers of professionals and economic sectors with the highest number of employees) the number of students studying law, economics and social sciences is alarmingly high. Furthermore, the number of students studying Languages, History and Philosophy is also high compared with market dynamics. Failure to address these shortcomings in higher education planning may result in two unwanted consequences: increase in the number of unemployed with tertiary education and failure to supply the labour market with adequate skills sets. Any of these developments would prevent an increase in productivity and employment levels.

5. Policy options for sub-dimension 1

5.1 Improve access to pre-school education

Attending more than one year of pre-primary education impacts student achievement - Preschool education has the potential to mitigate inequities early in life and level the playing field for disadvantaged students. PISA data show that an early start in primary school is strongly correlated with higher reading scores primary and secondary education. Global evidence shows that providing quality preschool education is important for promoting children's social, emotional, physical, and cognitive development; it also increases school readiness, which helps learning (Heckman and LaFontaine 2010; Heckman 2008; Engle et al. 2011). Cognitive skills gaps start emerging early and inequalities in access to preschool perpetuate learning gaps. The literature on decomposition of student scores in PISA through groups (Amermueller 2004) and years (Barrera et al. 2011) has found that pupil performance in PISA increased by 10 scores in PISA for every year spent in pre-school education. Gross enrolment rates in pre-primary education in Kosovo are currently 75 percent while the overall gross enrolment rates in pre-school education (3-5 ages) are 26 percent.

The number of pupils in pre-primary education is around 21,000 in in 2014/2015 school year. The existing gross enrolment of 76 percent could be significantly improved through a new initiative to reallocate teaching resources from upper levels of education, optimization of school infrastructure and awareness raising activities. Including an additional 5000 pupils in one year of pre-primary education could significantly contribute to their achievement in primary and secondary education. No major infrastructure investments are in needed as the existing capacities will be relieved from the impact of the lower birth rates. The number of children in primary and secondary education is about 10 percent lower this year than four years ago. The teaching staff is already experiencing lower number of pupils per teacher and should not necessarily require additional teachers – some reallocation of teacher workforce may be necessary.

	2011/2012
Pupils (5 age) in pre-primary	20875
Additional numbers	5000
Population 5 years of age	29436
Number of teachers	0
Infrastructure	School optimization

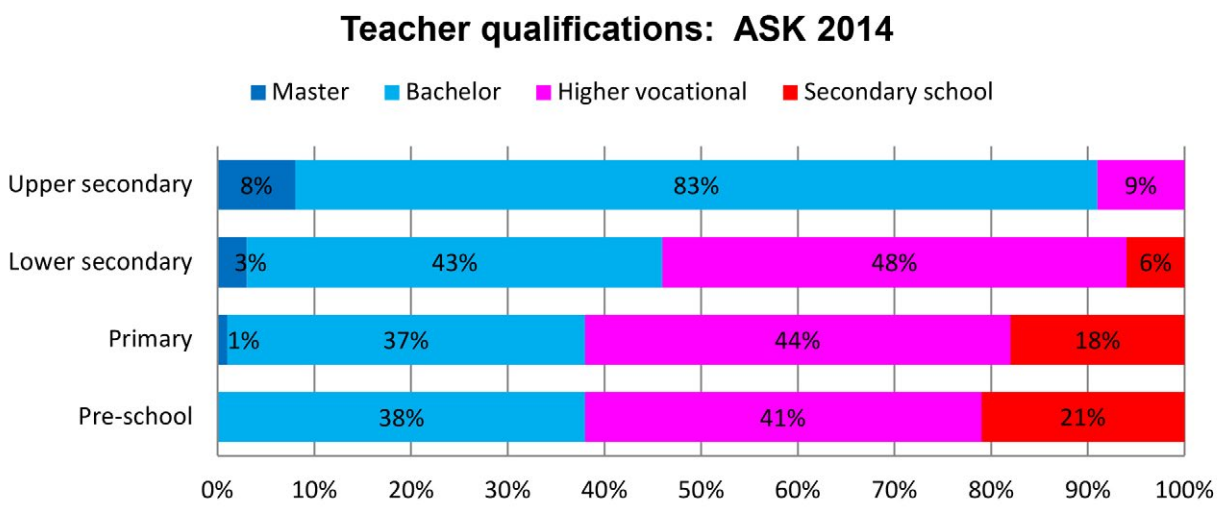
The number of pupils in pre-primary education is around 5,380 in 2014/2015 school year. The existing gross enrolment of age groups 3 and 4 is around 18 percent. Gross enrolment in pre-school education could be significantly improved through a new initiative to curtail the number of teachers in primary and secondary education in view of decreasing pupil numbers and reallocating them to pre-school levels. The reallocation of teaching resources should come through teacher optimization (see measures on Teachers). The municipalities would be required to implement a non-replacement policy of retiring teachers at primary and secondary levels and instead use these resources to hire an additional 450 educators annually. Infrastructure investments could be implemented through MEST- MED cost-sharing agreements and public private partnerships.

