



Financial Planning for VET System in Kosovo

PROPOSAL FOR IMPROVEMENT

**The most valuable
resource we have are
PEOPLE**

Financial Planning for VET System in Kosovo

PROPOSAL FOR IMPROVEMENT

ALLED II – “Aligning Education and Training with Labour Market Needs” Programme, funded by the European Union (EU) and the Austrian Development Cooperation (ADC), implemented by the Austrian Development Agency (ADA)

For ALLED2 developed by: Kolegji Nderkombetar per Biznes dhe Teknologji – UBT

Reviewers: Agon Dula, Skender Boshtrakaj, Dr. Anton Gojani, Efka Heder

How should be cited: Kolegji Nderkombëtar për Biznes dhe Teknologji – UBT: *Financial Planning for VET System in Kosovo PROPOSAL FOR IMPROVEMENT*. Kosovo: Publication of "Aligning Education and Training with Labour Market Needs 2" project. ISBN: 978-9951-8990-2-4

Biblioteka Kombëtare e Kosovës “Pjetër Bogdani”
ISBN 978-9951-8990-2-4

336:636(496.51)(047)

Financial Planning for Vet System in Kosovo : proposal for improvement /
Reviewers Agon Dula, Skender Boshtrakaj, Dr. Anton Gojani, Efka Heder –

Prishtinë : ALLED 2, 2020. - 83 f. : ilustrm.

This report was produced within the framework of the project “Aligning Education and Training with Labour Market Needs” ALLED Phase 2, with the financial support of the European Union (EU) and Austrian Development Cooperation (ADC), implemented by Austrian Development Agency (ADA). Its contents are the sole responsibility of the author and do not necessarily reflect the views of the European Union (EU) and of the Austrian Development Cooperation (ADC) / Austrian Development Agency (ADA).

December, 2020
Prishtina

Contents

1. Introduction.....	13
2. Methodology	17
3. Current State of Play in Financing VET in Kosovo	21
3.1. VET System in Kosovo	21
3.2. Management and Financing of VET in Kosovo.....	24
3.2.1. Ministry of Finance [MF].....	24
3.2.2. Ministry of Education and Science [MES].....	25
3.2.2.1. Agency for Vocational Education and Training and Adult Education [AVETAE]	26
3.2.3. Municipality Education Directorate [MED].....	26
3.2.4. Ministry of Labor and Social Welfare [MLSW]	27
3.2.5. Financing of VET in Kosovo	27
3.2.5.1. Current Financing Formula.....	28
3.2.5.2. Financing Chain Process	29
3.2.5.3. 2019 – 2020 Municipality Budget for Upper-secondary Education	30
3.3. Collaboration with industry	39
3.4. Analysis and Key Findings	40

4. Financial Planning Proposal for VET	45
4.1. Needs-based Funding Formula.....	45
4.1.1. Components of the needs-based funding formula	46
4.1.2. Indicators.....	48
4.1.3. Coefficients	51
4.1.4. Funding Formula Equation.....	55
4.2. Advantages of the Proposed Funding Formula.....	56
4.3. Implementing Proposed Funding Formula	57
4.4. VET schools' Digital Agenda.....	58
4.5. Building Effective Partnerships with Industry Partners	59
5. Conclusions.....	61
References	62
ANNEX A: Detailed components of the funding formula with indicators and their respective specific coefficients	65
ANNEX B: VET School's Survey Results	70

List of Figures

Figure 1, Financing Prism, ETF 2018.	18
Figure 2, Resource Mobilisation, ETF 2018.....	18
Figure 3, Resource Allocation, ETF 2018.....	19
Figure 4, Management of the Financing Chain, ETF 2018	19
Figure 5 Process of preparing and approving specific grant for education.....	29
Figure 6 Need-based Formula Funding - Components	55
* Need-based Formula Funding - Component 1.....	66
* Need-based Formula Funding - Component 2.....	67
* Need-based Formula Funding - Component 3.....	67
* Need-based Formula Funding - Component 4.....	69
* Need-based Formula Funding - Component 5.....	69

List of Tables

Municipalities where number of students in Gymnasiums is higher than in VET Schools	24
Table 1 Number of students enrolled in Upper-Secondary Education 2018/19 and 2019/20	24
Table 2 Budget for Upper-Secondary Education, 2019	32
Table 3 Budget for Upper-Secondary Education, 2020	33
Table 4 Budget 2020 in VET Schools and Gymnasium of the Municipality of Peja	34
Table 5 Budget 2020 in VET Schools and Gymnasiums Municipality of Ferizaj	35
Table 6 Budget 2020 in VET Schools and Gymnasiums Municipality of Suhareka	36
Table 7 Budget 2020 in VET Schools and Gymnasiums Municipality of Prizren	36
Table 8 Budget 2020 in VET Schools and Gymnasiums Municipality of Gjilan	37
Table 9 Budget 2020 in VET Schools and Gymnasiums Municipality of Prishtina.....	38
Table 10 Budget 2020 in VET schools and centers of competence under the management AVETAE	39

