

Reforms and Governance within the Higher Education System of Kosovo

By
Granit Jakupi

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Supervisor: Professor Lajos Bokros

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ABSTRACT

A number of studies worldwide, for several decades, have placed considerable importance on higher education when analyzing the potential that this system has in improving the economic development and mitigating the poverty among developing countries.

This thesis investigates how the higher education system is affecting the unemployment level among educated workforce. It has been structured using a descriptive study design by mapping out the issues and providing solutions from the perspective of policy makers responsible for the higher education system. The theoretical framework has been derived based on institutional theories of higher education and literature on human capital. The core findings from this study resulted from extensive field research and analysis of statistics. The results suggest that the higher education system in Kosovo is poorly structured and it is identified as the main contributor to the unemployment level among educated workforce. Additionally, those findings suggest that the root, risks, and response is located to central institutions and it is in their hands to tackle the issue of jobless graduates within the country of Kosovo. Finally, the policy recommendations are formed following the data suggestions and they represent joint efforts of higher education institutions to undertake policy reforms in restructuring and improving the system.

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This thesis is dedicated to my Grandmother. Thank you Grandma for raising and nurturing me!

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LIST OF ABBREVIATIONS

BAC	British Accreditation Agency
CBK	Central Bank of Kosovo
CEE	Central and Eastern Europe
CHEPS	Center for Higher Education and Policy Studies
EACEA	Education, Audiovisual and Culture Executive Agency
EC	European Commission
ECTS	European Credit Transfer and Accumulation System
EHEA	European Higher Education Area
ENQA	European Association for Quality Assurance in Higher Education
EQAR	European Quality Assurance Register for Higher Education
EQF	European Qualifications Framework
EUA	European University Association
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
INQAAHE	International Network for Quality Assurance Agencies in Higher Education
KAA	Kosovo Accreditation Agency
KAS	Kosovo Agency of Statistics
KIPRED	Kosovar Institute for Policy Research and Development
MEST	Ministry of Education, Science, and Technology
NATO	North Atlantic Treaty Organization
NQA	National Qualifications Agency
OECD	Organization for Economic Co-operation and Development
UNMIK	United Nations Interim Administration Mission in Kosovo
QA	Quality Assurance
UP	University of Prishtina
USAID	United States Agency for International Development
WUS	World University Services

CHAPTER 1 – INTRODUCTION

One of the priorities of most countries relates to capacity building in terms of human development and that includes identifying, nurturing and engaging those bright minded citizens. Governments of those countries thrive to provide qualitative higher education in order to tackle the problem of inadequate or lack of skills, and therefore promote economic growth.

Countries in the region of Balkans, especially those coming from former Yugoslavia, are currently facing a crisis in terms of higher education and that is attributable to transition taking place. However, Kosovo is in an even direr situation as it is experiencing a tremendously difficult phase of development. The higher education system is having serious problems, and it is hindering the economic prosperity of this newborn country. According to a research conducted by KIPRED institute, “since 1969, only the brightest or the luckiest 2.5% (50,000) of population received an Associate of Arts (0.9%) or Bachelor of Arts (1.6%) degree (based on official numbers of graduates from the UP), increasingly more in the wrong fields and with the wrong skills” (Kipred, 2007, pp.3). The roots of the problem could be traced back to the times of Serbian regime and the war implications and damages. The education system was one of the targets of destruction as high schools and university departments were closed and made illegal. Moreover, Serbian curricula, method and practices, and language were forcefully incorporated. Considering the young historical background of Kosovo, with the University of Prishtina (UP) being established only in 1969, one shall not be surprised by the identified problems prevailing within the higher education framework.

As it is already established by well known authors, the relationship between education and employment is clear and undisputable. Normally, the higher you get in the ladders of the world of education, the easier it becomes for someone to find a job. In Kosovo, however, the situation is different and it demonstrates stagnation. Despite the vast levels of unemployment and the increasing supply of educated minds in the market, companies and institutions continue

to face difficulties in their recruitment process. This is due to the lack of an education reflecting the economy's needs and the lack of communication and teamwork skills, the inability to speak other languages, or the mere fact of not knowing how to put theory into practice. Even though, Kosovo has currently undergone an education reform, i.e. the implementation of the Bologna Declaration principles, this reform appears to be merely superficial, rather than structural. Regardless of the fact that laws and regulations provide for the university curricula to be upgraded based on the needs of the market, the reality proves the opposite.

Listing just a few of the disturbing trends that the media have often reported to be enduring the University of Prishtina is mind-blowing. Tough exams can often be passed against some sort of corruptive payment, the premises of the University are illegally rented for commercial purposes, or renaming courses is called reform. Moreover, admission of a student at the University is a highly prized favor, and mysteriously students are added to the admission list after closing it. Professors use the same book since after the war, and the same book is used in several courses, or it is obligatory to buy a professor's published (plagiarized) book, in case a student wants to pass the course. The quality of lectures is persistently decreasing as professors miss a number of them without prior notice, and hence no makeup lecture is scheduled. Finally, the infrastructure of various departments within the University does not fit the large number of students because a lecture is carried out in a small amphitheater, overcrowded with hundreds of students. As the region faces a social problem, that of transformation and improving worst performing schools, this task is of a much larger extent for Kosovo. The whole sector of higher education is dysfunctional, including the irresolute private one.

In the public university, we can observe that socialist practices still prevail. The entry of a great number of private universities to the market has certainly increased the competition, yet the quality of education is not improving as it tends to be driven by financial motivations, rather than competition on quality of the knowledge supplied. In addition to the corrupt practices, the

higher education system is interfered by politics, suffers from lack in academic staff, and the un-standardized evaluation criteria contribute towards further deepening of the problem. Moreover, the lack of appropriate statistical data and professional studies is further contributing towards the remoteness of policy makers to draft and implement responsive and comprehensive policies and regulations to tackle the problem within Kosovo's higher education system. Henceforth, the youth today finds itself puzzled and uncertain about what future might bring. Since there are no long term development strategies by the government, it is hard to figure out which is the specific field of study that will lead to future individual and social benefits. Thus, we have today an oversupply of students in some disciplines (i.e. economics, law, and teacher training) simply because these choices have now been established as the most lucrative options, while, on the other hand, the demand for them is limited.

Even though, this issue is significantly crucial, the attention that higher education system receives as a public problem is small and inadequate. There have been only two debates that the Kosovo Assembly had on higher education, and that indicates the low level of awareness that this institution pays towards higher education. The Kosovo Parliament only debated higher education when the new law on higher education brought about the issue of the Serb-controlled University in northern Mitrovica and the second was when the control of one party within the University of Prishtina became a complicated political issue in itself. Although politicization was the primary attention of the media with regard to higher education, this is not necessarily the main one. As a leading columnist, Ms. Flaka Surroi states, "The problem with the University of Prishtina, apart that it has been politicized, lies in the fact that, as a society, we have allowed it to lose its importance to be thrown around by anybody at anytime. Due to the low importance that was paid to the institution that one day was the cradle of knowledge, it is full, with exceptions naturally, with persons that hold academic titles who have probably not written any university text and cannot tell students what foreign literature they could consult because they do not know

since, apart of their not very refined Albanian, they speak no other language” (Kipred, 2007, pp.4)

The previous Minister of Education stated, “even if the UP had an unending credibility in the population, the damage to UP and to the society is irreversible. It is not only a question of damage to the institution, but to the future of our society and our country, for the goods that failed to be produced by these institutions, as a result of personal interests, clans or practical reasons” (Kipred, 2007, pp.4).

On a communication released for press, upon receiving the hand-over from former Minister of Education Mr. Enver Hoxhaj, the current Minister of Education, Science and Technology Mr. Ramë Buja has committed himself to continue the projects and implement the policies that have already been established while claiming, “I will definitely continue those projects that the Minister and the Ministry have left ready” and work in making “Kosovo - country of knowledge...If we achieve this, we achieved a lot, if not all” (MEST, 2011, pars. 4-5).

Despite these strong warnings and commitments, there has not been much change taking place, especially in the higher education system, within the new country of Kosovo. It is a matter of urgency for the government and the responsible institutions to work on drafting regulations and implement policies, which would lead towards having the outcomes from the higher education system in line with the needs of the domestic economy. If, as generally established, the aim is to attract FDI, then education is one of the core instruments to achieve it. Kosovo fortunately has an exceptionally young population, and therefore it is now in the hands of policy makers to transform this resource into a national treasure, rather than make it an additional economic burden. This can be achieved by paving the way for the young people towards achieving satisfying and appropriate education gains.

This thesis research aims at elaborating the effect that the poor and unreconstructed higher education system is having on the unemployment levels. The goal is to establish whether the outcomes of the higher education system are hindering the improvement of employment. Looking at governmental policies for the higher education and the labor market, this paper analyzes the trends, borrows ideas from the region and best practices in the world, and suggests a number of policy recommendations and methods on how to move forward pragmatically in the short-term and strategically in the long-run.

CHAPTER 2 – LITERATURE REVIEW

It is clear that education alone is not able to transform an entire economy. The quality and quantity of investments, together with the overall framework of policies in place, contribute in determining the economic performance of a country. However, the level of education has a significant determining influence on factors of production. The decision making in investment and the quality of policy making are both affected by the level of education of managers and policy makers. Moreover, the amount of foreign direct investment is expected to be larger countries with an abundant supply of educated minds.

Considering earlier neoclassical models, we can observe the fact that education was not regarded as a key ingredient for production and, as a result, it was not incorporated in growth models (Harberger, 1998). Bowman suggests that, as the empirical evidence was more available in the 60's, it led to the encouragement of the “human investment revolution in economic thought” (Bowman, 1966). Schultz in 1961 and Denison in 1962 pointed out that education was the factor used to describe the difference in economic growth when analyzing a series of development studies of western economies. Meanwhile, other studies (Becker 1964, 1975) or (Mincer, 1974), concentrated on evaluating the impact that education has on either earnings or the private rate of return. A survey conducted in 1984 that covered the growth accounting studies for 29 developing countries established that education contributed from around 1% growth in Mexico to a remarkably high value of 23% in Ghana (Psacharopoulos, 1984).

Clearly, education represents one of the key determinants when analyzing the composition growth of output and, moreover, it constitutes the ability of a country to embrace and implement efficiently foreign technology. As an example, the primary and secondary education together with health and nutrition raise the workers productivity level in rural as well as urban areas. Additionally, secondary education, associated with vocational training, facilitate the mastery of skills, expertise and managerial capability. On the other hand, the tertiary

education helps in the creation and development of science. Besides this, secondary and tertiary education also incorporate the responsibility of creating and developing key institutions of the financial system, rule of law, and government, among others, all of these necessary for economic growth. Empirical evidence also illuminates these interactions as they conclude that the increases in income are linked with each extra year of education attainment (Behrman 1990, Psacharopoulos 1994).

Psacharopoulos and Patrinos conducted a study in which they reviewed 98 countries for the period 1960–1997 and concluded that higher education is in a less favorable position in terms of rate of return compared to primary and secondary education. In this particular study, the rate of return for primary and secondary education was 18.9%, compare to the tertiary education which was 10.8% (Patrinos & Pasacharopoulos, 2002). However, these sorts of studies, despite having a significant influence in international policy for development, have been questioned by more recent ones such as Bloom, Hartley, and Rosovsky with their paper, “Beyond Private Gain: The Public Benefits of Higher Education.” They claim that this traditional analyzing process of the rate of return is solely focused on financial rewards, neglecting the broader effects and benefits that higher education brings about. Their motion is that, with higher education, many benefits are enjoyed including job creation, entrepreneurship, as well as good political and economic governance. Furthermore, the highly educated cadre of population has a positive effect on the social fabric and a nation’s health (Bloom, Hartley, & Rosovsky, 2006).

There are a considerable number of studies that have further analyzed the broader effects and benefits that the higher education system brings, and as such, those are separated in eight different categories that follow.

Education and Economic Development

Barro and Sala-i-Martin, in a cross-sectional study, established that higher educational attainment for the male population has significantly affected growth. On the one hand, if secondary education increases for 0.68 years, the annual GDP growth raises by 1.1 percentage points. On the other hand, a 0.09 years increase in tertiary education compensates with 0.5 percentage points in annual growth. Meanwhile, they also found that there is a correlation among human capital and initial GDP, such that countries lagging behind in terms of growth will catch up faster if their human capital is developed at higher levels (Barro and Sala-i-Martin, 1995).

The research paper “The Role of higher education in economic development: an empirical study of Taiwan case” conducted by Lin illustrates that higher education has strongly influenced the country’s economic growth. A 1% increase in higher education stock has yielded to a 0.35% increase in industrial output. Furthermore, this study found that a 1% rise in the graduates of hard sciences has led to a 0.15% rise in agricultural output. The paper also examined the effects that different fields of studies have had concluding that engineering and natural sciences have had the largest influence on production (Lin, 2004).

De Meulemeester and Rochat, while studying six developed countries, concluded that in United Kingdom, Sweden, France, and Japan, the higher education system has had a strong contributory impact on economic growth. On the contrary, this study shows that education did not have an impact in Italy and Australia. The authors rationalize in claiming that higher education is essential for growth, but not necessarily sufficient. They argue that it is important to have the accumulated knowledge in line with the economic, political, and social structure so that the best results could be achieved (De Meulemeester and Rochat, 1995).

Education and Productivity

Jenkins has looked the relationship between education attainment and productivity, constructed an econometrics times series analysis for the United Kingdom. The author found out that, a 1 percent increase in higher education qualification has increased productivity in terms of annual output between 0.42 to 0.63% (Jenkins, 1995). Meanwhile, Wolff and Gittleman in their paper “The role of education in productivity convergence: does higher education matter?” have concluded the same idea as they maintain a correlation between the rate of enrollment in university and the growth of labor productivity (Wolff and Gittleman, 1993).

Education and Income

There are also considerable studies pointing towards greater income equality as a result of better education system. A study of 18 Latin American countries, concerning poverty and income inequality in connection with education has found that nearly 25% of variation in earnings for workers was attributable to the level of education, thus leading to a conclusion that education strongly influences income equality (Psacharopoulos, 1992). Furthermore, other studies show that 1% rise in labor force with higher education would result in raising the share of bottom 40 to 60% of the population for an additional 6 to 15% (Bourguignon and Morrison, 1990).

The study, conducted by Bloom, Hartley and Rosovsky, has identified that workers across different states in the US have variations in income. As such, the states that have a higher proportion of graduates from higher education earn far more than those in states where the number of graduates is lower (Bloom, et al, 2006). Unfortunately, there is not another compatible research for developing countries that could be used for comparison.

Education and Society

Bloom et al. have also investigated the effects of education on developing and integrating societies. They have found a positive correlation that is statistically significant among the rate of enrollment in higher education and appropriate governance such as the absence of corruption, lower bureaucracy, lack of ethnic tensions, better rule of law, and better management of public finances by government representatives (Bloom, et al, 2006).

Education and the Family

Family planning and investments in children are also largely influenced by the level of education attainment. Developed countries have shifted towards trends of having fewer children and investing more for them. In comparison with the United States, Taiwan has a lower birth rate, and Becker has noticed declining rates for Poland, Hong Kong, and Mexico, as well (Becker, 1998).

Baloglu has uncovered the evidence showing that the average number of children per family in the developed part of Turkey is lower compared to the less developed one. The author claims that this situation is attributable to the level of education attainment that families have reached. Statistically speaking, educated families especially the educated women have on average 1.4 children compared to 5.1 children in the less developed eastern region (Baloglu, 1998, pp.40-42).

Education and Trade

It has been established so far that some countries have managed to successfully integrate education and learning with investing and opening their economies. This way they formed a virtuous circle since opening up created the demand for education, and in turn education contributed back with increases in competitiveness of export sectors. Grossman and Helpman in 1989 have concluded the same outcome that accumulation of knowledge has on trade; whereas,

Ben David and Lowey in 1997 established that trade boosts the accumulation of knowledge in turn. Additionally, Lucas realizes that in order to keep up with accumulation of knowledge, countries have to be opened and foster their exports (Lucas, 1998).

The World Bank study, having a sample of sixty developing countries for the period of 1965-1987, show that higher level of education combined with openness and sound macroeconomic policies have generated higher level of economic growth (Tilak, 1989). This way, to perceive the stimulus that trade and openness have on growth, we need to assess how well the population of a country is educated in grasping information and technology extended via trade and FDI.

Education and Technology

Education plays also an prominent role in technological change within industries of a country. Deraniyagala remarks that his statistical analysis in Sri Lanka, regarding engineering and clothing industries, has shown that education level of entrepreneurs and workers were positively correlated to the rate at which technological changes were taking place within firms (Deraniyagala, 1995). Not only technological changes, but also improvements are observed by means of research and development that are capable of boosting the economic growth via productivity. A cross country World Bank study conducted by Lederman and Maloney through regression analysis shows that research and development have a rate of return of around 78% (Lederman and Maloney, 2003).

Education and Agriculture

The evidence, concerning the impact that education has on agriculture, advocates for an increase in productivity among farmers that use modern technology, but a lower increase for the ones using traditional means. Birdsall in her policy research “Social Development in Economic Development” shows that farmers in Thailand that are more educated are up to threefold more

probable to implement fertilizers and adopt modern technology compared to the ones with lesser education (Birdsall, 1993). In a similar note, Jamison and Moock, have concluded that in Nepal, the completion of 7 or more years of education has rewarded with increases in productivity of rice by 13% and wheat by 25% (Jamison & Moock, 1994, pp.13).