5.2 Focusing on teacher quality rather than numbers

Teacher qualification and quality are the key factor for student achievement - According to the available evidence from international practice the quality of teachers is the main driver of variation in student achievement at school level. A study conducted in the US revealed that students that were assigned highly qualified teachers were likely to perform three times as fast as those that were assigned unqualified teachers. The negative impact of low-performing teachers is severe, particularly during the earlier years of schooling. Students that suffer an educational loss in the early years will have serious difficulties in reversing course at a later stage. Furthermore, the analysis of PISA scores worldwide finds that the proportion of qualified teachers (those with tertiary education) in a school positively affects reading scores: for every additional 10 percentage point increase in the share of a school's qualified teachers, there is an increase of 3 points in the PISA reading score (OECD, 2013. As in indicated in the situational anyysis of SEE 2020 sub-dimension of education access and quality, it is essential to gradually move from consolidating quantitative quality parameters with a greater focus on excellence. That requires refocusing teacher recruitment, professional development and teacher pay away towards a new system based on performance, quality of teachers rather than just numbers and increasing support for on the job-training.

The prevailing **qualification** for school teachers across Europe is the bachelor degree except for upper secondary teachers who in a majority of countries have to have a master's degree (EC, 2013). These programmes usually last between four and five years. Only in the Czech Republic, Germany, Austria, Malta and Slovakia, do pre-primary teachers (or qualified education staff at that level) not undertake higher education but instead have a qualification at upper or post-secondary level. Alternative pathways to obtain a teaching qualification, such as employment based short programmes for career changers are not very widespread in European countries. Data from the Kosovo Agency of Statistics (2014) on number of teachers, their qualification and gender structure by ISCED levels are summarized in Chart below indicate that teacher qualifications at primary and lower secondary education are significantly below European practices. About 62 percent of teachers in primary education do not hold a bachelor level qualification. The situation is similar at lower secondary education where 54 percent of teachers are under-qualified.

A functioning and somewhat **competitive teacher careers scheme** is a basic pre-condition for improved quality of teaching, since it motivates teachers to continuously improve their performance. On the other hand, a well structured licensing system with an appropriate flow of information provides the authorities with relevant information on the quality of provision in schools. The current teacher licensing system requires teachers to obtain certain number of credits from officially recognized teacher development programs and undergo



a performance appraisal process to be granted one of the four types of regular license: the career license, the advanced license; the mentor license and the meritorious license (MEST, 2014b). Teacher performance appraisal process consists of self-assessment (10%), assessment by school principal (30%), and assessment by education Inspectorate (60%), the latter based on classroom monitoring and lesson planning assessment. As indicated above, the limited capacity of education inspection and the fixed-salary policy have been the main obstacle to implementing the teacher licensing system.

The Government needs to introduce a new teacher salary scheme linked to promotion through the licensing process. Further linear increase of salaries should be avoided, because it dries up education funding and does not contribute to the improvement of teaching in schools. The new MEST Administrative instruction on teacher licensing should be implemented. The licensing system two sorts of licenses: regular and provisional. The government could consider implementing the regular licensing system (see teacher evaluation section) by introducing 16,000 regular licenses for teachers that currently meet the criteria specified on Administrative Instruction for Teacher Normative. About 8000 regular licenses could be handed without cost implications given the recent pay rise. Another 5000 advanced licenses could potentially include a 10 percent pay rise. The licenses for Mentor grade could include 2500 highly qualified teachers and could constitute a 20 percent pay rise. Lastly, the emeritus grade could be reserved for 500 existing teachers four highly qualified, experienced and outstanding contributions and could imply a 30 percent pay rise (see Table below)

Once the regulation is in place, government needs to build the capacity to manage teacher performance appraisal, including administrative capacity of MEST or Education Inspection, and professional capacity of external experts. These activities should take place one year before the system can be fully operational. Given the 5-year validity of the license, each year can process the licensing of around 5000 teachers. In order to bear the cost of licensing and given the effect of licensing on salaries, it seems reasonable that the applicants pay a small fee.