Table of Abbreviations and Acronyms

ADA - Austrian Development Agency

AE - Adult Education

ALLED - Aligning Education with Labor Market Needs

AR – Augmented Reality

AVETAE - Agency for Vocational Education and Training and Adult Education

BCSR - Budget Control Summary Report

BDMS - Budget Development Management System

BRK - Budget of Republic of Kosovo

EARK – Employment Agency of Republic of Kosovo

ERA - European Reform Agenda

GoK - Government of Kosovo

HE - Higher Education

ISCED - International Standard Classification of Education

KAS – Kosovo Agency of Statistics

KESP - Kosovo Education Strategic Plan

LFS - Labor Force Survey

LLGF - Law on Local Governance Finance

LPFMA - Law on Public Financial Management and Accountability

MED - Municipal Education Directorate

MES - Ministry of Education and Science

MF – Ministry of Finance

MLSW - Ministry of Labor and Social Welfare

NQA - National Qualifications Authority

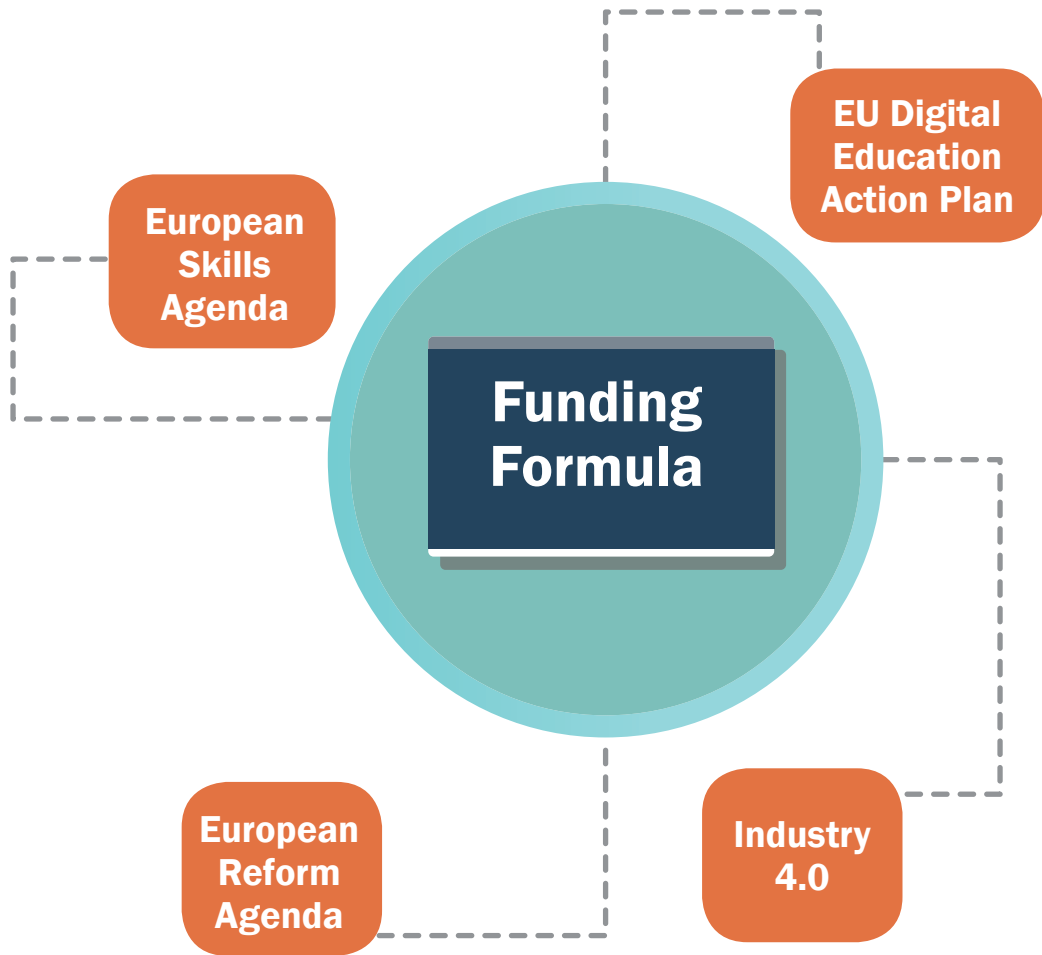
NQF - National Qualification Framework

PCF - Program Costing Form

VET - Vocational Education and Training

VR – Virtual Reality

VTC - Vocational Training Centre



1. Introduction

This document aims to provide an analysis of the current financing of the VET system in Kosovo and to recommend solutions for improvement in line with public finance efficiency principles. Analysis and recommendations presented in this document are developed within the frame of the ALLED2¹ project.

The specific objective of this policy proposal is to support MES - VET Department in the process for improvement of financial planning (funding formula) for VET schools and per profile (ERA²) including creating a funding formula for training cost per profile or candidate. Supporting good governance, this document proposes a financing formula model, to serve as proposal for MES and Government of Kosovo, regarding planning and preparing appropriate and sufficient budget for VET system to deliver quality education. In addition, the document proposes relevant guidelines for the implementation of the proposed funding formula.