In closing this chapter, we can realize that in order to adjust to the environment where competition is tough in attracting investment, countries need to continually strengthen the overall quality of their labour force by providing a better and more appropriate education system, emphasizing the utmost importance of skills, knowledge, and information. As such, those studies help us determine the following conclusions:

- Education has a strong influence on a wide variety of economic and social outcomes,
- There is a powerful co-determination between quality of governance and education,
- Investment in education is not enough in achieving qualitative improvements,
- Proper method of incentives will deliver a better implementation of reforms, and,
- Checks and balances will lead to addressing the issue of mismanagement.

CHAPTER 3 – RESEARCH BACKGROUND AND METHODOLOGY

The relationship between education and economic growth is an age-long research topic. Major development economists focused their studies precisely in this field by emphasizing the importance of education in the overall well-being and development of a particular country. However, the causality between education and unemployment is a specific topic, which needs a thorough investigation when related to one particular country. The circumstances, history, demographics, culture, and ultimately economic sustainability are significant contributors that influence the outcome of these studies in different geographical areas. Recently in Kosovo, however, the issue of the education system affecting the unemployment levels has become an attractive issue for research, specifically as unemployment numbers show no sign of declining.

The methodology used in analyzing this particular issue and coming up with relevant policy recommendations is based on a field study. Initially, the theoretical background was established and subsequently the empirical analysis was conducted to evaluate the effect that a poorly structured higher education system has on the level and structure of unemployment.

This research thesis tries to address the following questions:

- 1) Analyzing the issue from the perspectives of policymakers (government officials, civil society representatives, and university leaders) to what extent is unemployment among educated people a problem in Kosovo?
- 2) What are the current laws, institutional policies, and strategies to address the current problems that relate the high level of unemployment with poorly structured higher education system?
- 3) Which parts of the higher education system are causing the problem and in what ways are they contributing to unemployment?
- 4) How do countries in the region address this particular issue, and which model Kosovo should adopt as a better practice?

- 5) What policy changes should be undertaken to address the problem of unemployment among educated workforce?

The theoretical and policy frameworks were gradually mapped out and studied carefully. The intended outcome was to conduct an in depth analysis, demonstrate an understanding of the problem, and provide appropriate national and institutional policy recommendations to deal with the problem of unemployment among the educated citizens.

CHAPTER 4 – AN OVERVIEW OF KOSOVO

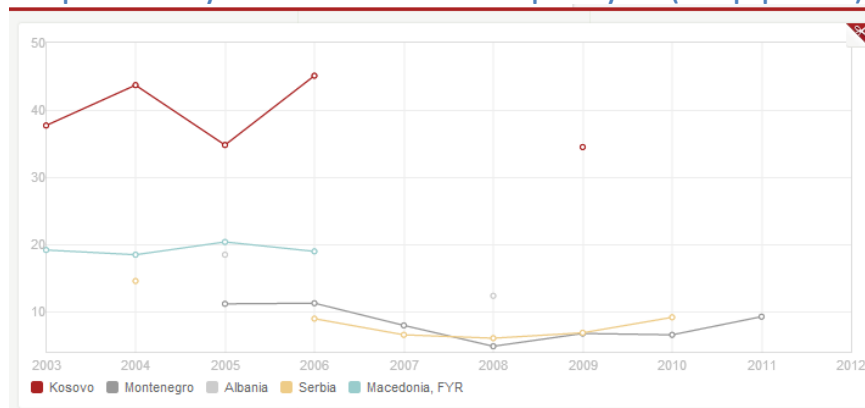
Five years after the declaration of independence, a significant progress has been achieved in Kosovo; however, there still remain many challenges for this newborn country. The representatives of the state now have sovereign power since international surveillance has been discontinued in 2012 while the security and territorial integrity are maintained by the NATO forces in a peacekeeping mission. The most recent elections have been the parliamentary ones that were held on December 2012. These elections, just as previous ones, have generated a government that continues to be inefficient.

This chapter of the thesis presents a comprehensive picture of key economic indicators for the country of Kosovo. This is to be used in determining the urgent need to improve the situation within the higher education system so that it will reflect on a better economic performance. As it represents a vicious cycle, the aim is to tie a better relationship so that education and economic development provide a healthier contribution to each other.

Unemployment and Poverty

One of the biggest challenges for Kosovo remains its economic development as it was not sufficient to handle the persistent situation with regard to unemployment and poverty. Kosovo fell far behind in the region as it remains the poorest country, where 45% of the population lives below the poverty line and 15% in extreme poverty. Considering the region, Kosovo needs to nearly double the economic growth so that it will be able to catch the income level of the neighboring countries. According to the World Bank indicators, the average gross national income level of countries surrounding Kosovo reaches 5,500USD whereas in Kosovo, it is just 3,500USD (World Bank, 2013, pp. 6).

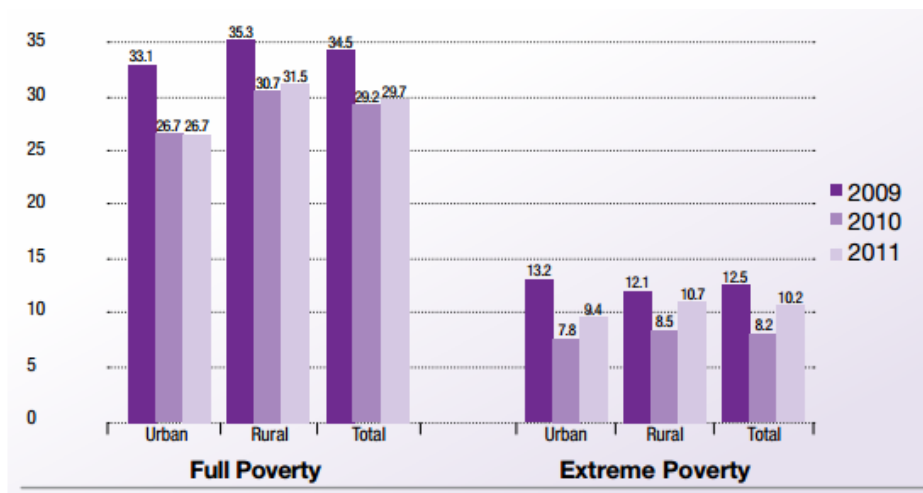
Graph 1 - Poverty headcount ratio at national poverty line (% of population)



Source: World Bank Database, 2013

The World Bank report on Consumption Poverty in the Republic of Kosovo in 2011 shows that out of the total poorest part of the population of 29.7% the largest amount is concentrated in rural areas with 31,5% in 2011. Furthermore, the same pattern is observed for extreme poverty, as well. Finally, the report concludes that this part of the population is characterized by large households, which include elderly members and many dependents (World Bank, 2011, pp.3).

Graph 2 - Poverty and Extreme poverty headcount in Kosovo (2009 – 2011) in percentages



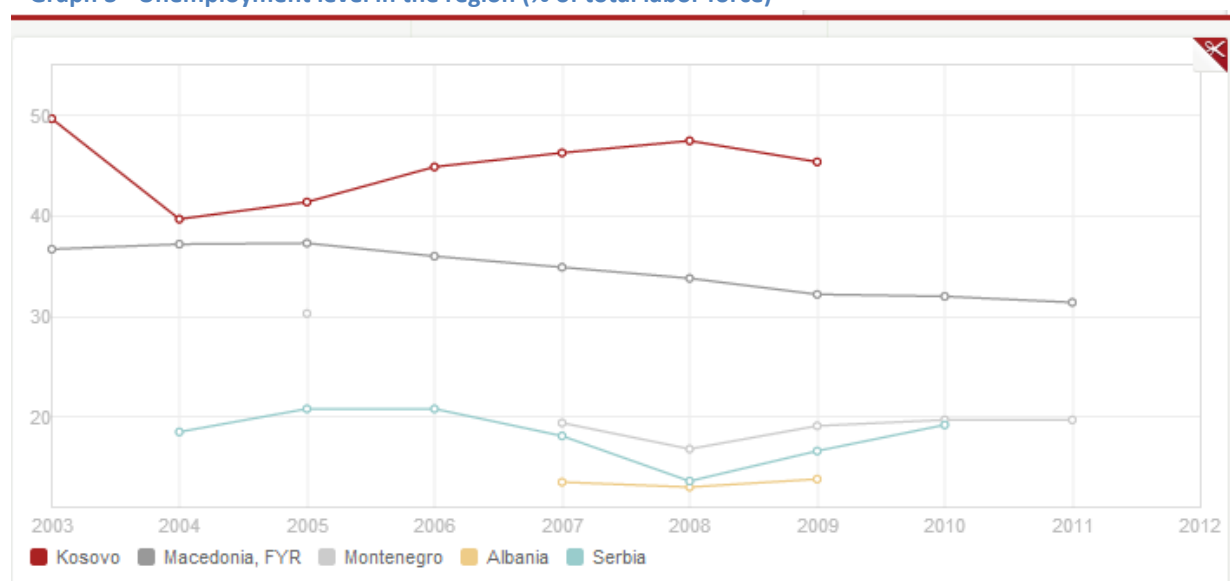
Source: World Bank, 2011

According to the EU Commission progress 2010 progress report on Kosovo, “The structure of employment shows that labour has shifted mainly towards non-tradable sectors – some 17% were employed in trade, 13% in education, 10% in administration, 8% in construction

and only 10% in manufacturing.” The remaining percentage is attributable to agriculture that is characterized with exceptionally low investment and productivity due to low level of educated minds within this sector (EU Commission, 2010, pp. 24).

Furthermore, the report indicates that in 2010, the number of unskilled workers reached 60% of total registered unemployed. This weak unemployed labor force is characterized with 90% of members that have never worked before; moreover, those that have had previous work experience did not work for more than two years. This progress report concludes that unemployment remains the largest problem for Kosovo and the fact that this country has a young population, contributes to exacerbate the problem as nearly 30,000 young people with low skills enter the labor market each year (EU Commission, 2010, pp 24). Despite having a steady growth, the economy of Kosovo is unable to generate enough job opportunities to incorporate the new entrants in the market.

Graph 3 - Unemployment level in the region (% of total labor force)



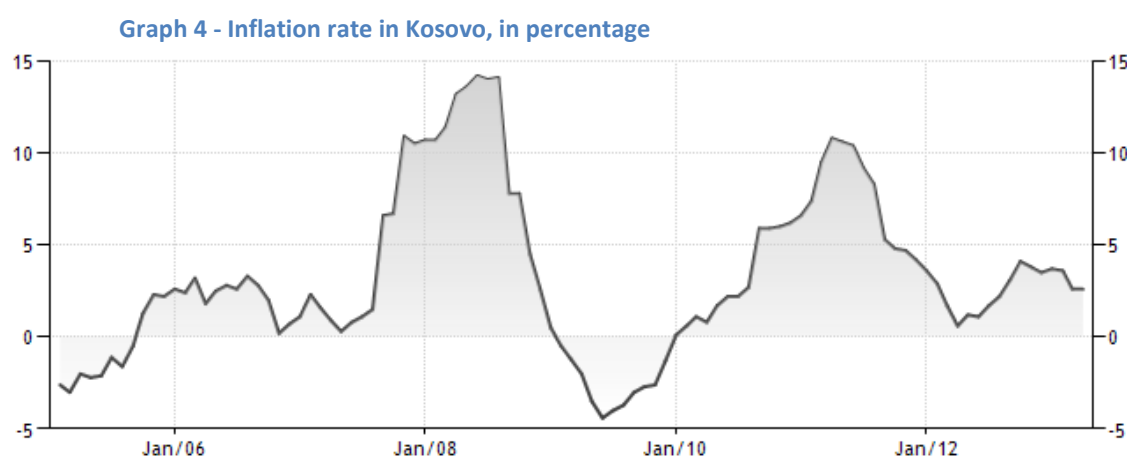
Source: World Bank Database, 2013

Comparing the new country with the region, the figure above shows that on average, the unemployment rate has recorded a value of 45%, with a recent report from The Kosovo Agency of Statistics (KAS) and the World Bank showing some slight positive improvements (KAS and

World Bank, 2013, pp. 3). This high unemployment rate has made it difficult for policymakers to even fight the country's poverty problem.

Inflation Rate

The unilateral adoption of the Euro as the legal currency across the whole territory has helped the country in many ways. The inflation rate is roughly the same as that of Euro zone. However, frequent changes in fiscal policy as well as changes in world commodity prices have played a significant role in influencing a higher inflation rate. A large drop in the inflation rate has been experienced throughout the year 2009. This was primarily due to a substantial decline in private consumption as a result of reduction in remittances due to the financial crisis. The same outcome has been observed from the year 2011 until the first half of 2012 because remittances dropped due to the fiscal crisis across Europe (KAS, 2013).



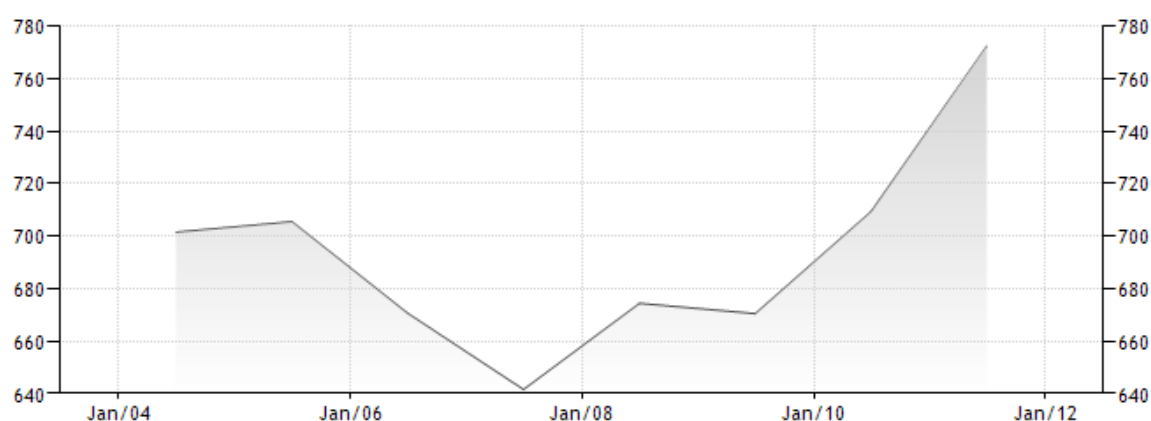
Source: Kosovo Agency of Statistics (KAS), 2013

The drop in the amount of remittances shows a clear indicator that many families, despite having educated members, are bound to live on the support from other members of the family working in foreign countries, especially Western Europe or America.

National Accounts

During 2009 and the first half of 2012, the growth within the economy was primarily driven by government spending and investment. The Household Budget Survey of the Kosovo Agency of Statistics shows that the consumption of private sector has suffered, “a small decrease of 0.5 percent of total consumption of Kosovo compared to 2010, and a decrease of 1 percent of consumption per households and consumption per capita” (KAS, 2011, pp. 6). This reduction in private spending has been over compensated by government expenditure as the figure below shows a continuous increase since the end of 2009.

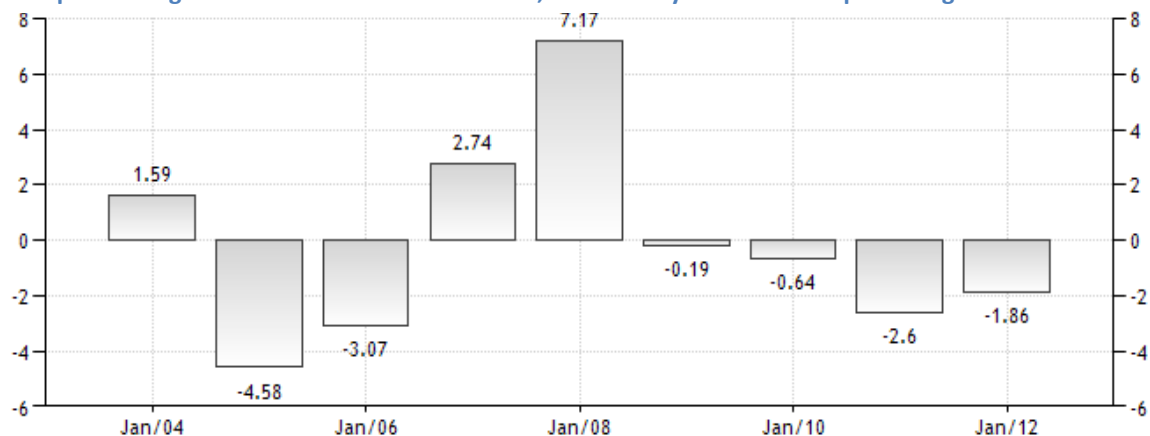
Graph 5 - Government of Kosovo Spending, in millions



Source: Kosovo Agency of Statistics (KAS), 2013

The constant increase in government spending has pushed the country to engage in public debt. Kosovo recorded a budget deficit of 1.86% of GDP for the year 2011 as it has been reported by the World Bank (2013). Historically, the budget was averaged at 0.7% of GDP; however, the recent increases in government spending during the last four years would pose a threat to macroeconomic stability for the future. In tackling this possible future risk, the Assembly of Kosovo has adopted a law on December 2009 to limit the central and local government deficit to a maximum cumulative of 40% of the GDP (Assembly of Kosovo, 2009, pp.5).

Graph 6 - Budget of the Government of Kosovo, End of the year balance in percentage



Source: World Bank Database, 2013

The increases in spending from the government have not been directed towards sectors that will in turn provide an enhancement to the general situation of the economy as they have been direct expenses on operational activities of the government and not capital investments.

The recent global economic crisis has managed to influence the economy of Kosovo through external sector, mainly declines in remittances, FDI, and exports. The statistics from the World Bank show that the growth of GDP slightly slowed during 2010. However, it rebounded back to achieve the highest percentage ever recorded in 2012 (World Bank, 2013).