Capacity development and teacher training is essential to upgrade teaching skills and approaches. Short professional development courses must be accredited by the Council of Teacher Professional Development. Teachers are required to attend at least 120 training hours to retain their provisional teacher license. The administrative Instruction (UA 16/2013) on teacher professional development delegates part of teacher professional development responsibilities to municipalities. The Administrative Instruction (UA 15/2013) on the financing of teacher professional development stipulates that MEST delegates much of the budget on teacher professional development to municipalities provided that they demonstrate the existence of concrete projects and plans for teacher

Scenario 1: Annual cost implications for teacher licensing system				
Grade	No promotions	% pay rise	Average annual cost per unit at 5360 total annual cost per unit	Total annual cost in million Euro
Emeritus	500	30%	1608	0.8
Mentor	2500	20%	1072	2,7
Advanced	5000	10%	500	2,5
Regular	8000	0	0	0
Provisional	7480	0	0	0

	2015	2016	2017	2018	2019
Student number	372,372	362,532	353,455	344,662	336,141
Number of Teachers in pre-university	22952	22952	22952	22952	22952
Projected ratio	16.2	15.7	15.3	15	14.6
Number of teachers after optimization		22378	21818	21275	20749
Average number of teachers retiring each year		544	544	544	544
Number of teachers not being replaced at 16.2 ratio		574	560	543	526
Savings in millions at 5360 Euro annually per teacher		2,91	2,91	2,91	2,91

professional development and are based on training programs from accredited institutions. However, only a handful of schools have been able to provide school level capacity development plans (21 schools).

Kosovo is experiencing the **demographic effect on children number in pre-university education**. Lower birth rates in the ten years are being felt through fast declining number of children in primary, lower secondary and upper secondary education (See Situation Analysis section). As a result the ratio of teachers to pupils has also declined. In view of overwhelming evidence stating that additional students' numbers per teacher do not have any significant result on student achievement and the competing policy priorities for additional teaching resources in pre-school education, a new policy initiative o curtail the number of teachers (Teacher optimization) is necessary. The measure could be implemented by not replacing the number of teachers retiring on annual basis (450 approximately). Non-replacement is a softer policy measure that could avoid political opposition. The savings (2.7 million Euro annually) from teacher optimization initiative could be earmarked for hiring an additional 450 educators at pre-school level on annual basis.

5.3 Improve accountability and external quality assurance mechanisms

It is difficult to launch a reform process or starting to improve student outcomes in the absence of a data-based monitoring system. Systems can not improve what is not measurable. Monitoring of outcomes allows education systems to identify and spread best practices. Advanced education systems in Europe and wider have established mechanisms for monitoring the quality of teaching and learning. In order to increase public accountability and enhance quality assurance most systems do three things in sync: implement external student examination, conduct regular school reviews and build advanced data systems.

External student examination would test students what they know, understand and can do and if they have met the learning outcomes. Student results are analyzed in great detail at local government, school and individual level. Examinations are a powerful measure in driving school performance. Majority of European education systems implement both national and international student examinations and benchmark their outcomes to high-performing systems. In Kosovo, the Ministry implements three system external examinations: (1) the national matura exam – exit examination of students that have finished upper secondary education, (2) the semi matura exam – for pupils that have completed lower secondary education and (3) primary education exam.

The system of external examination is still underdeveloped, lacks credibility and data are not very reliable. MEST has had difficulties in ensuring appropriate administration of the testing system. Secondly, they are mainly subject rather than outcome- based and still do not reflect the provisions of the new curriculum framework. Lastly, student examination data have not been regularly analyzed nor been systematically used to inform policy actions. Kosovo has not participated in international student testing surveys. A pilot of PISA Programme for International Student Assessment has been carried out in 2015 and results will be known in 2016. Kosovo did not record any participation in either PIRLS Programme for International Reading Literacy Study or TIMSS Trends in International Mathematics and Science Study.