Furthermore, in the light of new conditions caused by global pandemic COVID19 but also Industry 4.0 technological trends (IoT and big data, augmented reality) and complementary EU Digital Education Action Plan³, recent the European Skills Agenda⁴ and EU Council Recommendations on VET (2020)⁵ this document provides recommendations to MES regarding digitalization of VET system and fostering collaboration with industry partners. Besides recommendations, this document presents a thorough analysis of current VET

1. *Project funded by EU with co-funding by Austrian Development Cooperation and implemented by Austrian Development Agency, IPA/2018/402-911*

2. *Kosovo – EU High Level Dialogue on Key Priorities – European Reform Agenda (ERA) –, November 2016*

3. *European Commission, COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS on the Digital Education Action Plan (SWD(2018) 12 final), Brussels, 17.1.2018, COM(2018) 22 final*

4. *European Commission, EUROPEAN SKILLS AGENDA FOR SUSTAINABLE COMPETITIVENESS, SOCIAL FAIRNESS AND RESILIENCE, Brussels 1. July 2020.*

5. *COUNCIL RECOMMENDATION on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience (SWD(2020) 123 final), Brussels, 1.7.2020 COM(2020) 275 final, 2020/0137 (NLE)*

system in Kosovo. It provides an overview of the VET system focusing on all the stakeholders involved in the current financing chain. It elaborates on the budgets allocated for VET schools at municipality and school level (current funding formula applied by MES is also analyzed). Consequently, main areas of improvement of the VET system and of the current funding formula have been detected and possible solutions proposed.

In developing this document, the following was applied:

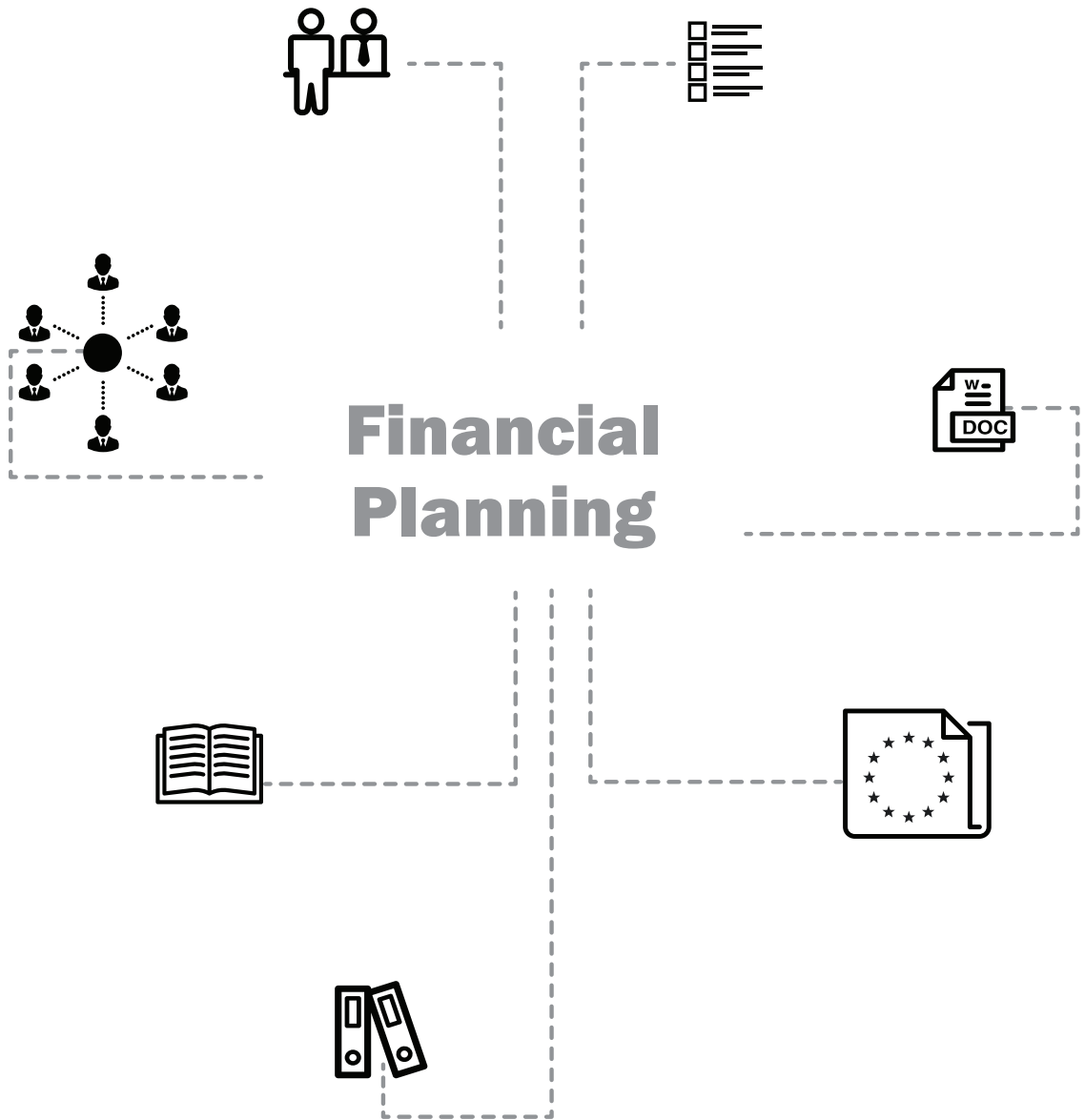
- State of play of processes and regulations related to financial planning for VET schools assessed, in close cooperation with MES, MF and other key stakeholders.
- Reviewed latest EU good policy documents and EU good practices. Reviewed the latest developments, concepts, principles and their applicability for Kosovo.
- Unpacking the term “VET financing” and the term “VET training cost ratio” per student and per occupational profile and map the state of play.
- Reaching the common understanding and clarifying the currently applied funding formula for training cost per profile and candidate.
- Detailed assessment of the cost-benefit analysis along each dimension and or each financing scenario
- Wide participatory principle discussion with all relevant stakeholders in the process of analysis and policy discussion in VET financing elements, while guiding the policy making process with several policy questions for each element that stakeholders are invited to work through and reach consensus on.
- Wide participatory principle with all relevant stakeholders in conducting workshops in exploring other countries’ experiences in managing and financing VET system. More specifically, countries that apply National Funding Formula as a method for funding public education.
- Wide participatory principle with all relevant stakeholders in organizing workshops with MES VET Department, Ministry of Finance [MF], Municipality Education Directorate [MED], and other relevant agencies, for deciding on the pathway to adapt the financing formula for VET schools.
- Wide participatory principle with all relevant stakeholders in conducting interviews with VET school directors to understand their challenges in financing teaching and operational activities.
- Wide participatory principle with all relevant stakeholders in conducting interviews