Graph 7 - GDP of Kosovo, in percentage



Source: World Bank Database, 2013

According to the 2012 report of the Central Bank of Kosovo (CBK), “Public investments in the referred period had a very important contribution to economic growth when considering the capital investment projects which are continuously increasing. Government expenditures on capital investments up to June 2012 recorded an annual growth rate of 32.4 percent” (CBK, 2012, pp.28) However, as it will be elaborated later on, these investments have been carried out in infrastructure development, especially the construction of high ways, leaving education out of the equation as always.

The Welfare System

The budget of Kosovo is very limited in terms of social benefits as those provisions are kept low in order to maintain fiscal sustainability. Despite the limitations, a considerable part of the population receives some sort of social transfer or assistance from the government. Currently, the social safety net covers the basic pension, the pension based on contributions, the social assistance scheme, the war invalids, the families of martyrs, and so on. According to the Social Welfare Statistics of the Kosovo Agency of Statistics, more than 330,000 people or around 18% of the population are covered with some sort of social assistance (KAS, 2011, pp. 28). An additional obstruction of these social transfers is that those are not indexed or adjusted for changes in inflation or income.

Table 1 - Kosovo welfare statistics, distribution across categories

Year	Social Assistance	Pensions	War invalids
2010	28,577,179.00EUR	92,188,273.00EUR	23,509,062.00EUR
2011	28,257,596.00EUR	104,005,090.00EUR	29,249,970.31EUR

Source: Kosovo Agency of Statistics (KAS), 2011

The statistics show that as much as 35 thousand families receive social assistance of only 45 Euro. Additionally, the total amount spent on social protection for 2011 around 162 million Euro, an increase of more than 10% from 2010 showing a deepening of the situation in terms of

needed assistance. Furthermore, the social safety net does not cover any unemployment insurance or benefits, thus making the educated citizens that are unemployed in a desperate situation. On a final note, besides the problems with limited coverage, the social safety net does not adequately target the fraction of the population that needs the most, and the amount of those benefits is exceptionally low to provide an adequate living standard.

CHAPTER 5 – A BRIEF HISTORY OF HIGHER EDUCATION SYSTEM

The higher education system of Kosovo has a relatively short history and its beginnings can be traced back in 1958 when a number of two year colleges, mainly the Pedagogy School of Prishtina, were established. In 1960, the first four year university was opened for the Department of Philosophy which included the mathematics, philology, physics and chemistry fields of study. The following year, the higher education system was enriched with the medicine, the law and economics, and the technical departments as branches of University of Belgrade (UP, 2013). Finally, in 1969, the Assembly of Socialist Autonomous Province of Kosovo enacted a law on the establishment of University of Prishtina with the existing departments, merging of the branches of University of Belgrade, as well as new programs (UP in Mitrovica, 2013, par.2). In the beginning period, classes were taught in the Serbian language, and that gradually switched to Albanian as the number of local professors was increasing.

Despite this enormous shining light within the society, the young history of higher education in Kosovo suffered a number of dramatic developments. While it was considered to be an achievement full of praise and admiration, the events turned out to produce a painful and harsh legacy for the population, and students in particular. Establishing the University of Prishtina was achieved while the legal, cultural, and ethnic autonomy of Kosovo was making progress. This achievement was observed to be a formidable “historic moment for the people of Kosovo and particularly for Albanians” (UP, 2013, par.5). This University embodied in itself a passionate mission of emancipating Kosovars and building an intellectual and administrative elite that one day will stand for their rights. During the 70s and 80s, the University of Prishtina embraced thousands of Kosovars and Albanians from the region as students that wanted to pursue higher education in their mother tongue. This way, the University itself managed to influence the entire social structure as it provided Albanians with education and skill needed for better positions within the society.

When the Autonomy of Kosovo was taken away as part of Milosevic's regime in Yugoslavia, the higher education system was one of the main foundations that went down. The prevailing legislation on higher education was withdrawn in 1991, and as a result the Serbian laws, legislation, and curricula were imposed, placing the University of Prishtina under direct governance from Belgrade. These measures were rejected by Albanian professors. However, the measures just got worse by closing down the schools and dismissing all Albanian professors and students. The situation was dreadful. Albanian professors and students started to organize an alternative system of higher education. This alternative higher education system was working in sheltered private houses of Albanian professors, and the funding was done through a voluntary taxation/contribution of 3% by the Albanian citizens. During the whole period of 90s, the system was functioning despite the fact that the teaching quality suffered tremendously. As a consequence of these circumstances, the enrolment of students decreased, "yet, in 1996 there were around 16,000 students (both full time and part time) studying at the parallel Albanian University of Prishtina and coping with shifts in classrooms and halls. The university teaching personnel was made up of 826 full-time teachers and 200 part time and associate teachers" (Pichl, 1999, pp. 1-2). This parallel higher education system was operating in around 220 private houses, business premises and other available buildings. As the regime was getting tougher, a number of students and professors have been prosecuted and imprisoned thus repressing the proper functioning of the system. During this period, a force of political mobilization emerged from the students which marked the demonstrations on the cause for independence. This fact further reinforces the opinion among Albanians that the University of Prishtina stands as the foundation of Kosovo's advancement towards independence, as well as a symbol of national identity for future generations.

Just after the war in 1999, the University of Prishtina just as other institutions were handed to the international community and the administration was carried out in collaboration with local staff. Even though, the situation after the war was in desperate needs for reforms, a

few were carried on to produce insignificant results. This co-governing system lasted soon enough with the emergence of representatives after the first elections in 2001.

The period that follows after 2001 shows complete breakdown of the higher education system. As a report of Kosovo Institute for Policy Research and Development from 2007 describes it, “the University of Prishtina experienced several years without a rector, some with acting rectors, at times managed by a Governing Council and sometimes under interventionist appointment of the last resort made by the Ministry of Education. This presented a devolutionary trajectory from a quite respectable institution to the conclusion that the UP is now in the worst crisis it has been in four decades. UP today is an institution with a rigid curriculum, teaching style that encourages memorization instead of creativity, no problem solving or group work, outdated textbooks or the utter lack of, absence of the use of PC skills, where plagiarism is considered heroic, and the skills are in complete mismatch with the needs of the market and EU education standards” (KIPRED, 2007, pp.11). Even though, it was expected that after the war, this institution will return to shining bright through educating the future leading elite in Kosovo, it turned out that the involvement of politics hindered this retransformation. It seems as if it was in the personal interest of some individuals to keep this institution away from revitalization.

After the establishment of the Law on Higher Education in Kosovo in 2002 and the issuance of the Administrative Instruction that regulates the licensing of private higher education institutions in Kosovo in 2003, the system was flooded with a number of private universities being opened every year. Until 2008, the number of institutions that filed for accreditation reached 23, out of which 10 were licensed as universities, 9 as university colleges, 3 as academies, and 1 as school. The number of students across all those licensed institutions by 2008 reached 20,128 (Bristow, 2010, pp. 12).

In 2004, the Ministry of Education issued another Administrative Instruction for the establishment of Kosovo Accreditation Agency. It took four years until this institution was ready to conduct a thorough assessment of private providers of higher education. In 2008, the Ministry

of Education has invited the British Accreditation Council for Independent Further and Higher Education to support the Kosovo Accreditation Agency in setting up a standard for accreditation procedures. After they had performed the inspection, they concluded, “On the strength of this evidence, none of the institutions should be accredited or licensed” (Bristow, 2010, pp. 10). This has marked the move of the previously licensed universities to join their forces together to meet the criteria. The accreditation that took place in the following years had a totally different outcome. It licensed nearly 31 higher education institutions only as colleges and that decreased the number of students to only 14,413, leaving more than 5,000 students with un-accredited degrees. Today, unfortunately, there is not any statistics regarding the number of students that pursue education among private providers.

Except the public University of Prishtina, the government invested in 2010 and opened the public University of Prizren and in 2013 the public University of Peja. By 2015, it is expected that the government will establish public universities in Gjilan, Gjakova, and Mitrovica, as well. The government decision on opening the new public universities, according to Prime Minister Mr. Hashim Thaqi, is done on the basis that those regions should have access to higher education as well. Whereas, the Minister of Education, Mr. Buja justifies the decision on the grounds that the government intends to increase the number of students and provide the education as close as possible to those communities (MEST, 2013, par.33).

CHAPTER 6 – KOSOVO HIGHER EDUCATION SYSTEM ANALYSIS

Kosovo, the newborn country of Europe, is experiencing record breaking levels of education attainment. Despite having vast and disappointing numbers of unemployment, the enthusiasm for accomplishing education is ever increasing. Even though, there are large numbers of students that are eager to pursue higher education, only 45% of those that register secondary education succeed in finishing it, whereby 17.3% of them actually apply for tertiary education (KIPRED, 2007, pp.14).

Having an unreconstructed higher education system, with institutions (public and private) disobeying the law, and the regulating actors with limited powers, contributes in producing workforce that will head towards unemployment. “The efforts people make to continue education after compulsory schooling can be thought of as an investment with the potential to bring rewards in the form of future financial returns” (OECD, 2012, pp. 32). It is, therefore, reasonable to assume that students enroll in universities to avoid unemployment initially, and then hope for a better future after finishing education.

The value that is placed upon certain fields of studies, rather than having a equivalent distribution of capacities across different fields of higher education, unintentionally contributes to the unemployment level. This way, the job market has a large supply of certain profiles where the demand is limited and lacks in others profiles where experts are brought in from abroad.

There have been a number of research studies conducted from international organizations and local research institutions (i.e. World Bank, European Commission, KIPRED, Riinvest, etc) that have categorized the poorly structured and uncontrolled higher education system as one of the main causes of unemployment through shortage in skilled workforce (Political Economy Forum, 2011, pp. 2). Those studies have found out that the foremost problems arise from the absence of implementing modern teaching and evaluating techniques, lack of practical knowledge through internship, missing adequate literature, poor infrastructure, outrageous and distant relationship between professors and students.

The figure below shows the overall situation considering a sequence of different factors that play a crucial role in influencing the current situation within the higher education system which then yields to an “educated” but unemployed workforce.

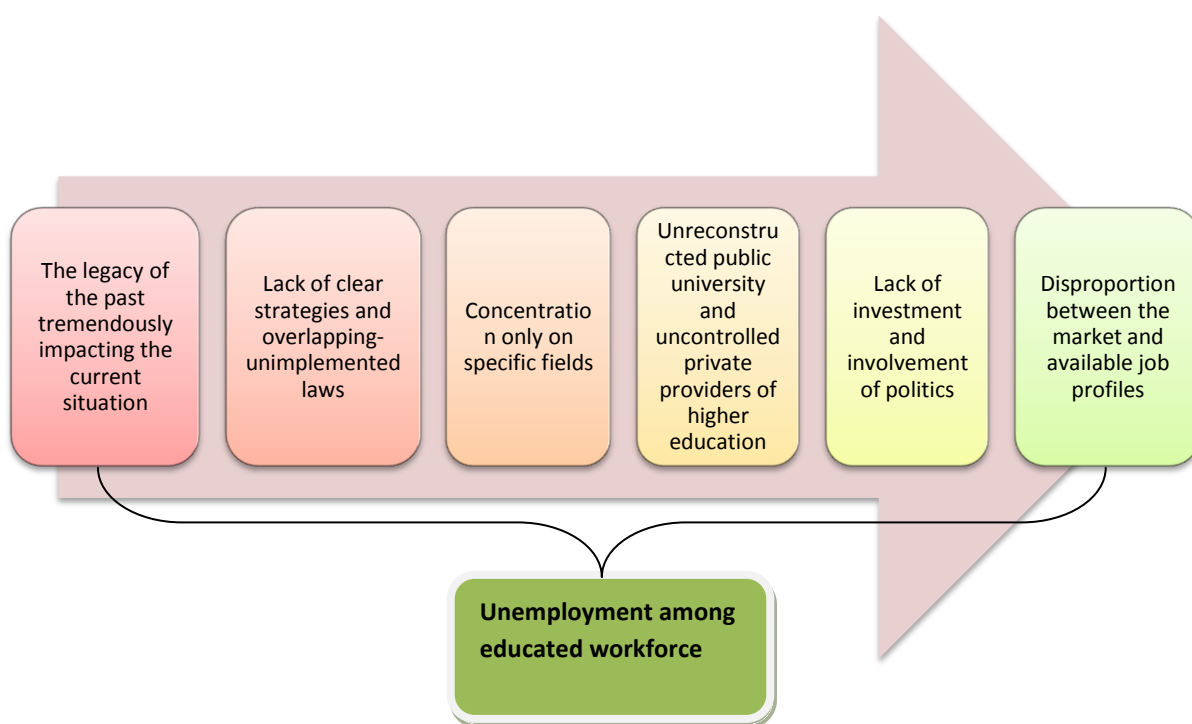


Figure 1 - The chain effect of factors hindering the higher education system

The legacy of the past having a tremendous impact today

Despite satisfactory improvements in different areas, 14 years after the war, the education system remains in a dreadful situation while it continues to seriously suffer. It can be argued that the higher education system of Kosovo did not have the time and space to be properly developed, mainly as a result of the past legacy as well as political instability and statehood sustainability. The higher education system has a history of just over 40 years and therefore it cannot be compared with a long history of education systems in countries where they take pride in it. It was the year 1991 when, “the Serbian political regime annulled the Kosovo legislation on education, science and culture, introduced Serbian laws instead and closed down schools of primary and secondary education by force. Around 14.500 primary and 4.000

secondary school teachers and 862 university teachers of Albanian ethnicity were dismissed,” (Pichl, 1999, par. 7) creating the so called ‘parallel educational system.’ Taking into consideration the fact that this change occurred only two decades ago, and adding to it the consequences of the war in 1999, it is difficult to envision a better outcome. However, this shall not serve as a moral justification for the policymakers and government leaders; rather, it should justify fast and comprehensive reforms. In spite of the fact that higher education helps in developing a country, it is also noteworthy for three other main reasons: it enhances individual freedom, it is a right, and it creates the preconditions for further growth (*KIPRED 8*).

The creation of alternative higher education system was a better solution than completely abandoning it, but it was far from being the right one. For almost 10 years, this parallel system was providing education in extreme conditions to students. As such, despite investments that had to be done in terms of physical reconstruction, the higher education system was in desperate need eradicating the imposed system and reforming structurally and academically the alternative one. The cadre produced during the 10 year period lacks in proper preparation for the labor market and thus it needs further training to make up for the lost period.

One can argue that, specifically due to the dire legacy, there was a tremendous opportunity to reconstruct the higher education system after the war. The government could have cleaned up the system more forcefully in such a way that results would have been seen by now. However, considering the fact that the university fell under a shared interim administration of the international community and local representative, this created the opportunity for political actors to incorporate and thwart a number of reforms that were undertaken. Thus, currently the public and private higher education institutions are seen as foundations where personal interests are fostered through positioning high level administrative staff and professors based on preferences of political actors.

Current legislation and strategies

The Assembly of Kosovo has adopted on July 2002 the Law on Higher Education, and it was promulgated by the Special Representative of the Secretary General under the international surveillance on the 12th of May, 2003 (UNMIK, 2003). Among other objectives, the Law on Higher Education commences on, “establishing, developing, protecting and transmitting knowledge through teaching and scientific work and research; and to provide opportunities for all inhabitants of Kosovo with the ability to benefit from such education, throughout their lives” (Assembly of Kosovo, 2011, pp. 4).

According to the Law on Higher Education, the Ministry of Education, Science and Technology, in consultation with the accredited providers of higher education, is responsible in planning and developing the higher education system in Kosovo. In addition, the Ministry bears the responsibility in establishing the Kosovo Accreditation Agency that will maintain the quality of higher education provided within the territory of Kosovo (Assembly of Kosovo, 2011, pp. 6).

This law defines public universities and institutions of higher education. A university is classified to be an institution of research and education able to provide degrees up to the doctoral level. Furthermore, a university shall only be called an accredited provider of higher education if it is able to offer programs in at least 5 departments and a total of 3,000 students, meaning at least 600 for each program. The law in itself is complete in general terms as it requires the Ministry to issue administrative instruction and fill in the details needed (Assembly of Kosovo, 2011, pp. 10).

One of the first administrative instructions was the one issued on licensing private providers of higher education no.2003/14, and it states, “Any private individual, organization or foundation that is registered in Kosovo, holds the right to establish an institution of private higher education” (MEST, 2003, pp. 2). Furthermore, it specifies a number of weak criteria, subjective to different interpretations and unquantifiable, that a private provider of higher education has to satisfy, such as:

- Having sufficient premises that are equipped according to international standards,
- Having a library that is fully furnished with books,
- Having cabinets equipped with computers,
- Having a suitable working environment,
- Having a party entrusted with ensuring the quality of studies, etc.

Meanwhile, in 2004, the Ministry issued another administrative instruction that established the Kosovo Accreditation Agency (MEST, 2004). The establishment of this agency was continuously postponed for four years, and the accreditation during that period was conducted only based on paperwork submitted without any field review, a situation that led to a complete degradation of the private sector of higher education. Although the agency was finally established in 2008, it did not possess the capacities to conduct an appropriate evaluation, thus forcing the government to make a decision on hiring an independent international quality assessment institution, such as the British Accreditation Council (BAC). The evaluation that was carried out by BAC recommended the Ministry to accredit only one private institution as University (i.e. the American University in Kosovo), and revoke the licenses of the remaining private institutions leading to a state of total chaos as students' degrees were in complete jeopardy (BAC, 2008, pp. 5). However, the Ministry neglected the suggestion and asked the private providers to join with each other so that basic criteria are met and thus licenses could be granted.

Despite the fact that the Law on Higher Education in Kosovo was promulgated back in 2003, the Ministry of Education, Science and Technology has not yet issued all the necessary administrative instruction as required by the law. Among different reports on the rule of law in Kosovo, the three reports issued by OSCE on implementation of laws condemn the actions of Ministry of Education, Science, and Technology for not implementing the law.