School reviews or inspections assess the performance of schools against a benchmark of indicators. They reflect on both outcomes and processes that drive them. In most advanced education systems in Europe, the responsibility for assessing the outcomes and conducting inspections rests with independent Education Inspectorates. Building the capacities of education inspectorate and the practice of external school review has emerged as key elements of quality assurance approach in most European education systems.

Central level education inspectorates are responsible for external school evaluation in a majority of European countries. In Kosovo, the Education Inspectorate has until recently been only a department at MEST. However on the basis of the new Law on Education Inspectorate, the body will become an independent agency. The process of transition from a department to an independent body has been slow due to resource constraints. The body has been out of sight in most capacity development initiatives in Kosovo. It currently has a small number of inspectors at central and regional level. Among European best practices, in Denmark, Lithuania, England, Estonia, inspectorates are independent Agencies and are accountable to the Parliament and or external education boards. They implement their mandate in cooperation with regional level authorities and strictly control the experience and qualifications of staff. Italy and Iceland include external professionals in par with education inspectors in external examination practice.

The *criteria used in external school evaluation* are often highly standardized. In most cases, external school evaluation focuses on a broad range of school activities, encompassing educational and management tasks, student outcomes, as well as compliance with regulations. To support their work, evaluators rely on a centrally set framework which establishes in a structured and uniform way not only the focal points of external evaluation but also the standards defining a 'good' school. Some approaches to external school evaluation focus only on specific aspects of school work such as compliance with

regulations (Estonia, Slovenia and Turkey). In Denmark, most of the external evaluation process is designed by individual municipalities, with the support of the central level authority. The Education Inspectorate in Kosovo is not known to have a framework for external evaluation. Much its work has been ad hoc and in most cases limited to responding to issues that arise. Its scope of work has been mostly focused on administrative and employment issues.

The *procedures for evaluating schools* in Europe present a rather homogenous picture. Despite differences in the scope and range of activities evaluated, the implementation of external school evaluation across Europe is based on a highly homogenous structure which consists of three basic steps: (1) analysis; (2) visit; and (3) reporting. All countries with external evaluation have procedures that reflect this outline. In addition, a broad and rich variety of instruments is at the disposal of evaluators in most education systems, providing opportunities for diversifying sources of information, increasing dialogue with the relevant actors, and reaching transparent and evidence-based conclusions. Some systems carry annual inspection of all schools, some select a sample of schools randomly every year while others do it every three to five years. The Inspectorate in Kosovo does not implement a systematic approach to evaluation not include standardized procedures. Some instances of spot-checks have been noted but it is difficult to discern the rationale, their contribution to quality and the breadth of their application. Procedures for evaluating schools in Kosovo are not well developed and implemented systematically.

The advanced European systems also *implement follow-up activities by publishing school inspection results and profiling schools with low performance*. Most systems publish the findings of the Inspectorate and share them with stakeholders (government, media and parents). In six education systems (Denmark, Ireland, the Netherlands, Sweden, and the United Kingdom), a risk-based approach has been introduced in recent years. This method is used to focus the work of evaluators on schools that are not performing to expected standard. In a handful of education systems (France, Lithuania, Poland), external evaluations are not only meant to find flaws in the performance of schools, but also to raise the visibility of the ones that are performing well and achieving good results. The approach of using external evaluation as an instrument for identifying and giving visibility to good practice allows gathering and sharing evidence on what works and in which circumstances with positive returns both at school and system level.

6. Policy option for sub-dimension 2

6.1 Improve the market relevance of VET and Higher Education curricula

Kosovo needs to build a coherent **institutional practice to analyze and process labour market inputs** using both static and dynamics data. The human resource development strategies should be centered on the systems' capacity to assess and measure both static and dynamic labour market and enterprise data. The Labour Market Analysis for VET and Higher Education should be based on a comprehensive report that outlines trends in jobs-seekers from Ministry of Labour (LMIS), labour force data and analysis from Labour Force Survey (KAS), enterprise feedback on required skills and competences from Enterprise Survey (World Bank) and business creation trends by economic sectors (NACE) from the Ministry of Trade. The data need to feed into a categorization of skills and profiles required in accordance with ISCO requirements (ILO) and categorized into broad skills clusters (Eurostat). Further ex-post impact analysis should be conducted to monitor improvements in productivity levels (OECD) and graduation destination tracer studies (ETF) in cooperation with VET schools and higher education institutions.