with representatives of MES and MF to understand current financing formula and financing chain.

- Wide participatory principle with all relevant stakeholders in collecting individual opinions on strategic and financial management of schools from VET school directors via a questionnaire.
- Thorough analysis on the budget of Republic of Kosovo allocated for VET sector for years 2019 and 2020, on the public expenditures for VET sector for years 2019 and 2020, and on VET school profiles and their specific needs for teaching materials and resources
- Analysis of statistics and trends for student enrollments in VET sector.
- Explore and present modalities in creating an enabling framework for businesses to support VET.
- Presenting the developed model of financing formula for VET in Kosova

This document contains two main parts:

- State of play of VET system in Kosovo regarding governance, financing, operations, and cooperation with industry.
- Recommendations on funding formula for VET, digital agenda for VET, and building effective cooperation with industry partners.



2. Methodology

To address the issues presented in the policy proposal and achieve the expected outcome, this document has employed both quantitative and qualitative methods. In terms of data, it has utilized both, primary and secondary data. Primary data has been collected via interviews, focus groups, and questionnaires. Secondary data was collected from government reports, reports published in Kosovo Agency of Statistics, EU policy framework (EU documents, recommendations, and good practices), reports on the VET financing models from EU countries, reports and publications from European Center for the Development of Vocational Training, and books and articles derived from scientific journals and databases. In order to do a thorough assessment of the current state of the VET sector in Kosovo, a structured approach based on triple-helix model (structured public sector – academia – business cooperation) has been applied. Such approach has enabled the document to describe in more details all stakeholders involved in the process and their role in the process. Further, European Training Foundation's [ETF]⁶ methodology based on an analytical framework in the form of a financing prism has been employed. Such analytical framework designed by the ETF follows the logic of the conventional definition of financing and considers⁷:

- Resource mobilization – gathering of resources by a process of activating groups and individuals who can give, attract, or earn funding
- Resource allocation – criteria to allocate funds
- Overall management of the financing chain – overall engineering of the financing system, as a chain that links policy objectives, stakeholders, instruments, and tools.
- Costing – cost analysis of policy options
- Data – indicators and information management systems

6. *ETF methodology for policy analysis and social dialogue on VET financing, prepared by Marie Dorleans: Financing Vocational Education and Skills Development, ETF 2018*

7. *ETF guide to Financing Prism, prepared by Marie Dorleans: A tool for policy dialogue on financing vocational education and training, ETF 2018*

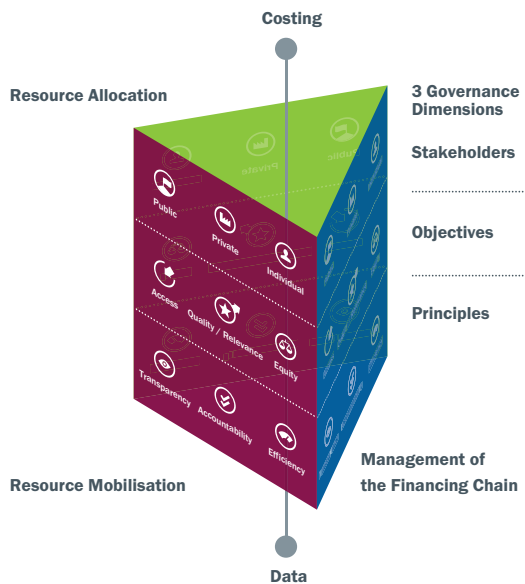


Figure 1, Financing Prism, ETF 2018.⁸

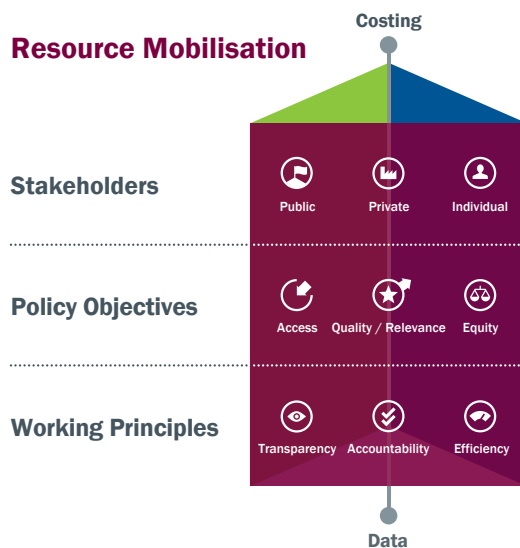


Figure 2, Resource Mobilisation, ETF 2018⁹

8. ETF guide to Financing Prism, prepared by Marie Dorleans: A tool for policy dialogue on financing vocational education and training, ETF 2018