Moreover, the situation was made even more difficult by the fact that the instructions already issued did either take a long time to be implemented, or they are vague. The purpose of

these administrative instructions is to clarify by supplementing the Law with further details. All they do is repeating the same general guidelines as written in the Law. An example of this is the administrative instruction on licensing higher education institutions, which requires a list of academic staff and their qualification. However, the problem here is that there is no specification on the kind qualification or number of qualified faculty that a private institution must have. Additionally, there is no specification on the premises that an institution should have, conditions for healthy and safety environment, or the maximum number of students per class.

In 2004, the Ministry of Education, Science, and Technology has published the Strategy for Development of Higher Education in Kosovo (2005-2015). This strategy envisions Kosovo as a “democratic society, integrated in the European Higher Education Area, where knowledge and scientific research are of particular role and importance for the enduring and long term cultural, social and economic development” (MEST, 2004, pp.6). Yet, it took four years for the establishment of a quality assurance agency, one of the key requirements for acceptance of Kosovo in EHEA. The situation in this aspect is that Kosovo is far behind, compared to most EHEA countries that have a well established twofold system of quality assurance through State licensing and Agency accreditation.

Another key element is the “Bologna process”, part of which is the quality assurance that has attracted attention from European Union leaders ever since the Berlin communiqué of 2003. This report on “Realizing the European Higher Education” affirmed that “the quality of higher education has proven to be at the heart of the setting up of a European Higher Education Area” (Berlin Communiqué, 2003, pp. 3). On the other hand, the Ministry took commitment through the Strategy to “look for solutions which will enable our country to become an inseparable entity of the European Area of Higher Education determined by the objectives of the Bologna Process. According to this perspective, by building a distinctive and flexible system of higher education which is compatible with the demands of the society, higher education will satisfy the requirements necessary to carry out the sustainable development of our community”

(Strategy, 2004, pp. 6). This statement still remains a commitment as the situation prevailing within the higher education system is far from joining European Area of Higher Education.

Corruption, lack of staff, and inadequate spaces for teaching

Across different national media, it does not pass much time for a corruption activity to be reported. Passing exams by paying professors, renting out illegally the university premises, admitting students against payments, paying professors to write thesis, are just a few titles that can be observed. Tools and means to combat these extraordinary phenomena have not yet been implemented. It is to be noted that corruption causes dependability, lack of accountability, devaluation of true honest and ethical values, and a falsely qualified workforce. On the other hand, the lack of professional and skilled labor has a tremendous impact on the knowledge gained by the future generations. It leads to the lack of motivation and to generations, which look up to ‘failed’ heroes.

The lack of adequate space for teaching is an paradox prevailing in the 21st century in the newborn country of Europe. The situation characterized with lacking facilities that do not provide students with the necessary amount of seats, classes, heat, or a fully furnished and nicely designed library to study, must not be tolerated anymore.

Table 2 - Infrastructure within the private providers of higher education

Number	Average	Minimum	Maximum
Students per classroom	49	19	104
Students per teaching space (classrooms, auditoriums, labs)	32	9	72
Offices for staff	9	1	25
Books in Albanian	853	0	6057
Books in English	470	0	2200
Books in other languages	129	0	1000
Students per computer	26	1	300
Computers for staff	19	1	80

Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

The figure above shows the situation that currently prevails within the private higher education institutions. It shows that there are classrooms that fit up to 104 students, up to 72 students are fit within a lab or auditorium, and there are cases where 300 students have to share one computer. The situation in the public university is reported to be even worse. This problem should be given high priority, especially when considering the studies that have proven the

persistence of causality and relationship between student motivation and the success of the students. For instance, “research studies in eighteen states in the have clearly established the relationship between well-staffed, well-funded school libraries on student achievement test scores” (Small, Snyder, & Parker, 2007, par. 1). Hence, it shall not be tolerated for such a problem to place a burden on those who are considered the future of our country. We, as a society, cannot allow for such practices to continue as they will ultimately hinder the proper development of the students, which translates into a poorly qualified workforce, and a fragile job market, ultimately.

On the other hand, there is a shortfall in qualified teaching personnel which makes the issue even more alarming. This unavailability of sufficient academic staff is best illustrated by comparing the student to professor ratios across different countries. As the table shows, this ratio in Kosovo is twice higher than in Macedonia, and up to four times more than Slovakia and Moldova.

Table 3 - Students per Professor Ratio across the

Moldova, Slovak Rep.	12
Bulgaria, Lithuania	13
Belarus	15
Albania, Estonia, Ukraine	16
Russia, Hungary	18
Slovenia	19
Romania	21
Latvia, Poland	22
Macedonia	23
Croatia	26
Kosovo	48

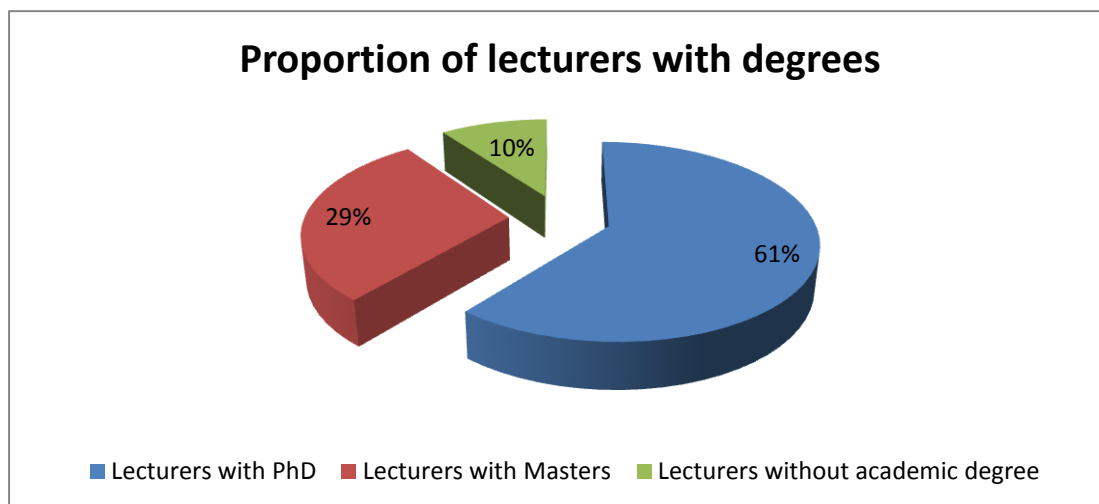
Source: European Center for Higher Education, 2011

Moreover, even existing staff lacks practical experience as well as qualification. After the war, “there was a Council for the Review of Professor Training (KRTM) established, to develop policies, regulations and guidelines that deal with training, retraining and professional development of the teaching staff, however, since April of 2008 it is no longer active” (NQA, 2013). The policies that have regulated the training of professors have had a significant impact and as such should have not been ceased because it yields to unqualified lecturers.

The situation within the private providers of higher education shows that only 61% have appropriate qualifications. However, there are 10% of lecturers that do not possess any kind of qualifications. There is not any regulation in place that would restrict the hiring of professors

within the private providers of higher education, and thus leaving those institutions use their own internal policies.

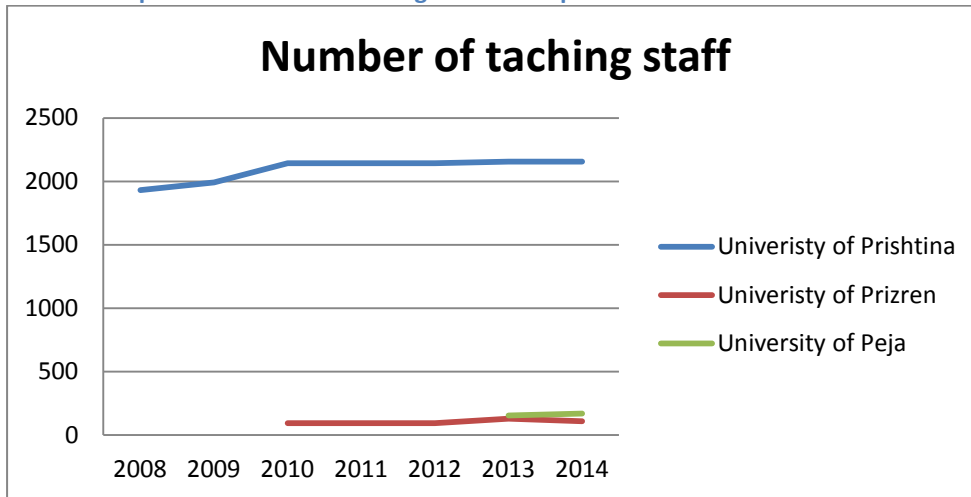
Graph 8 - Distribution of lecturers with degrees in the private sector



Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

The evaluation report for the University of Prishtina by the accreditation agency identified, “Teaching and research at the UP is undertaken by around 1200 full time and 400 part time staff,” out of these numbers “full professors make up for about 15% of the academic staff, whereas over 40% are assistants or assistant candidates, and 23% are assistant professors. The number (and ratio) of full professors has been significantly decreasing over the recent years. These figures represent a structural challenge given by the low percentage of full time professors compared to other types of academic staff” (KAA, 2009, pp. 10). As such, the public University of Prishtina has to deal with a high ratio of students relative to the available teaching staff. The figure below shows that the number of employees within the public university has not changed, despite constant increases in the number of admitted students. The only increase in teaching staff is projected to be for the University of Peja during 2014.

Graph 9 - Number of teaching staff in the public universities



Source: Kosovo Agency of Statistics (KAS), 2011

The lack of the academic staff does not sum up the whole dire situation. As a result of the low number of available professors, we have another problem of having the same staff teaching in as many as 3 or 4 institutions at once, which leads to the failure of the outcome of the entire education system, and ultimately affects the job market through weakly educated and unemployed members.

Table 4 - Too many institutions, few professors

Category	Number of professors
Teaching in 6 institutions	2
Teaching in 5 institutions	4
Teaching in 4 institutions	5
Teaching in 3 institutions	22
Teaching in 2 institutions	101

Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

The adoption of the Bologna Declaration

The basic underlying concept of implementing reforms in the public university especially was the adoption of the principles and practices of the Bologna Declaration, which was also approved by the European Ministers in order to establish a uniformed system of degrees. However, these reforms were critically misunderstood. According to Berim Ramosaj, “the university failed in transforming into what the Bologna System requires from it to become. The attempt of the UP administration for transformation was rather an attempt of a somewhat ‘superficial’ nature. They simply changed the titles of the curricula, while there is an evident lack of a rational approach to the whole concept of the reforms” (KIPRED, 2007, pp.29). Moreover, according to Mr. Pupovci, “of all the six Bologna System objectives, UP succeeded in

implementing only one i.e. organizing the studies in two levels: undergraduate and graduate ones.” Yet, the whole problem has its origins in the fact that this approach was not a natural requirement and not responsive to the prevailing trends in Kosovo, it was instead something imposed in rush, thus it failed to be organized as it should. It is true that Kosovo Strategy for Higher Education for the period 2005-2015 gives priority to the implementation of the Bologna process; however, Kosovo is currently deprived of direct membership to the Bologna Process due to the non-ratification of European Cultural Convention (WUS Austria, 2010, pp.13). Yet, the Law on Higher Education (Law 2003/14) is in full compliance with the Bologna Declaration, and it is the first law to be based on the declaration’s provisions. Nonetheless, despite these prudent measures and the enthusiastic acts of the institutions responsible for the management of education, the implementation and the adoption of the Bologna System can widely be argued to have hindered the education system in a whole. The main reason for this is, as Mr. Pupovci suggests, “the tendency to cut the four year programs and make them last three years instead, however, with the same curricula but with more intense and overwhelming teaching and studying techniques, which has actually brought no change whatsoever, but rather a further fringe of the whole system of education”. Mr. Pupovci continues further by saying, “the Bologna Declaration goals and the goals of our public university have no single point of common interest as the former aims towards more practical and flexible study curricula, whereas the latter, tries to make the old curricula a new one without making changes and without adding any flexibility.” This process leads towards nothing but confusing, unqualified, not well met and crumpled outcomes of the education system. The education system in Kosovo certainly was in need of a reform, but the attempts in this direction were rather segmented and not well designed or part of a long term development plan.

The situation within the public university

Today, it is estimated that a number of 48,000 students attend the public universities and another 19,000 students attend private universities (Demi, 2011, par. 4). This table shows the number of students that have attended the public University of Prishtina during the respective academic years.

Table 5 - Number of students in public university 2007-2012

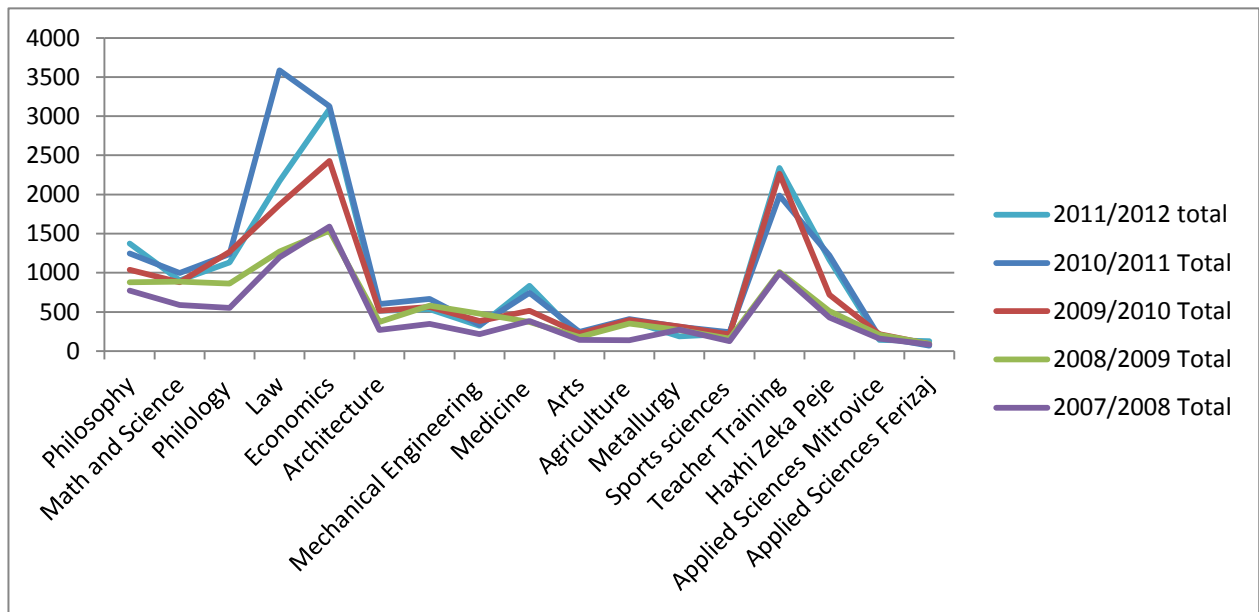
Faculty	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Philosophy	2675	2456	3194	3212	3960
Math and Science	2389	2523	2501	2969	2481
Philology	2226	2500	3410	3287	3288
Law	2707	3529	4438	7072	6380
Economics	3797	3678	6981	8282	9249
Architecture	1175	1462	1775	2243	2217
Electro-technical and Computer Engineering	1299	1592	1705	1903	1988
Mechanical Engineering	1009	979	1057	954	957
Medicine	2247	2576	2570	2782	3345
Arts	549	526	496	550	659
Agriculture	495	684	742	958	830
Metallurgy	592	563	644	831	637
Sports sciences	353	328	461	544	749
Teacher training	2796	3201	4678	5195	7031
Haxhi Zeka Peje	833	1649	2265	2405	2409
Applied Sciences Mitrovica	546	646	696	715	650
Applied Sciences Ferizaj	152	159	226	228	240
Total	25840	29051	37839	44130	47070

Source: Kosovo Agency of Statistics (KAS), 2013

Analyzing the table on the number of students attending we can detect a steady increasing trend since 2007. The justification behind these increases, especially from 2009, is that the current government promised to increase the number of students and make it more accessible for the young part of the population that was finishing high school, of course in exchange for votes.

The figure below shows the distribution of students enrolled for the first time across all available departments, where the lines represent the respective academic. The administrative instruction that was issued in 2009 to increase the number of enrolled students has caused a sharp increase only in the Faculties of Economics, Law, Philology, and Teacher training.

Graph 10 - Distribution of new-coming students, 2007 - 2012



Source: Kosovo Agency of Statistics (KAS), 2013

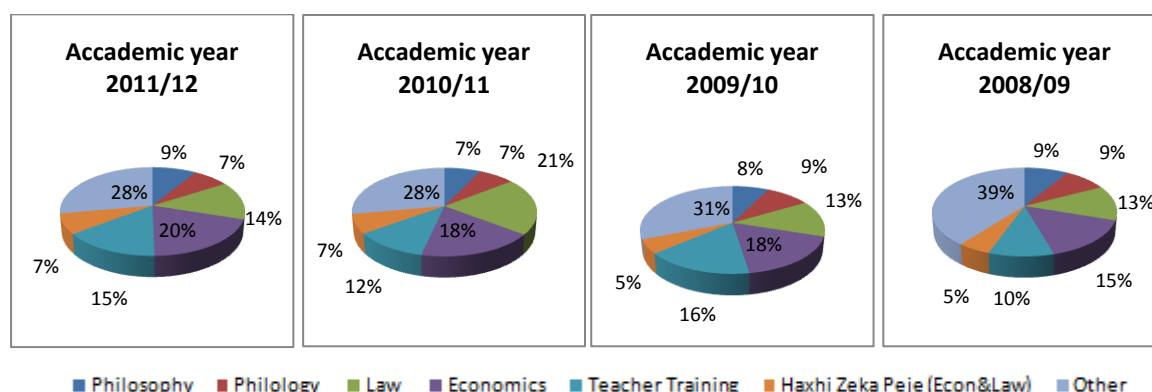
Furthermore, the distribution of chosen professions by the students is highly uneven, and for better demonstration of the actual situation, a table has been created with corresponding charts.