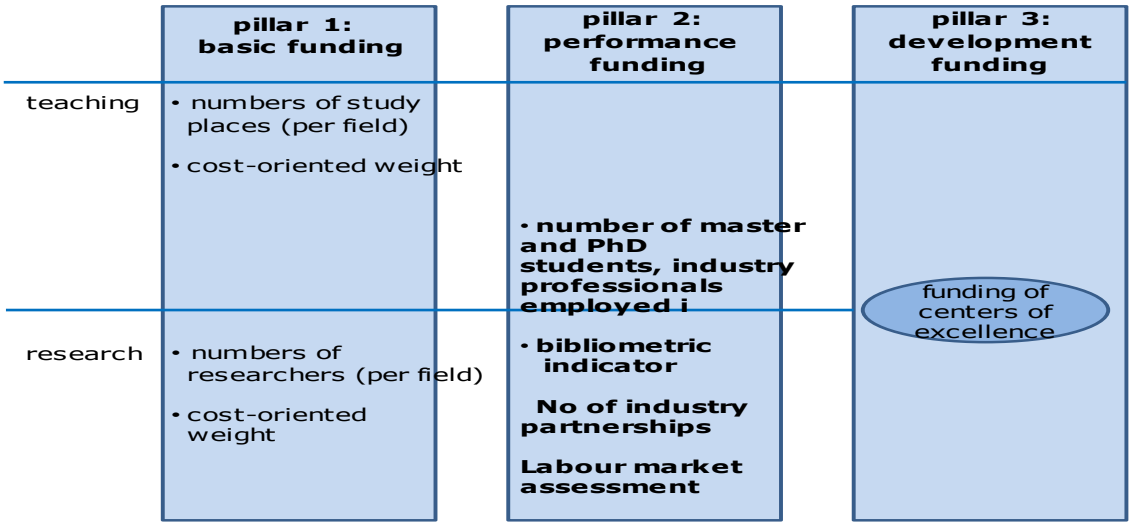
The process of curriculum review in both VET and higher education should be based on clear and coherent **occupational standards** that are in line with European Qualification Framework (EQF). To date only 28 occupational standards have been developed. The process should be completed with an additional 122 occupational standards in accordance with Dublin Descriptors. Once the standards have been completed, the Ministry of Education needs to initiate the process of VET profile review to ensure that VET study offer is both labour-market tested and module-based to ensure that students have both possibility to transfer intro other profiles within the country or wider in Europe.

Lastly, Kosovo VET system has been traditionally school-based as opposed to the contemporary trend to implement an enterprise-based VET system (dual model). Kosovo VET system should pilot a **hybrid VET model** (combined school and enterprise-based practical teaching and learning whereby an enterprise-based education is implemented in stable and mature industries while the school-based system is implemented in industries and sectors with inherent fluctuations. The cooperation between VET schools and business in ad hoc and mostly based on donor projects. Future policy efforts need to enhance the capacity of VET Council and create industrial councils to promote VET schools-industry cooperation, fully implement the Strategy for professional practice. Despite some initial attempts to implement a career orientation strategy, the institutional

structure and coordination is weak and about half of the VET students are still to complete apprenticeships. Ministry of Education and Ministry of Labour should consider expanding the existing job mediation and coaching to VET students.

6.2 Introduce a performance-based funding formula in VET and higher education

The existing MEST formula on VET and higher education is based on student numbers. The funding in VET is linear and costing is based on the number of students per municipality. It fails to differentiate between the needs of different profiles and specifics of different professions. As a result schools are disincentivised to offer profiles that require workshops and equipments thus pushing students towards the study of law and business profiles. The new funding formula should be based on a three-pillar model: basic funding (Pillar 1), performance funding (Pillar 2) and development funding (pillar 3). The first batch of resources should be based on labour-market tested quotas and be offered as an annual operational grant. The formula does not necessarily prevent VET and HE institutions from enrolling more students in specific programmes/ profiles. They, subject to accreditation and pupil-teacher ratio preconditions, should be allowed to enroll further students on self-financing basis. The second funding pillar should reward performance on the basis of the indicators of engaging master, doctorate or industry professionals, partnerships with the industry and bibliometric indicators (Scopus). The third development funding pillar should aim at promoting centres of competence and excellence in VET and higher education institutions namely knowledge transfer and triple-helix modalities of cooperation between research, education and industry.



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