9. ETF guide to Financing Prism, prepared by Marie Dorleans: A tool for policy dialogue on financing vocational

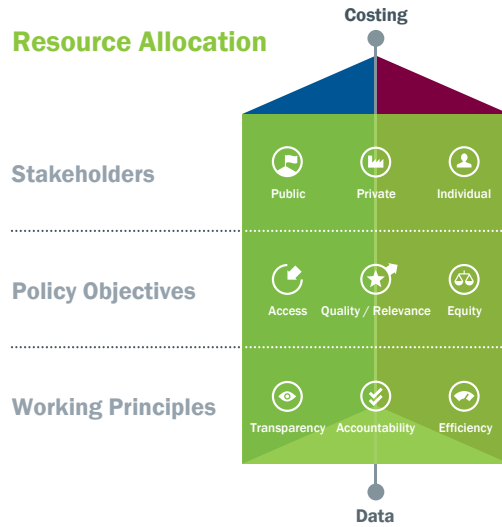


Figure 3, Resource Allocation, ETF 2018¹⁰

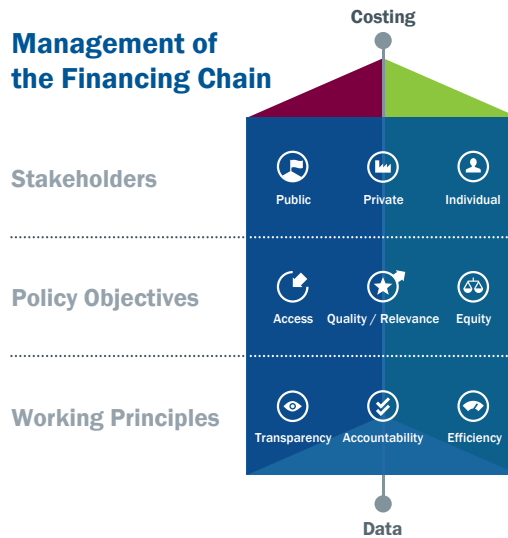


Figure 4, Management of the Financing Chain, ETF 2018¹¹

al education and training, ETF 2018

10. ETF guide to Financing Prism, prepared by Marie Dorleans: A tool for policy dialogue on financing vocational education and training, ETF 2018

11. ETF guide to Financing Prism, prepared by Marie Dorleans: A tool for policy dialogue on financing vocational education and training, ETF 2018

In addition, analytical matrix from assessment methodology for governance and financing of vocational education strategies has been adopted in preparing a questionnaire to gather information directly from VET schools¹².

In short, our approach to this policy document has included:

- Desk review of secondary data including government reports, project documents, assessments, evaluations, previous education and training evaluating reports and studies, EU policy frameworks (EU documents, recommendations, and good practices).
- Analysis and presentation of the budget allocated to VET system and VET schools specifically, and data collected via the questionnaire.
- Calculation of cost per profile (student), and of the coefficients for each indicator included in the developed formula.
- Focus groups with key stakeholders including ministries, VET schools, directories of education at municipality level, international organizations in Kosovo, and businesses.
- Interviews with representatives of VET schools
- Interviews with representatives of Ministry of Education and Science [MES]
- Interviews with representatives of Ministry of Finance [MF]
- Interviews with representatives of MEDs
- Questionnaire targeted to VET school directors
- Regular meetings with ALLED2 team
- Relevant documents and reports related to VET policies, legal framework, and strategic documents.
- ALLED2 EduNet data base
- Relevant documents and reports related VET system in Kosovo published by international donors (ADA, LuxDev, GIZ, EYE-project, EU Office in Kosovo)

12. *ETF methodology for assessing governance and financing of vocational education strategies, prepared by Marie Dorleans: Assessing governance and financing of vocational education strategies, ETF 2019*

3. Current State of Play in Financing VET in Kosovo

3.1. VET System in Kosovo

The VET system consists of formal and non-formal provisions. The formal education refers to the approved education programs provided by licensed educational institutions (public and private) using curricula approved by MES¹³. These programs are offered by upper secondary vocational schools (grades X-XII). For many young people, vocational education and training is the way to advance from education to the labor market, or to further education or training. Therefore, VET providers try to equip students with the skills and abilities needed to be more competitive and positioned in the labor market and is an essential prerequisite for employment. VET system providing high quality education, work experience and professional practice, enables students to have a better experience in finding jobs upon graduation. This is highly important since Kosovo is facing very high unemployment rate, mainly among young people. According to Kosovo Agency of Statistics [KAS], unemployment rate in Kosovo in 2019 was 30.1%, while the unemployment among youth reaches the rate of 49.4%. Data shows the highest employment comes from HE and VET graduates¹⁴. Consequently, promotion of education is of key importance for increasing productivity in the economy, boosting employment, competitiveness, growth and welfare opportunities.