Table 6 - Number of students enrolled for the first time, 2008 - 2012

Faculty	2011/2012	2010/2011	2009/2010	2008/2009
Philosophy	1,373	1,247	1,039	880
Philology	1,130	1,237	1,265	864
Law	2,169	3,587	1,866	1,269
Economics	3,089	3,127	2,427	1,536
Teacher Training	2,339	1,985	2,263	1,011
Haxhi Zeka Peje (Econ & Law)	1,163	1,220	719	509
Other	4,349	4,787	4,309	3,938
Total	15,612	17,190	13,888	10,007

Source: Kosovo Agency of Statistics (KAS), 2013

Graph 11 - Distribution of students in main disciplines, 2008 - 2012

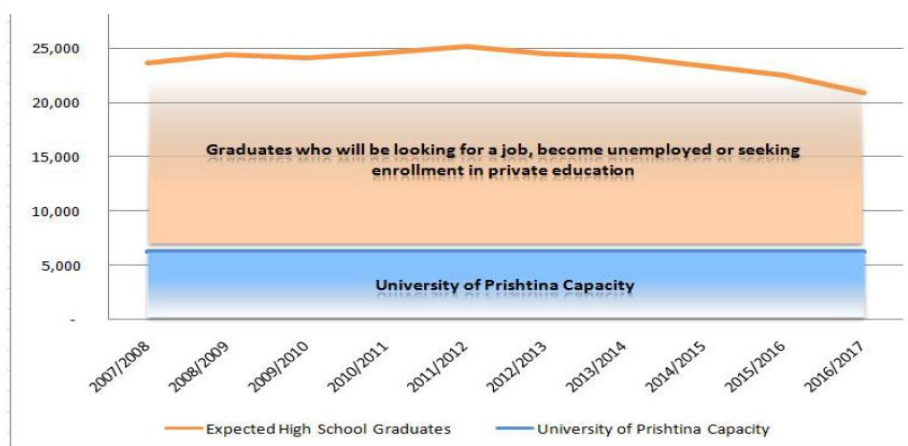


Source: Kosovo Agency of Statistics (KAS), 2013

Referring to the above statistics, we come down to confirming our intuition that almost half of the enrolled students are concentrated in the fields of economics, law, philology, and teacher training. The remaining percentage is distributed amongst the other 13 departments of study in the public University in Prishtina. Another remarkable fact that can be observed from the above figures is that the increasing number of incoming students has been accommodated only within those particular fields of study, showing amplification in terms of disproportion with the remaining 13 departments.

The figure below was created by GAP institute for advanced studies, and it shows the capacity that the public university has compared to the number of expected high school graduates.

Graph 12 - Expected high school graduates and capacity of the University of Prishtina



Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

According to their report on private providers of higher education, GAP institute concludes, “Looking at the number of students that are in primary and high schools, the average number of students that will be graduating from high school over the next ten years is approximately 24,000 students per year. This is based on the population structure and trends in recent years. Of course, not all of them will be seeking university education; however the private education system was able to attract many of them. The University of Prishtina absorbs approximately 6,300 of these graduates per year. The rest choose to go into the private system, or look for a job.” (GAP Institute, 2008, pp.13) The problem that arises here is that despite low capacity to absorb the large number of high school graduates, the decisions to continually increase the number of enrolled students within the public universities has led to a further deterioration of the system, leading the government to decree the opening of new universities in other cities of Kosovo. Now, in a country with less than 2 million inhabitants, where the economy is growing at an approximately 4% steady rate (USAID, 2013, par.3) and the unemployment reaches excruciating numbers, this phenomenon creates an economic kink and aggravates the overall situation.

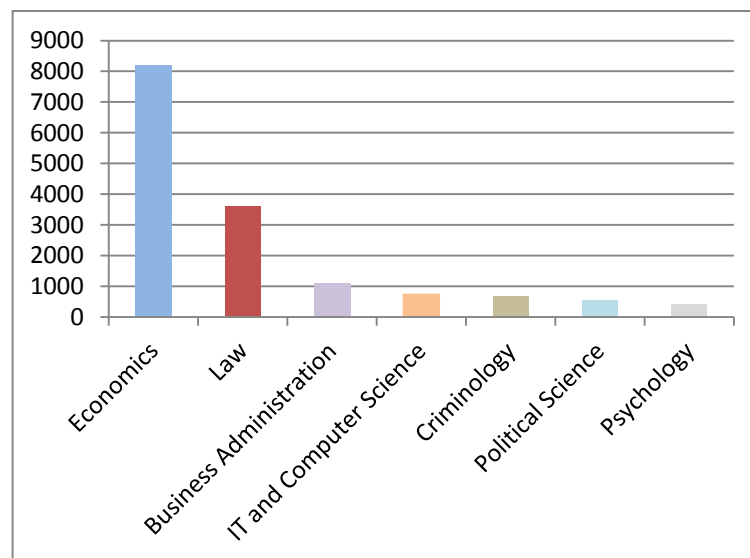
Competition among private providers of higher education

Looking at the list of accredited private providers of higher education institutions within Kosovo that is provided in the appendixes section, we can realize that this particular sector has become a promising business opportunity. The era of private higher education institutions has started back in 2003, immediately after passing the law and administrative instructions concerning this field. While the public university was still undergoing challenges and slow reforms, private initiatives started to emerge remarkably quickly. Today, according to the Kosovo Accreditation Agency, the number of accredited institutions reaches 33. Normally, we would anticipate that these initiatives would improve the situation by providing a wider scope of fields and thus help in filling the vacancies in cadre left by the public university. However, the results today coming from those private institutions are rather disappointing. We must first disclose the

fact that none of these universities has tried to invest more seriously in the areas of study, which are also gravely hampered in the Public University. An example of that would be the development of the study subjects focusing in agriculture, or areas such as woodworking industry, IT, agro-business, or technical workers, which are just some of the future jobs in Kosovo identified by the authors Mehmeti and Heroi (2011) in their publications “Entrepreneurship and the Professions of the future.”

Despite these seem-to-be promising identified professions amongst others, private universities continue to insist on developing and offering studies mainly in the discipline of economics, management, or law. The figure below has been established by data coming from GAP institute, and it shows the distribution of students across the main fields of studies within the private institutions.

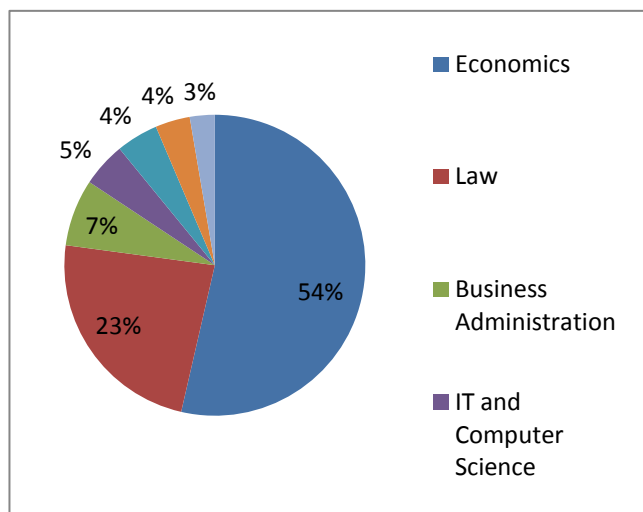
Graph 13 - Number of Students in Private Higher Education Institutions



Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

If those numbers are realigned in terms of percentages, we will ensure that an even worse situation prevails among private providers of higher education when it comes to choosing the field of study. More than 50% of those students pursue an education in Economics, 23% in law, and the remaining quarter is spread among five other fields.

Graph 14 - Distribution of Students in Private Higher Education Institutions



Source: GAP Institute for Advanced Studies, A review of private higher education in Kosovo, 2008

The entry of the private universities in the market can be seen as a measure towards fostering a competition. However, the problem is that it did not help in improving the situation. Initially, there are no criteria regarding the application in those institutions, no restrictions on the number of students, and no entrance exams that could filter out these applications.

According to the GAP institute research, “In Kosovo, The Private Higher Education Sector in Kosovo is worth approximately €26.5 million. This is the total amount that students paid in 2007 for their education in these institutions. The fee for a year of study at a private provider of higher education in Kosovo ranges from 900 – 5,150 €. The amount of revenues that is available in the education system provided the incentive for establishment of new institutions” (GAP Institute, 2010, pp.13). This way, those private institutions have turned out to become contributors to the worsening of quality as well as the entire situation by simply transforming into ‘diploma generators.’

Considering this dire situation, the only possible reasons for students to continue their enrollment in those institutions can be high unemployment, low capacity of the public university, flexible classes and requirements, and finally focus on just receiving a degree.

The statistics that are provided in this section together with the ones from the public university support the argument that the youth in Kosovo is highly attracted by fields of studies such as economics, management, or law studies. However, this has been proven to be a wrong decision since the demand within the market is limited, therefore we could conclude that there is a large discrepancy between the needs in the market, those what students are interested, and what the higher education institutions are offering.

Despite the enormous financial opportunities that those fields of studies have provided to the owners of private higher education, the situation is in desperate need for reforms to bring about a better future. Instead of looking for international experts aboard in environmental protection, wood processing, or agriculture, it is a national strategic decision, to build domestic professional cadre and hence creating long term plans based on actual market research and become responsive to the needs of the society and the national economy.

The market-university coordination

A paramount issue currently within the labor market is the lacking coordination between employers and the public and private universities. Moreover, the system lacks adequate and real time statistical data that would stream the processes of reforms as well as research activities. This lack of coordination and collaboration between the actors involved leads to vacant available job positions despite the fact that there is vast unemployment. The World Bank report of 2008 estimated that, within the next 5 years, as many as 200,000 young people will become part of the workforce (World Bank, 2008, pp.6). The cooperation still stands at the initial level since there was not any initiative to improve this situation.

According to the Ms. Ajdini, representative of the KBA, the majority vacancies offered at the Job Fair of 2011 were left unfilled mainly due to the lack of the qualification of applicants,

which is a direct consequence of this whole mess created by lack of regulation and metrics of measurement within the education system. Out of 6,836 applicants, only 969, whereby presumably the majority was hired in the banking, finance, management, or legal sector while informational technology, energy and telecommunications sector, are struggling at an ever increasing rate due to the lack of educated workforce that is available in the respective fields. Here, it is fascinating to note that from 2008 to 2011 the number of students that enrolled for the first time in the field of computer sciences and information technology of the public university dropped from 5.7% to 3.8%, whereas in the private universities, this percentage stands at 4.7%.

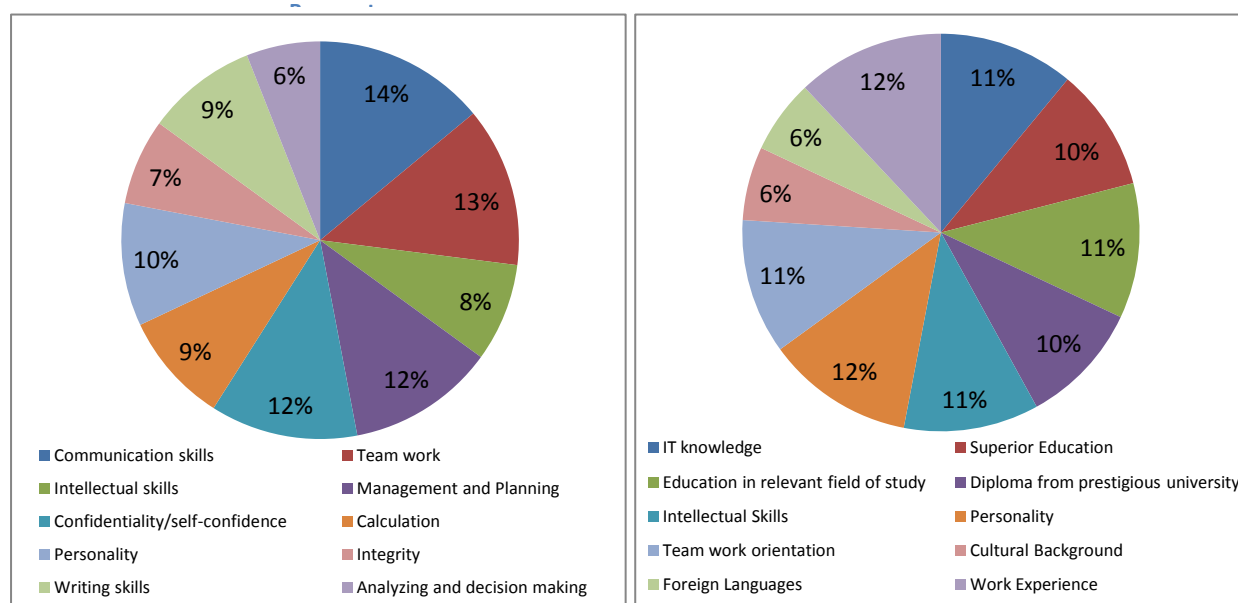
Another Job Fair was organized on April 2013 by Ministry of Labor and American Chamber of Commerce in Kosovo where the number of students that attended it reached nearly 600. It is necessary to note that out of 16 companies that were taking place, a considerable number of them were private providers of higher education, whereby they advertised their programs. Even though, they were offering internship programs for the recently graduated students, their intention was a rather marketing strategy for attracting those students to different graduate level programs.

In the interviews conducted there, Mr. Kerqeli from a printing and advertising company claims, “the applicants lack experience and necessary qualification to work with the designing programs.” On the other hand, Mr. Zeka a recruitment specialist at Pro Credit Bank acknowledged that, “on average we have around 100 applicants for any open position within our bank. We face a lot of problems while screening the applicants and confirming their qualifications. In avoiding the problem of unqualified employees, we have established the Young Bankers program and hire applicants for a period of 6 months, train them on general skills and evaluate on the basis of suitability for our open positions.” In addition, Mr. Zeka articulated, “the training within our bank does not stop here; we have our academies in Veles, Macedonia

and in Furth, Germany where our staff has to go regularly and finish our banking academy program in order to be qualified for further development and promotion.” While this sounds perfectly reasonable, the costs associated to the training and equipping the applicants for a position within the bank are extremely high. This proves the point that despite the fact that the labor force is educated, it still lacks basic skills to be eligible for an entry position in the majority of medium and large businesses.

The policy makers in the Government of Kosovo should direct their policies based on studies that are designed specifically in researching the job market and aim in creating valuable information that will then be used in coordination with the education providers and employers. The Institute for Social and Economic Analysis within the Universum College conducted the “Employment Barometer for 2010,” which shows a better understanding of skills required by employers of private companies. Thus, it is absolutely based on this type of research that the higher education institutions need to develop their curricula. Referring to the below charts from this research, we can once again acknowledge the importance of those specific skills such as communication, team work, management and planning, and writing.

Graph 15 - Skills that employers value while hiring Employment



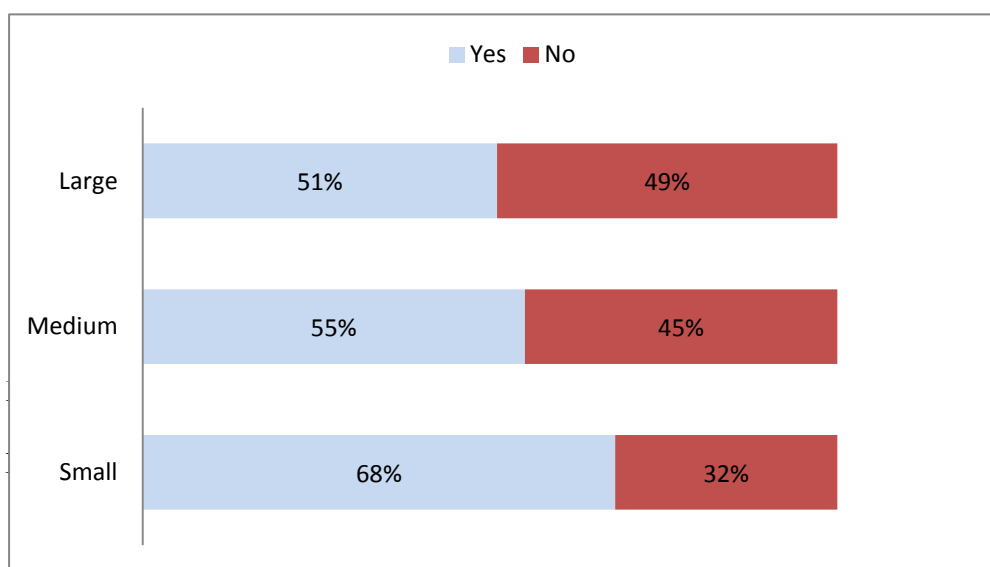
Source: Institute for Social and Economic Analysis - Universum College, Employment Barometer, 2010

Professor Peffers argues that the changes that need to be made on the curricula within universities shall be supported and based on systemic studies that show the needs and requirements of the labor market (Peffers et al. 2005, pp.40).

A sustainable long-term solution, for the improvement within the education system and fighting unemployment, can only be achieved if proper investment is carried out so that curricula of universities are in compliance and harmony with the needs of the market. Additionally, improvements and changes need to be taken constantly within those curricula in order to be able to respond to the changes that are quickly taking place in the globalized world.

The research of “Employment Barometer for 2010” has also looked at the satisfaction that is perceived in the market regarding the coordination with higher education.

Graph 16 – Satisfaction among employers regarding coordination with universities



Source: Institute for Social and Economic Analysis-Universum College, Employment Barometer, 2010

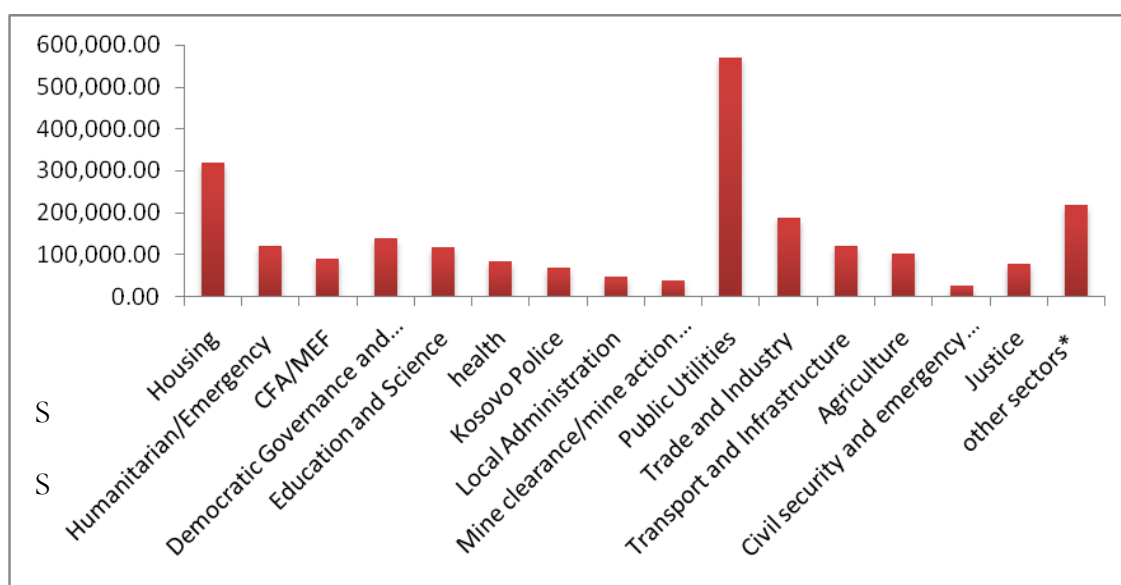
This graph continues to establish the fact that there is discontent among private employers within the market concerning the coordination with higher education institutions. There can easily be identified a trend within companies. As they grow in size, the satisfaction decreases. This brings about the concern that small enterprises in Kosovo are characterized as family businesses where there is no scrutiny in terms of skills as they are driven with recruitment within their families. However, the fact that large companies are highly dissatisfied with the

coordination is an issue that needs prompt attention considering the fact that Kosovo is aiming to attract foreign direct investment as a solution to combat the overall unemployment.

Lack of investment

Another main obstacle to the current situation within the higher education system, especially in the public university, is the lack of investments carried out throughout the period after the war. Moreover, Mrs. Demukaj in her study regarding “Aid effectiveness in post-conflict countries” submits that, “it is a striking fact to understand that education was never a priority in the agenda of the international donors after the end of the war, neither was it a priority in the agenda of the government, which is further supported by the following statistical data.”

Graph 17: Sector based distribution of aid in Kosovo, in millions (1999 – 2008)



Source: RIMS Database, 2010

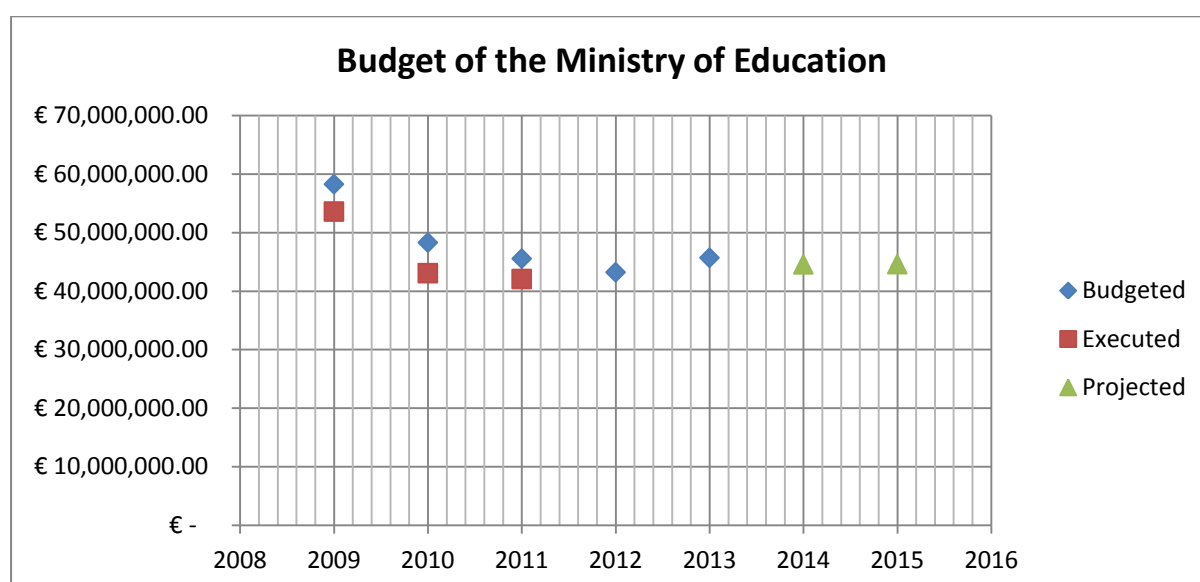
Mrs. Demukaj continues further by stating, “as of the end of 2008, health and education sectors received altogether 204.2 million euro, some 8.7 percent of the total amount spent by the donor community (3.6 percent for health; 5.1 percent for education); this seems to be a modest figure as compared to other sectors, like housing, public utilities, democratization and civil society.”

The investments in education were primarily directed towards reconstruction of schools for lower level education, whereas the public university received an insignificant portion. Furthermore, despite the low level of investment due to priority, the amounts invested have not

been successful in overturning the situation that has prevailed since after the war. Consequently, the trends of the decreasing donor funding and the impossibility of government to tackle the problem financially are serious obstacles towards the further enhancement of the higher education sector.

The budget allocated to the Ministry of Finance for the past years shows a decreasing trend, and in the future the projections do not provide space for hope. This, in turn, confirms that education in itself has not been, and will not be for at least three more years, in the priorities agenda of the government.

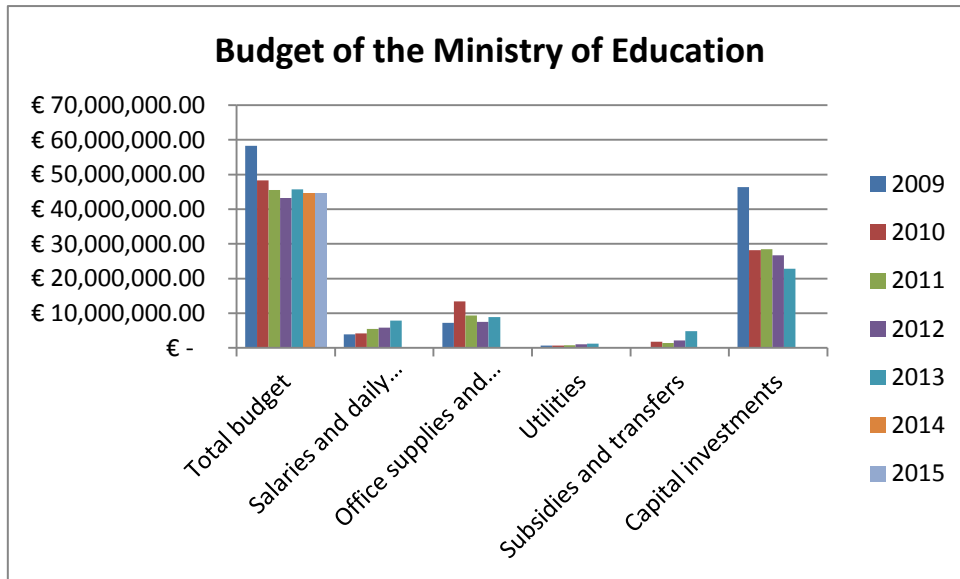
Graph 18 – Budget of the Ministry of Education since 2009



Source: Official Gazette of the Assembly of Kosovo, Budget of the Republic of Kosovo, 2013

Furthermore, the expenditures of the Ministry of Education are mainly concentrated in capital investments, mainly for construction of primary and secondary schools across the country. As salaries within this ministry have increased steadily, the investments have decreased by roughly the same value.

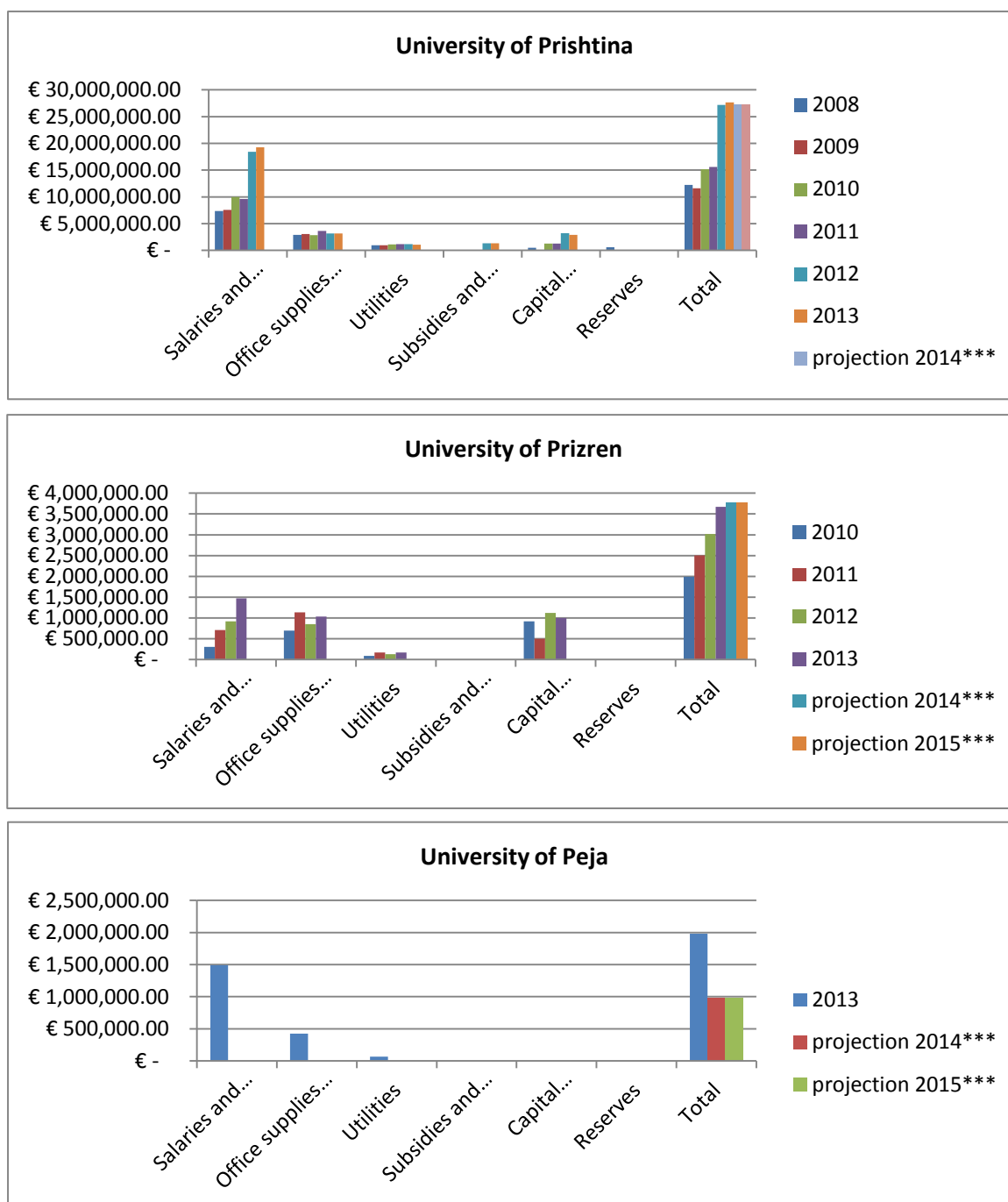
Graph 19: Distribution of expenditures of the Ministry of Education since 2009



Source: Official Gazette of the Assembly of Kosovo, Budget of the Republic of Kosovo, 2013

Since 2008, the public universities have been taken off the Ministry of Education and were categorized on their own when the budgeting took place. Since then, the three public universities have their own categories and are financed primarily through block grants from the government.

Graph 20: Distribution of expenditures within the public universities since 2008

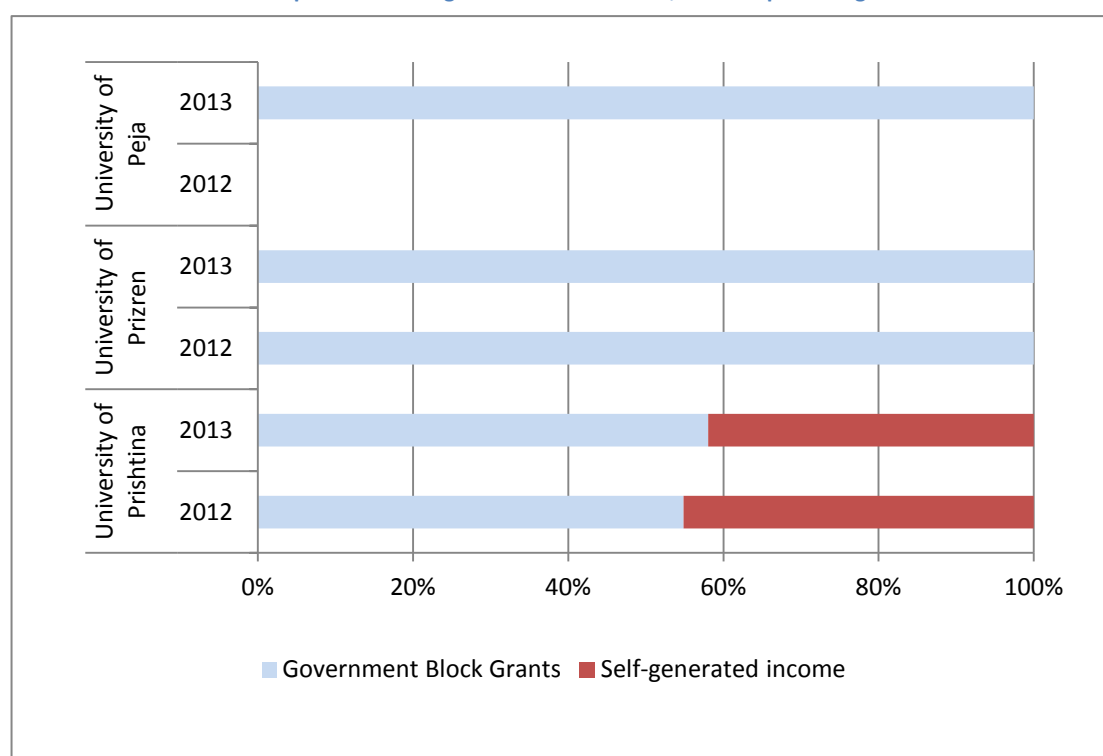


Source: Official Gazette of the Assembly of Kosovo, Budget of the Republic of Kosovo, 2013

The three charts above show the distribution of expenditures in each of the three public universities, and the expected budgets for 2014 and 2015. The largest share of the budget is contributed to expenditures for salaries and daily allowances. The sharp increase for 2012 and 2013 at the University of Prishtina for this particular category is attributable to a government administrative instruction of doubling the salaries within the university without a proportional increase in quality of education supplied. Furthermore, the revenues generated within the public

University of Prishtina are composed of block grants from the government nearly 60% and the remaining from self generated income as a result of semester tuition fee of 50EUR and minor administrative fees; while, the other two public universities, in Prizren and Peja, operate completely on the basis of government block grants. It is essential to note that, despite the outmost need for investments within the public universities, only a remarkably small portion is allocated for capital investments. This form of financing does not allow for reforms and large investments to be made, therefore the public universities are in need of rearranging the revenues, as well.

Graph 21: Financing of Public Universities, share in percentages



Source: Official Gazette of the Assembly of Kosovo, Budget of the Republic of Kosovo, 2013Barometer, 2010

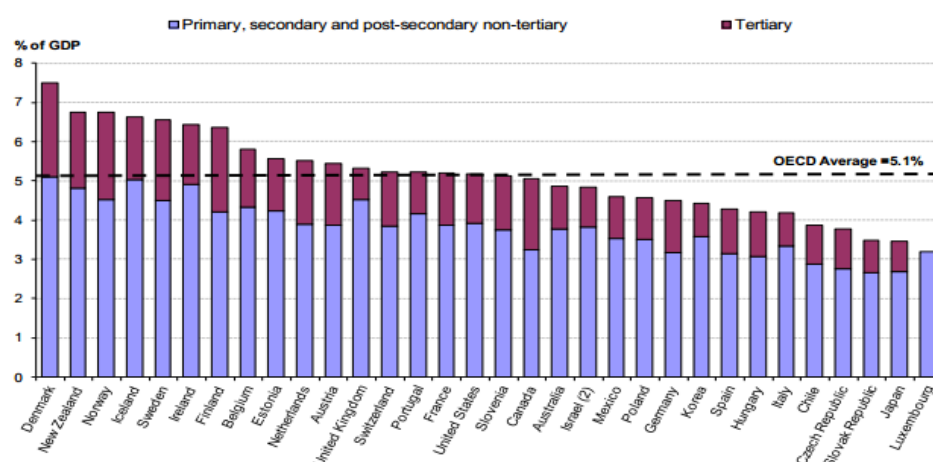
In comparing the public expenditures in education as a percentage of GDP, the following graphs are taken from OECD reports to show that Kosovo stands far behind in this aspect. The level of expenditures for education in Kosovo, from 3.9billion euro GDP in 2009, was only 1.67%, and if compared to the amount spent per student, in higher education, the value reaches only 306EUR.