The Government of Kosovo has recently implemented the successful practices of EU countries that apply in the VET system and is based on the aspirations of achieving a sustainable economic development and a competitive market¹⁵. In this perspective, it has defined the best alignment of the education sector and the labor market as one of the

13. Law No. 03/L-060 on National Qualifications

14. Labor Force Survey (LFS) in Kosovo for 2019

15. Kosovo Education Strategic Plan 2017-2021

main strategic objectives of the country¹⁶. To achieve such objective, therefore, allocation of public funds must be as efficient as possible to reach as much output as possible with limited resources.

According to the International Standard Classification of Education [ISCED]¹⁷, upper secondary level of education in Kosovo is provided in public and non-public upper secondary schools. There are two main streams in upper secondary education: gymnasium and VET. Gymnasiums are structured in compliance with the fields in social, general, natural sciences, mathematics, informatics, and languages. Meanwhile, VET is further grouped in the fields of technical, agricultural, economic, medicine, trade, music, and art.

Education statistics in Kosovo for 2018/19 show that 52.9% of students in upper secondary education enroll in VET¹⁸. Enrolled students in the upper secondary education choose one of the 122 profiles offered within the 68 vocational schools and Vocational Training Centers. The number of students enrolled in VET is higher compared to those enrolled in the gymnasium. According to data from the Kosovo Agency of Statistics, 81,041 students are enrolled in upper secondary level, of which 42,888 students are enrolled in VET schools compared to 38,153 students enrolled in gymnasiums. In percentage terms 52.9% of students are enrolled in vocational schools, while 47.1% are enrolled in general schools (gymnasiums)¹⁹. Such enrollment statistics are not the same in all municipalities. The largest number of enrolled students in VET schools, are in the municipalities of Lipjan, Shtime, Rahovec Malisheva, Deqan, Istog, Kaqanik, and Kamenica. Viti and Shterpce on the other hand have more students enrolled in gymnasiums than in VET schools, while in Junik and Han i Elezit there are no VET schools at all. Please refer to Table 1 for student enrollments by municipality.

According to the law on local self-government, article 17, municipalities have full and exclusive powers, insofar as they concern the local interest, in provision of public pre-primary, primary and secondary (lower secondary and upper secondary) education²⁰. Further, according to law on education in the municipalities of the Republic of Kosovo, municipalities shall provide educational administration services sufficient for the upper secondary education and are responsible for payment of the teaching and managerial staff as well as other employed personnel in accordance with Kosovo legislation²¹. MEDs receive the budget for VET via the specific grant for education²² and then allocate it to VET schools²³. Final decision on allocation and reallocation of the funds for each VET school is made by MEDs.

16. *National Development Strategy 2016-2021*

17. *ISCED – International Standard Classification of Education as adopted by the UNESCO General Conference at its 36th session in November 2011.*

18. *Kosovo Agency of Statistics (KAS) Education statistics in Kosovo 2018/19 page 25*

19. *Kosovo Agency of Statistics (KAS) Education statistics in Kosovo 2018/19 page 25.*

20. *Law No. 03/L-040 on Local Self Government*

21. *Law No.03/L-068 on Education in the Municipalities of the Republic of Kosovo*

22. *“Specific Grant for Education”- shall mean an amount appropriated to a municipality that may be used by the municipality only for education; - Law on Local Government Finance*

23. *Law No. 03/L-049 on Local Government Finance*

Municipality	Nr. of Staff	Number of Students in VET Schools	Number of Students in Gymnasiums	Total Students 2018/19	Number of Students in VET Schools	Number of Students in Gymnasiums	Total Student 2019/20
Glogovc	176	1,724	1,160	2,884	1,564	1,037	2,601
Fushë Kosovë	65	832	770	1,602	793	771	1,564
Lipjan	120	1,172	1,793	2,965	1,047	1,643	2,690
Obiliq	54	447	306	753	429	304	733
Podujevë	239	2,706	1,762	4,468	2,497	1,624	4,121
Prishtinë	679	5,357	5,274	10,631	4,922	5,078	10,000
Shtime	98	681	763	1,444	592	688	1,280
Graçanic	-	-	-	-	-	-	-
Dragash	57	365	219	584	352	172	524
Prizreni	495	4,199	3,165	7,364	3,994	2,779	6,773
Rahovec	149	471	1,547	2,018	465	1,261	1,726
Suharek	186	1,551	1,161	2,712	1,334	1,009	2,343
Malishevë	180	923	1,791	2,714	806	1,689	2,495
Mamushë	5	-	178	178	-	158	158
Deçan	80	455	756	1,211	412	723	1,135
Gjakovë	274	2,676	1,839	4,515	2,599	1,643	4,242
Istog	107	586	971	1,557	544	928	1,472
Klinë	114	889	826	1,715	816	746	1,562
Pejë	370	2,989	1,716	4,705	2,534	1,699	4,233
Junik	17	0	188	188	-	184	184
Leposaviq	-	-	-	-	-	-	-
Mitrovicë	291	2,732	1,652	4,384	2,738	1,401	4,139
Skenderaj	158	1,681	797	2,478	1,513	715	2,228
Vushtrri	204	1,956	1,267	3,223	1,803	1,012	2,815
Zubin Potok	-	-	-	-	-	-	-
Zveçan	-	-	-	-	-	-	-