Table 7 – Public expenditures on education in Kosovo since 2009

Year	Ministry of Education Expenses	University of Prishtina Expenses	Number of Students in the public university	Gross Domestic Product	Expenditures on Education as % of GDP	Expenditures on higher education as % of GDP	Amount per student
2009	53.59	11.58	37,839	3,912.00	1.67%	0.30%	305.99
2010	43.07	15.16	44,130	4,216.00	1.38%	0.36%	343.55
2011	42.07	15.61	49,844	4,637.00	1.24%	0.34%	313.15
2012	43.22	27.19	56,000	4,857.00	1.45%	0.56%	485.58
2013	45.71	27.66	60,000	5,121.00	1.43%	0.54%	460.99

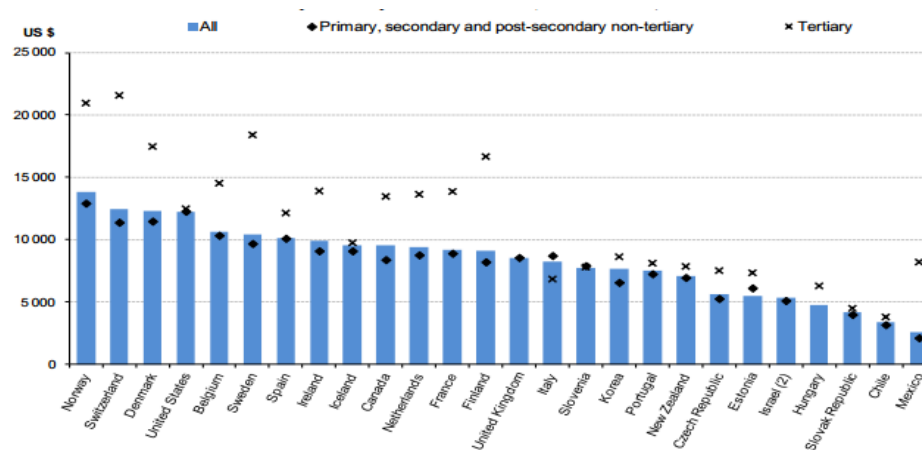
Source: Official Gazette of the Assembly of Kosovo, Budget of the Republic of Kosovo, 2013
Expenses of the Ministry and University, and GDP are in millions of EUR

Graph 22 - Public expenditures on Education by level, per cent of GDP for the year 2009



Source: OECD Database, 2012

Graph 23 - Public expenditure on primary, secondary and tertiary education, per student for 2009



Source: OECD Database, 2012

CHAPTER 7 – REGIONAL COMPARISON

Due to the relevance that education has, especially for countries that are in transition, a regional comparison for the Southeastern Europe has been conducted in order to assess where the countries in region stands in terms of reform developments. The Bologna Process is seen as the most fundamental reform for the counties in the Western Balkans, the impact it is currently having is assessed to be positive(EUA, 2010, pp.90). This chapter has been formulated based on the data published for all Bologna signatory countries for the year 2010, and it carries the review of developments that have been stemmed by the Bologna Process. Two other tables are placed in the Appendixes area to show a clearer picture of the current situation within the higher education systems of countries in the region.

Table 8 – Regional comparison of higher education systems

Country	Law on Higher Education	Average number of students 2007-2009	Licensed Higher Education Institutions	Lisbon recognition convention	National Qualifications Framework
Albania	2007	89,849	27	2002	to be developed
Bosnia and Herzegovina	2007	105,358	39	2004	to be developed
Croatia	2003	170,500	54	2002	to be developed
Macedonia	2008	19,082	23	2002	to be developed
Montenegro	2003	25,400	11	2004	to be developed
Serbia	2005	235,940	88	2004	to be developed

Source: Education University Association (EUA), European Union 2010

Referring to the table above, all the countries in the region have managed to pass new laws on higher education, and the timing differs as some have done right after joining the Bologna Process. The size of higher education systems, compared to larger European Countries, is small. However, it is striking to note that the number of licensed higher education institutions is quite high, especially for Croatia and Serbia. Hence, on average, the number of students per higher education institutions for the entire area stands at 2690, which is relatively small. All countries have adopted the Lisbon Recognition Convention, a move that aligns the qualifications offered within their countries with the foreign qualification. In addition, all the countries have

established ENIC/NARIC centers, supported by the implementation of the Lisbon Convention (EUA, 2010, pp.63). Moreover, all the countries in the region are developing their own National Qualifications Framework, but the process is taking too long and it is in contradiction with the European Qualification Framework. Despite the intention to formalize this process by 2010, the process has been prolonged until later due to the complexity of this task.

All the countries in the region have already implanted the ECTS credits. However, it is essential to note that the practical usage of those credits is commonly linked to the learning outcomes and the workload of a particular class. Westerheijden submits that despite having the intention of connecting learning outcomes with the workload, only 12 countries that adopted the Bologna Process have achieved in, and this issue is of relevance to Southeastern European region as they need to address it immediately. Westerhijden blames these problems on European level claiming that this limitation comes as a result of the lack in common understanding (CHEPS, 2008, pp.7).

In terms of quality assurance, it is to be noted that all the countries have put in place a system that operates as an accreditation agency between ministries and higher education institutions. Even though, there is a Quality Assurance Agency present within each country, none of them managed to integrate as members within any European or International network of established agencies (EUA, 2010).

The mobility of students within a country or in regional level has stagnated, and none of the countries are keeping records in this aspect. As for the social equity in higher education, only Bosnia and Herzegovina and Croatia are reported to have legislation in fostering the participation of under-represented groups, and they conduct systemic monitoring of implementation of these regulations. On the other hand, Macedonia and Montenegro have adopted such legislation, but there is not any assessment in terms of implementation (EUA, 2010).

Having a qualitative education system is to some degree measured with employability and the involvement of prospective employers in designing policies. Only Macedonia, Albania, and Croatia reported having included representatives of employer associations in the groups that follow the Bologna implementation reforms. Additionally, only Macedonia is reported to have included employer representatives for formulating curricula, as well as market-university coordination. The remaining countries reported a much lower scale of involvement (EUA, 2010).

In conclusion, the region will face a number of challenges on higher education systems during the following years. Mainly, the implementation of laws and regulations, developing and implementing strategies on, reforming the method of financing, reforming the governance of institutions, and developing reliable quality assurance and accreditation agencies. This way, the region will lead the way for creating a network of mobility for students and professors from one country to another.

CHAPTER 8 – POLICY RECOMMENDATION AND CONCLUSION

The education sector in Kosovo, especially the tertiary one, remains loaded with problems and continues to yield disappointing results. The portion of the state funds dedicated to higher education is not sufficient to satisfy the increasing number of youth that aspire to acquire education, and thus yielding a poor overall quality of teaching. Kosovo's spending on the whole sector of education has decreased from 1.67% in 2009, to just about 1.24% in 2011, and this is far behind the average percentage of 5.1% within the OECD countries. The spending on higher education, in terms of GDP, was just 0.34%. Compared to the OECD countries, Kosovo lags behind in this aspect, as well. When analyzing these expenditures per student enrolled, we can observe an average value for the last three years of just about 320 Euro, and this is a minimal value compared to expenditures of OECD countries. Moreover, Kosovo falls behind in the region as well, in terms of education investment and quality. An increase in the number of higher education institutions, with the private providers entering the market, has just resulted in an elevation of students enrolled over the last decade. Furthermore, the government has taken initiatives in carrying out reforms within the education system to make it in line with the European standards. With the implementation of the Bologna standards, universities have changed their academic structure in accordance. Additionally, the government has invested and opened two other public universities in Prizren and Peja, with the intention of opening three more in Gjilan, Gjakova, and Mitrovica. Recently, there have been a number of consultations on modernizing the law on higher education, as well as the law on pre-university education. The Kosovo Accreditation Agency has already been established and it carries out the process of accrediting all public universities and private providers of higher education. Yet importantly, the higher education system in Kosovo is not aligned with the needs of the labor market, resulting in a situation where the graduates of Kosovo are not well prepared in competing within the regional or European markets.

Recently, the education system in Kosovo underwent an all-level reform, as well as an institutional and organizational one. However, the real life examples and the available data show no improvements at all. Moreover, this system is constantly failing in producing competent and highly specialized capacities, it instead imposes additional economic burden to the community by raising the education costs. Hence, there is an urgent need for a thorough research of the labor market and its demands and capacity. Thereafter, the focus should be on building accordingly suitable education policies, which would be responsive to the labor market signals and therefore would lead to unemployment reduction in the end. As a result, the aim and the goal of the policy-making institutions should shift towards introducing systems of performance surveillance in the education system. According to Riinvest Institute, “measuring outcomes and evaluating current policy, and hence the ability to set appropriate targets and/or reform current policy, is the main rationale for improving the systematic measuring and monitoring of labor market [and system of education] performance” (Riinvest, 2003, pp. 9).

Kosovo has not yet a clear vision or a long plan on developing the educational sector, above all the tertiary one. Two national strategies have failed this far, and the third one is currently being prepared. As such, students fail in identifying what are the promising job profiles for the future and remain tramped with the choice of economics, management, or law, which have now become rather a choice because of habit and not a choice because of real interest. Kosovo needs desperately new profiles and new departments of study, other than law and economic as those new profiles would be most desirable for the Kosovo’s economy.

Now, it is a matter of outmost emergency to have the policy makers set priorities one at a time, with the biggest priority being the improvement of the education system. With the current trends, Kosovo has no reason to guarantee a brighter future for younger generations so long as it continues practicing the currently implemented methods and the education system.

From this standing point, a number of recommendations are developed on how to tackle the problem and appropriate quantifying methods on how to undertake them.

Establish a professional Kosovo Education Statistics Institute

Statistical data “are an indicator for the performances of the economy and a basis for the adoption of current decisions, and at the same time they underlie the projections for the future developments” (Goshev, 2006, pp.1). Moreover, “their quality, impartiality and timeliness are crucial for successful functioning of the economy of any country.” Therefore, it is necessary to the long-term sustainability of the education system and to its chances for producing positive results, to establish an Institute, which would be focused in obtaining data from the education institutions and the job market. Furthermore, this institute shall make sure to include the micro and the macroeconomic parameters, the economical estimated, and the economic trends in the country, so it ultimately could come out with the recommendation and suggestions for the both parties on the yearly basis. The establishment of this institute certainly would contribute towards reduction of the gap currently prevailing, which is one of the main reasons for this failure, and one of the major contributors to the continuously extraordinary levels of unemployment in Kosovo. Only with the opening of this institute would it be possible for the two actors, i.e. the education system and the job market to get coordinated and to respond to the needs of each other for the overall long-term benefit of the country. With this measure put into action, the chances for job positions to remain vacant, while the unemployment numbers are enormous, could be reduced to a minimum.

Quantifying the recommendation:

Since the Kosovo Statistical Office is already established, although it is not operating very successfully, this goal could be achieved easily, by opening a specific department within this office, which would only deal with issues and trends in the education sector. This would require a minimum number of 10 professionals in the field, working intensively on education research and producing reports on a yearly basis.

Conduct a thorough research of the labor market and market trends

It is of paramount priority for the policy makers to formulate long-term economic plans for a sustainable development of the country. The identification of the potentials areas for economic development shall become a priority of the country and its representatives. Kosovo cannot continue forever to simply produce graduates with diplomas; it shall urgently move towards creating graduates with ideas ready to be put into practice. Moreover, Kosovo cannot keep up regularly with the practice of hiring foreign experts for issues in energy, agriculture, or mining. It now should focus on developing professional staff, which would respond and fulfill the requirements of the economy in these specific areas. Kosovo is widely known to have a lot of potential in these specific areas. Hence, policy makers and leaders of the public and private institutions should aim at producing policies which would encourage the young people to also consider and be motivated to study in the area of energy, agro-business, or mining industry, instead of just keeping with the flow and registering for economics and law.

Quantifying the recommendation:

The Ministry of Labor and Social Welfare has established their own Department of Statistics. This department shall work in collaboration with the already proposed Office for Education Research towards identifying job market trends, publish the results and form matching policies, which would translate in the long term economic sustainability. In addition, the faculties that are developing a certain type of scarce experts should be encouraged through government subsidies and increased funding.

Fight the problem from the root i.e. from the high school level

The problem traces back to the system practices in the high school levels. Due to a lack of standardized assessment and teaching techniques, we end up with a plethora of graduate students evaluated on the basis of “corruptive” and selfishly motivated activity. It is a deceit of our community to take pride in the fact that all the students who graduate from high schools do ‘successfully’ enroll in universities, whether that be private or public ones. The situation has

become that much grave that we now hear in the radio advertisements universities offering chances for studies to students who have not passed the state level exam after finishing the high school while we know that passing that exam is the basic requirement for the certification of the high school diplomas. On the other hand, we have high schools ambitiously seeking to be declared as the most successful schools in terms of the state exam results, which are commonly achieved, not through fair practices and measures. Considering that there is a lack of inspectors who practice their duty transparently, these schools manage to get through by implementing different abusive and corruptive measures. However, the focus should be the reconstruction of the education system by establishing one, which complies with the EU regulations and still meets and respects the domestic market characteristics.

Quantifying the recommendation:

During the testing for the High School Matura, the administration should not be done by teachers, but rather it should be carried out by specific inspectors from an independent agency. This creates a system of checks and balances and a higher standard of accountability. The agency shall have offices and investigators in all the municipalities and their task would be to check the work of the teachers, the activity of schools and universities, and ultimately, make sure that the implemented practices are in accordance with EU standards.

Introduce dual education system

A dual education system is one that prepares of a new generation of practitioners within a company combined with vocational education offered in vocational schools in one particular course or field. This system has already been established in several countries, especially the Western Europe, yielding impressive results. This type of system would be a parallel of the higher education system whereby certain professions such as nursing, bookkeeping, and pharmacists could be developed as assistants. Vocational trainings are the best identified solution towards creating skilled labor, which suits the needs of the job market. Moreover, it facilitates the work of the private businesses as they become equipped with skilled labor and, on the other

hand, it contributes towards the reduction of the unemployment numbers. Furthermore, the young people tend to gain more from this practice as not everyone can get an education or attend a university, henceforth; vocational education is the perfect solution for everyone to take a stake at becoming a productive actor in the domestic economy

Quantifying the recommendation:

The vocational education framework has been developed in Kosovo already. However, there shall be specific regulations and policies which encourage the implementation. For instance, after finishing the High School Matura testing, the percentage of points received shall determine whether students are qualified for university or vocational education. This, in one hand, will limit the number of students that can apply for the university, and in the other hand will create demand for vocational education. Furthermore, it would reduce the shortage of the unskilled technical workforce and would increase the number of skilled labor. Additionally, it should become a priority for the government to promote vocational education and try to keep it compatible with the European Qualifications Framework (EQF), in order to get Kosovo more attractive to investors and increase labour-force mobility.

Governance and Management of Higher Education Institutions

Governing and managing the higher education institutions refers to the forms of organization and management within the post-secondary education. The current legislation allows for three different types of organization such as public governed institutions, private for profit, and private not for profit types. However, there are not any checks and balances controlling methods within the current system. As such, the whole system within the public university is driven by free-rider and independent decision making bodies. Moreover, the private providers are not controlled at all. This, in turn, yields to mismanaging of finances and taking advantage of the system. In establishing a control, a checks and balances system must be restored.

Quantifying the recommendation:

The National Agency for Accreditation and Quality Assurance must be entrusted the responsibility of ensuring proper governance and management within higher education institutions. Each of the private and public higher education institutions has to re-organize in a binary system of having an external board of directors (Board of Trustees), with members of the board to be accredited by the agency. Meanwhile, the higher education institutions will also have an internal autonomous governing system (Senate) that will carry out the operation activities of the institution. In this aspect, the Board of Trustees will have a higher hierarchal level, over the Senate. The external board will then oversee all the operations within the higher education institutions and ensure that rules and regulations, as well as proper management of finances, are carried out and implemented.

Financing the state university

While analyzing the situation within the public universities, we have concluded that the lack of investments within this institution has contributed to the degradation of the whole system. The public universities in Kosovo are financed in two different ways, such as block grants and revenues generated from operating activities. This amount of income is then spent mostly on salaries and daily allowances for the staff and administration of those universities, leaving a remarkably low amount for investments and office supplies. As a result, the financing of the state universities must be reformed to ensure the financial sustainability of the universities in the long run.

Quantifying the recommendation:

The participation fee for registration of one semester at the public universities is only 50 Euro. Due to the fact that this amount is negligible, almost every student can afford and this results in overcrowding. Moreover, this value is also inferior to cover the operative expenses of the universities, thus pushing the central government to finance its operations on block grants. In avoiding this situation, the university must increase the tuition fees to 500 – 1,000 Euros per year

to ensure long term financial sustainability. The central government will then be transferring block grants to the university and those will be divided into investment grants and current grants. This method will enhance control over the expenditures as only a fraction of the block grants (i.e. current grants) will be used for operational activities such as salaries and office supplies. The other part (i.e. investment grants) will then be used only for creating adequate space and conditions for studying.

Make the English language mandatory and foster internships and group work

The three most required qualifications of the employers today are the English language, past experience in the field, and the ability to work in groups. With this being said, we realize that despite the failed attempt of some private universities to promote these practices, the public university lags seriously behind in this regard. Those practices should be incorporated into the curricula of the university and make all of them mandatory. Otherwise, we will continue having a workforce, which is particularly distant, uninformed, and not responsive to the needs of the market.