Municipality	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Mitrovica Veriore	-	-	-	-	-	-	-	-
Gjilan	390	2,869	2,163	5,032	2,751	1,927	4,678	
Kaçanik	94	658	787	1,445	532	729	1,261	
Kamenicë	80	555	704	1,259	495	578	1,073	
Novobërdë	7	76	0	76	47	0	47	
Shtërpcë	11	13	150	163	11	129	140	
Ferizaj	393	3,512	2,798	6,310	3,302	2,918	6,220	
Viti	148	813	1,348	2,161	666	1,017	1,683	
Partesh	-	-	-	-	-	-	-	
Han i Elezit	20	-	302	302	-	307	307	
Klllokot	-	-	-	-	-	-	-	
Ranillugë	-	-	-	-	-	-	-	
Total	5,261	42,888	38,153	81,041	39,558	34,869	74,427	

Municipalities where number of students in Gymnasiums is higher than in VET Schools

Table 1 Number of students enrolled in Upper-Secondary Education 2018/19 and 2019/20²⁴

3.2. Management and Financing of VET in Kosovo

3.2.1. Ministry of Finance [MF]

The MF through its budget department prepares the specific grant for education²⁵. According to the law on Local Government Finance, specific grant for education defines the budget line from national budget allocated to municipality dedicated for education.

The Grants Commission, established within the MF, implements the formula for general grants²⁶ as well as the formula for the specific grant for education. According to law on Local Government Finance article 32²⁷, grants commission composed of the following

24. KAS Education statistics in Kosovo 2018 -2019 and 2019/20.

25. "Specific Grant for Education"- shall mean an amount appropriated to a municipality that may be used by the municipality only for education; - Law on Local Government Finance

26. "General Grant"- shall mean an amount appropriated to a municipality that may be used by the municipality for any purpose relating to its competencies; - Law on Local Government Finance

27. Law No. 03/L-049 on Local Government Finance, Article 32

members: (i) the Prime Minister or his representative, (ii) the Minister of Finance and Economy, (iii) the Minister of Local Government, (iv) another Minister appointed by the Government, (v) the Chairman of the Budget Committee of the Assembly, and (vi) four mayors, one of whom shall be a mayor of a minority municipality. In the specific grant for education is included the Minister of Education and Science to ensure that enough funds are allocated to achieve objectives defined within national education strategy.

Further, according to law on Local Government Finance article 33²⁸, Grant Commission is responsible for: a) reviewing the grant allocation formula and recommending proposed amendments to such formula to the Government, who shall forward the Commission recommendations to the Assembly along with the Governments concurrence or why they recommend rejection; b) reviewing appeals by municipalities regarding the application of such formula, including financing for delegated and enhanced competencies, and recommending to the Government proposed actions with respect thereto; c) making recommendations for the allocation of additional amounts to those municipalities that have been assigned enhanced municipal competencies according to Articles 19 through 22 of the Law on Local Self-Government to ensure the ability of such municipalities to adequately perform such enhanced competencies; and other responsibilities defined in article 33 of this law.

Further, MF through the treasury department monitors the budget expenditures in accordance with the law of public finances. Treasury department manages the execution of Budget of Republic of Kosovo (BRK), by allocating funds under the Cash Flow of Budgetary Organizations, and through practices of Single Treasury Account,

3.2.2. Ministry of Education and Science [MES]

The Ministry of Education and Science [MES] is responsible for developing policies and implementing legislation for the development of education and training in Kosovo. Hence, it is in charge for the development of general and VET curricula, teacher training, inspection, and monitoring of the quality of education. As defined in Kosovo Education Strategic Plan [KESP] for 2017-2021, MES is highly committed to develop a functional quality assurance system in compliance with international standards by implementing successful reforms and raising the quality of teaching and learning at all levels of education in Kosovo.

According to budget of Republic of Kosovo for 2019, 303.2 Million Euro or 12.8 % of the overall budget is allocated for education sector. Within the allocated budget for education sector only 28.6 Million Euro or 9.40% of it is allocated to VET²⁹. MES is in charge for budget planning and allocation for education. MES in coordination with MF determines the financing formula for education, which is mainly based on the number of students. MES prepares the budget proposal for education and submits it to MF. Upon the approval from MF, budget for VET is included in the overall annual budget of Republic of Kosovo and is submitted to Parliament for approval.

28. Law No. 03/L-049 on Local Government Finance, Article 33

29. MEST: KESP 2017-2021 Evaluation Report, 2019

3.2.2.1. Agency for Vocational Education and Training and Adult Education [AVETAE]

AVETAE was established in year 2014 with Law on Vocational Education and Training. The main objective of AVETAE is to promote the overall reform of VET³⁰. Initially it was planned that AVETAE to be in piloting stage for the period 2014-2016, however, still now in 2020 it remains in piloting phase. It is responsible for the administration and management of VET institutions and the coordination of vocational education and training and adults. Paragraph 3 of Article 13³¹ gives the authority to the MES to define the structure and functioning of AVETAE by sub-legal act. AVETAE manages only with the centers of competence and two VET schools.