Quantifying the recommendation:

The knowledge of English and the team work activity should become a prerequisite for every student in every university towards the attainment of the diploma. Moreover, the system shall be structured as such, that no one shall graduate without having a minimum of 6 months of internship experience with a domestic or international companies or governmental institutions, as well as, include group projects to account for a significant percentage amount towards the final grade.

Introduce the voucher system for students

When the reform concerning the finances of public universities is carried out, an externality will emerge due to the fact that there will be a number of students that will not be able to afford the tuition fees. One alternative to overcome this problem would be the establishment of a voucher system for students that are in need of scholarships. The student

then could use the voucher in either of higher education institutions, yielding to an increased completion within the system. This way, higher education providers, will improve their curricula and attract students through offering them more qualitative studies. This in turn could strengthen the job market as well, as eventually they could be receiving applicants who have gained from their education exactly what the market is expecting from them to have. The voucher system promotes free market competition by giving incentives to higher education institutions to improve the quality and offer a greater accountability through a system of voluntary dollar voting.

Quantifying the recommendation:

The voucher system could be established in such a way that a voucher for 1,000 Euro a year for 4 years for each person who gets more than a certain grade in the Matura or is qualified through a need based screening process. This would help many who do not have the possibility to afford an education. Moreover, it would serve a driving force for students to improve their performance, which translates in a more qualified work force, in the end.

In conclusion, with this being said, we realize that currently in Kosovo exists a wide gap between the demand of the labor market and the supply of the education system. Moreover, it has already been established, “education plays a central role in preparing individuals to enter the labor force and in equipping them with the skills needed to engage in lifelong learning experiences” (World Bank, 2008, pp.7). Hence, it should be a matter of high priority to review the reforms implemented in the education system, conduct a thorough analysis of the labor market, and try to draft policies aiming at matching the two. Only as such can Kosovo aim to transform from ‘the once newborn fragile state’ to the ‘model state of the region.’ The future of this country depends on the collective action, on the effectiveness and practicality of the economic and public policies, and it is ultimately a matter of individual responsibility. It is certainly the right path for Kosovo to join the European family; however, it should start by

identifying practical steps towards aligning policies and legislation with the European Union, starting with integration within the European Zone for Higher Education. Now it is time to transform the youth into a valuable resource rather than have it a national economic burden, hence, Kosovo should define its priorities and focus in improving what matters most, the education of its most valuable asset – its youth.

APPENDIXES

Appendix A: Categorization of budgets for public universities in Kosovo

		Employees	Salaries and daily expenses	Office supplies and services	Utilities	Subsidies and transfers	Capital investments	Reserves	Total
University of Prishtina									
	2008	1932	7,373.26	2,878.15	945.28	-	489.42	560.15	12,246.26
	2009	1992	7,569.76	3,061.42	947.26	-	-	-	11,578.44
	2010	2142	9,990.02	2,839.20	1,094.56	-	1,236.99	-	15,160.78
	2011	2142	9,617.76	3,604.04	1,145.42	-	1,241.48	-	15,608.70
	2012	2142	18,401.15	3,130.86	1,145.42	1,314.93	3,200.00	-	27,192.36
	2013	2155	19,283.08	3,130.86	1,061.19	1,314.00	2,870.00	-	27,659.13
	projection 2014***								27,250.36
	projection 2015***								27,330.36
University of Prizren									
	2010	95	300.24	691.41	85.00	-	916.70	-	1,993.35
	2011	95	704.18	1,131.20	170.00	-	500.00	-	2,505.39
	2012	95	914.18	851.20	128.00	-	1,122.00	-	3,015.39
	2013	130	1,470.15	1,031.20	170.00	-	1,000.00	-	3,671.35
	projection 2014***	110							3,771.35
	projection 2015***								3,771.35
University of Peja									
	2013	155	1,491.00	424.20	67.03	-	-	-	1,982.23
	projection 2014***	170							971.00
	projection 2015***								971.00

***Taken from 2013 budget as projected expenses All the values (except employees) are in thousands

*Table was generated using information taken from the laws on Budget.

Appendix B: Budget of the Ministry of Education, Science and Technology

	2009*		2010*		2011*		2012**	2013**	2014***	2015***
	Budgeted	Executed	Budgeted	Executed	Budgeted	Executed	Budgeted	Budgeted	Projected	Projected
Block Grant from Government	52,264.37	49,460.71	40,910.51	39,396.92	39,323.81	38,622.00	40,643.29	43,025.22	41,898.97	41,928.97
Self generated income	3,167.18	2,891.31	2,548.31	2,201.62	2,229.28	1,992.39	2,581.47	2,680.63	2,680.63	2,680.63
Carry over from previous year	-	-	-	-	239.31	236.78	-	-	-	-
Local grant (donation)	4.50	-	8.00	4.47	3.53	3.48	-	-	-	-
Foreign grant (donation)	2,829.24	1,242.43	4,831.24	1,462.77	3,759.64	1,216.40	-	-	-	-
Total budget	58,265.29	53,594.45	48,298.07	43,065.77	45,555.56	42,071.06	43,224.76	45,705.85	44,579.59	44,609.59
Salaries and daily expenses	3,925.64	3,647.76	4,186.36	3,885.60	5,510.61	5,426.62	5,836.86	7,894.36	-	-
Office supplies and services	7,215.26	5,781.37	13,448.73	9,930.44	9,325.15	6,815.45	7,514.55	8,873.55	-	-
Utilities	649.58	618.76	698.30	669.27	777.56	721.09	1,062.06	1,204.69	-	-
Subsidies and transfers	73.00	72.25	1,815.35	1,769.71	1,453.76	1,418.05	2,133.88	4,872.25	-	-
Capital investments	46,401.81	43,474.31	28,149.33	26,810.76	28,448.48	27,689.85	26,677.51	22,861.00	-	-
Total expenses	58,265.29	53,594.45	48,298.07	43,065.77	45,515.56	42,071.06	43,224.86	45,705.85	44,579.59	44,609.59
	2009 Public university has been categorized under itself, and has been separated from the ministry of education									
	* Audited financial statements									
	** Taken from the budget									
	***Taken from 2013 budget as projected expenses					*Table was generated using information taken from the laws on Budget and Audited financial statements of the Ministry.				
	All the values are in thousands									

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Appendix C: Financing of public universities in Kosovo

	University of Prishtina		University of Prizren		University of Peja	
YEAR	2012	2013	2012	2013	2012	2013
Government Block Grants	10,090,933	11,492,860	928,184	1,470,146	0	971,000
Self-generated income	8,310,215	8,310,215	0	0	0	0

*Table was generated using information taken from the laws on Budget.

Appendix D: List of Interviews Conducted

Name and Surname	Institution
Chris Hall	American University in Kosova - AUK
Dukagjin Pupovci	Kosova Education Center
Lumnije Ajdini	Kosova Business Association
Jeton Mehmeti	GAP Institute for Advanced Studies
Ardita Kokaj	Independent Psychologist
Shpetim Kalludra	Ministry of Labour and Social Welfare
Defrim Rifaj	Ministry of Labour and Social Welfare
Naim Hasani	Ministry of Education, Science, and Technology
Valon Zeka	Pro Credit Bank Kosova
Shkendije Haziraj	Raiffeisen Bank Kosova
Visar Kerqeli	XHAD Design Company

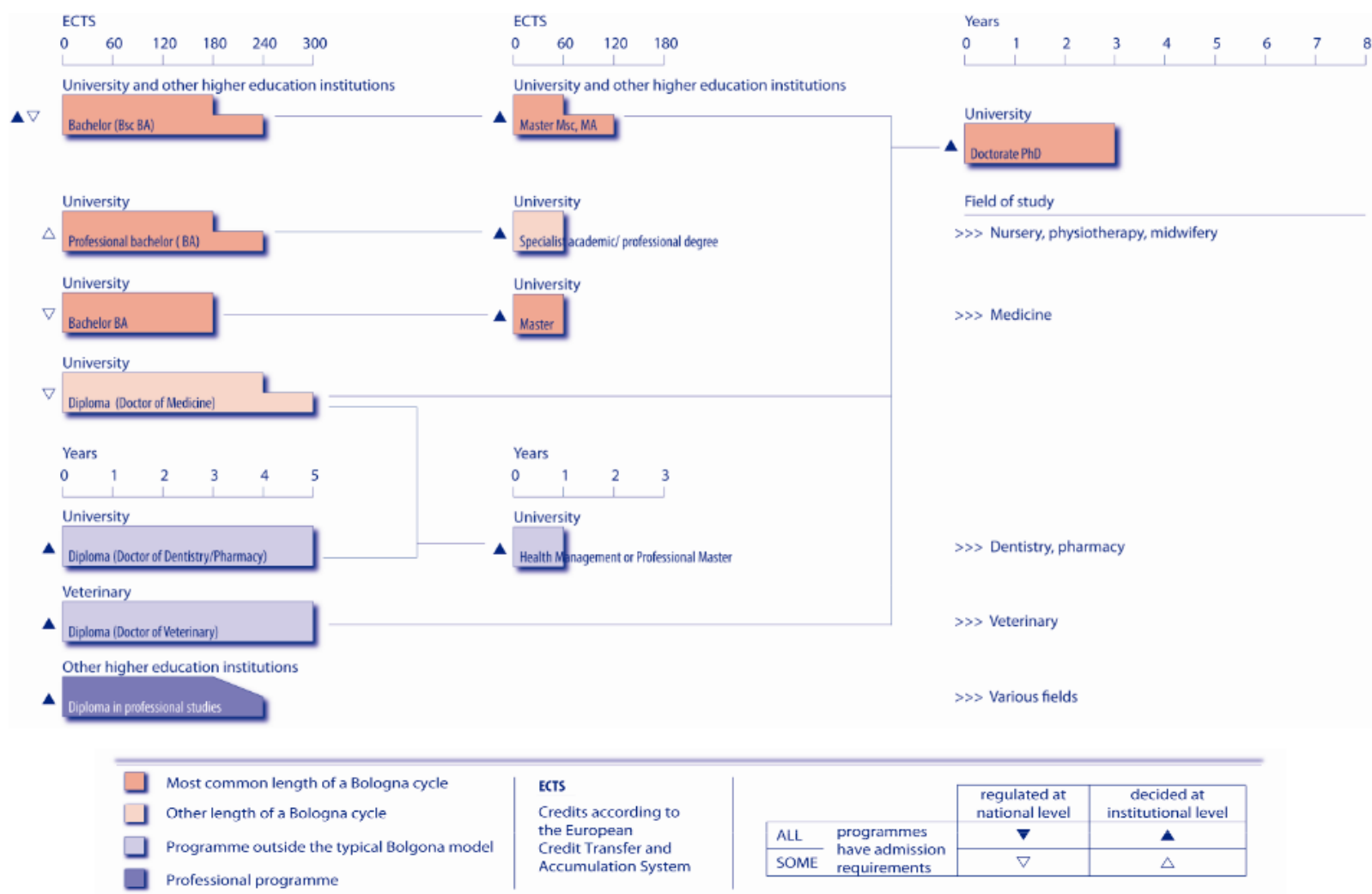
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Appendix E: Accredited Higher Education Institutions

List of Accredited Departments within the Public University		List of Accredited Private Providers of Higher Education in Kosovo
1	Faculty of Philosophy	PrBHE AAB
2	Faculty of Philology	PrBHE Riinvest
3	Faculty of Education	PrBHE AAB-Riinvest
4	Faculty of Law	PrBHE FAMA
5	Economic Faculty	PrBHE Iliria
6	Faculty of Applied Sciences - Peja	PrBHE UBT
7	Faculty of Medicine	PrBHE Dardania
8	Faculty of Agriculture and Veterinary	PrBHE Biznesi
9	Faculty of Mathematics and Natural Sciences	PrBHE Universum
10	Faculty of Civil Engineering and Architecture	PrBHE Victoria
11	Faculty of Electric Engineering	PrBHE Globus (KMI)
12	Faculty of Mechanical Engineering	PrBHE Pjetër Budi
13	Faculty of Mining and Metallurgy Mitrovica	PrBHE Gjilani
14	Faculty of Applied Technical Sciences - Mitrovica	PrBHE Dukagjini
15	Faculty of Applied Technical Science - Ferizaj	PrBHE ESLG
16	Faculty of Arts	PrBHE ISPE
17	Faculty of Sport Science (Physical Culture and Sports)	PrBHE Juridica
18	University of Prizren	PrBHE Humanistica
19	University of Peja	PrBHE Universi
20		PrBHE Tempulli
21		PrBHE Evolucion
22		PrBHE Design Factory
23		PrBHE QEAP Heimerer
24		PrBHE Internacional of Prizren
25		PrBHE European in Prishtina
26		PrBHE Biomedica
27		PrBHE UNIPZ
28		PrBHE Prizren
29		PrBHE Profesional
30		PrBHE A Design
31		PrBHE Akademia e Arteve

*Table was generated using information taken from the Kosovo Accreditation Agency (KAA).

Appendix F: The Higher Education System structure in Kosovo



*Figure is taken from the European Commission report on Higher Education in Kosovo, October 2010.

Appendix G: Implementation of the Bologna Structure in the Region

Country	General Information on study system with relation to Bologna Structures	Overall Structure in most common programs	Most common length 1st cycle (ECTS); 2nd cycle (ECTS); 3rd cycle (in years)	Regulation of admission	Percentage enrolled in two cycle degree programs (2008/2009)
Albania	In Albanian public universities (and most private ones) there is a three cycle system following the scheme 3+2+3 (Bachelor=1st level diploma/Master=2nd level diploma/PhD). Three formal groups of professional training and education: post-maturity, post-bachelor (Master of 1st level) and post-master level (Master of 2nd level).	No dominant model	First cycle: 180; Second cycle: 120; Third cycle: 3-4 years	No	>96%
Bosnia and Herzegovina	Framework Law on Higher Education 2007 in Bosnia and Herzegovina stipulates that higher education shall be organized in three cycles: first cycle (Bachelor or equivalent) with min. 180 ECTS (3 years) and max. 240 ECTS (4 years). Second cycle (Master or equivalent) with min. 60 ECTS (1 year) and max. 120 ECTS (2 years). Total of first cycle and second cycle must be min. 300 ECTS.	No dominant model	First cycle: 180-240; Second cycle: 60-120; Third cycle: 3 years	Yes, regulated at institutional level	70%
Croatia	Generally two types of programs: academic and professional. Universities can offer both academic and professional programs (polytechnics and schools of professional higher education only the latter). But: the aim is for universities to offer only academic programs. Transfer from professional to academic programs within and between different cycles is possible (additional exams/courses might have to be taken).	180/120	First cycle 180-240 (professional college & polytechnic 120+); Second cycle (60)-120; Third cycle: 3 years	Yes, regulated at institutional level	>75%

Macedonia	Binary system of academic and professional studies. A three-cycle system was in place before the Bologna Process. The first two cycles have been reformed: the traditional 5+2 model was transformed into a 4+1 or 4+1.5 model for academic studies and 3+2 for professional studies. Some short-cycle studies were introduced/integrated into the framework of the first study cycle.	No dominant model	First cycle: 240 (180); Second cycle: (60) 90-120; Third cycle: 3 years (min. 2)	Yes, regulated at institutional level	30%
Montenegro	Higher education programs provided by universities and private faculties which offer academic or professional studies. Transfer from first-cycle professional studies to second-cycle academic studies is possible. The first cycle range is from 180 to 240 credits; second cycle range is from 60 to 120 credits. In total min. 300 credits have to be completed after the two cycles	Tendency towards 180/120	First cycle: 180-(240); Second cycle (60)-120; Third cycle: 3 years	Yes, regulated at institutional level	>95%
Serbia	Higher education by universities (including independent faculties) and profession-oriented non-university sector (vocational post-secondary schools). 3+2 and 4+1 year systems are possible. Universities and faculties can offer both academic and professional programs. Pre-Bologna degrees were 3-cycle structured but longer (4-5 years/2 years/4 years). Reform 2005 abolished former second cycle degree. Contents and structures of first-degree studies were changed.	No dominant model	First cycle: 240 (180 including professional bachelor); Second cycle: 60(-120); Third cycle: 3 years	Yes, regulated at institutional level	>90%

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*Table was taken from WUS Austria report on: Higher Education in South Eastern Europe, 2010.

Appendix H: Regional Quality Assurance Agencies

Country (Bologna Accession)	Other National QA Agency	Foundation date of Agency	Membership in ENQA	Membership EQAR	Membership INQAAHE	Membership CEE QA Network	Orientation of QA system
Albania (2003)	Public Accreditation Agency for HE (PAAHE); Accreditation Council	1999	(Associate since 2010)	x	Member	Member	Supervisory
Bosnia and Herzegovina (2003)	Agency for Development of Higher Education and QA (ADHEQA)	2007 by legislation (end of 2008 in fact)	(Associate since 2010)	x	Member	Member	Supervisory
Croatia (2001)	Agency for Science and Higher Education (ASHE)	2004	(Associate since 2007); full membership is planned	x	Member	Member	Advisory
Macedonia (2003)	Board of Accreditation; Evaluation Agency	2000	(Membership planned)	x	x	Member	Supervisory
Montenegro (2003)	(QA Center at University of Montenegro)	(2007-2009)	x	x	x	x	Supervisory
Serbia (2003)	National Council for HE; Commission for Accreditation and QA (CAQA)	2006	(Associate since 2007)	x	Member	(membership planned)	Advisory
Kosovo (observer 2003)	Kosovo Accreditation Agency (KAA)	2006/2007	x	x	x	Member	Not applicable

*Table was taken from WUS Austria report on: Higher Education in South Eastern Europe, 2010.

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