AVETAE oversees 2 VET schools and 4 centers of competence:

1. Shmlp “Shtjefën Gjeçovi” – Prishtina;
2. Shmlt “March 11” – Prizren;
3. Centre of competence in Prizren;
4. Centre of competence in Ferizaj;
5. Centre of competence in Skënderaj;
6. Centre of competence in Malisheva;

3.2.3. Municipality Education Directorate [MED]

According to Law No. 03/L-068 on education in the municipalities of the Republic of Kosovo, MED at the local level in Kosovo has exclusive competencies regarding the process of providing public pre-primary, primary and secondary education. Such competencies include registration of educational institutions, staff recruitment, administration of educational facilities, administration of the school budget, and payment of salaries.

Budget for pre-school education, primary and secondary education, at municipality level consists of two main sources – specific grant for education³² and the general grant³³. The allocation of funds is decided every year based on the funding formula for pre-university education and the data MES receives from schools and municipalities (MED).

Both VET schools and gymnasiums, are not autonomous when it comes to budget administration or staff recruitment. VET schools are not authorized for budget management.

30. AVETAE – Mission to reform Vocational Education. Published by AVETAE, 2015.

31. Law No. 04/L-138 on Vocational Education and Training, Article 13

32. “Specific Grant for Education”- shall mean an amount appropriated to a municipality that may be used by the municipality only for education; - Law on Local Government Finance

33. “General Grant”- shall mean an amount appropriated to a municipality that may be used by the municipality for any purpose relating to its competencies; - Law on Local Government Finance

3.2.4. Ministry of Labor and Social Welfare [MLSW]

MLSW collaborates with MES regarding vocational training centers [VTC]. The MLSW, based on the Law on the Employment Agency of the Republic of Kosovo [EARK], is responsible for: drafting employment and vocational training policies and approving the annual work program of the EARK for the implementation of employment policies, including professional training policies for the labor market.

EARK referring the Law adopted in 2016 is responsible for institutional management of the vocational training process in Kosovo, consisting of eight VTCs and six Mobile Training Units. VTCs offer training / workshops of various types to enhance the professional skills of new trainees.

The Article 8 of the Law on EARK defines the duties and responsibilities of the VTCs. In this regard, the duties and responsibilities of VTCs are providing vocational training services required by the labor market; evaluation and certification of candidates; recognition of prior learning; monitoring of other training providers conducting training in agreement with the agency, evaluation and certification of candidates; preparation of individual training plan for candidates who perform practical work in companies as well as monitoring, assessment and certification; preparation of information on the progress of trainings. In this respect, EARK and the MLSW collaborate and coordinate with the MES.

VTCs are included in this document as they provide vocational trainings, however, are not financed via the funding formula for VET.

3.2.5. Financing of VET in Kosovo

VET system is funded via specific grant for education, which is accordance with the Law on Public Financial Management and Accountability (LPFMA)³⁴. LPFMA defines principles, criteria and formulas applied for the allocation of government grants, part of national budget, for municipal funding in accordance with law on local government finance (LLGF)³⁵.

The specific grant for education³⁶ is defined and allocated to municipalities according to the allocation formula established by MES.

Approved specific grant for pre-university education is composed of three expenditure categories:

- Salaries and allowances
- Goods and services
- Capital investments

34. Law No 03/L -48 – Law on Public Financial Management and Accountability

35. Law No. 03/L-049 on Local Government Finance

36. “Specific Grant for Education”- shall mean an amount appropriated to a municipality that may be used by the municipality only for education; - Law on Local Government Finance

3.2.5.1. Current Financing Formula

Current financing formula for VET system is mainly based on the number of students and it considers 15 criteria variables

- Number of students
- Student-teacher ratio for majority students 1:17.2, and for minority students 1:11.5
- Calculation for technical administrative staff for 470 students 1 staff in secondary education
- Calculation for assistant staff for 170 students 1 staff (cleaner) and 1 staff per school (guard)
- The calculation of salaries and allowances is based on the current average salary in education for each municipality
- Professional Pedagogical/Psychological Services
- Quality coordinators
- Calculation of salaries for replacements during maternity leave from 3% to 6% of the total budget allocated for salaries
- Good and services are calculated according to the criteria for students (23 euros for majority students and 25 euros for minority students) in addition to 3,250 euros allocated per school
- Capital expenditures are calculated according to the criterion 7 euros per student
- Professional practice (No specific criteria used here. For year 2021 MES has planned 3.5 million euros for professional practice). There is a room for improvement in coming years in this respect to shift from ad hoc planning to more systematic planning in line with professional practice.
- Calculation for the salaries retirement
- Salary for child assistance with special needs
- Calculation for jubilee salaries according to the collective contract for the Education sector
- Cost of payment of procedures for validation and accreditation for vocational schools (8 schools)

In summary, current financing formula for VET system covers expenses for:

- Wages and allowances (teaching, administrative, and assistant staff)
- Wages for assistants for children with special needs
- Salaries for replacements during maternity leave
- Three wages after retirement
- Goods and services
- Professional practice
- Capital expenditure
- New policies approved by grants commission (eg. Jubilee salaries according to the collective agreement for Education)

3.2.5.2. Financing Chain Process

Based on the interviews conducted, financing chain process is sequenced in the following way:

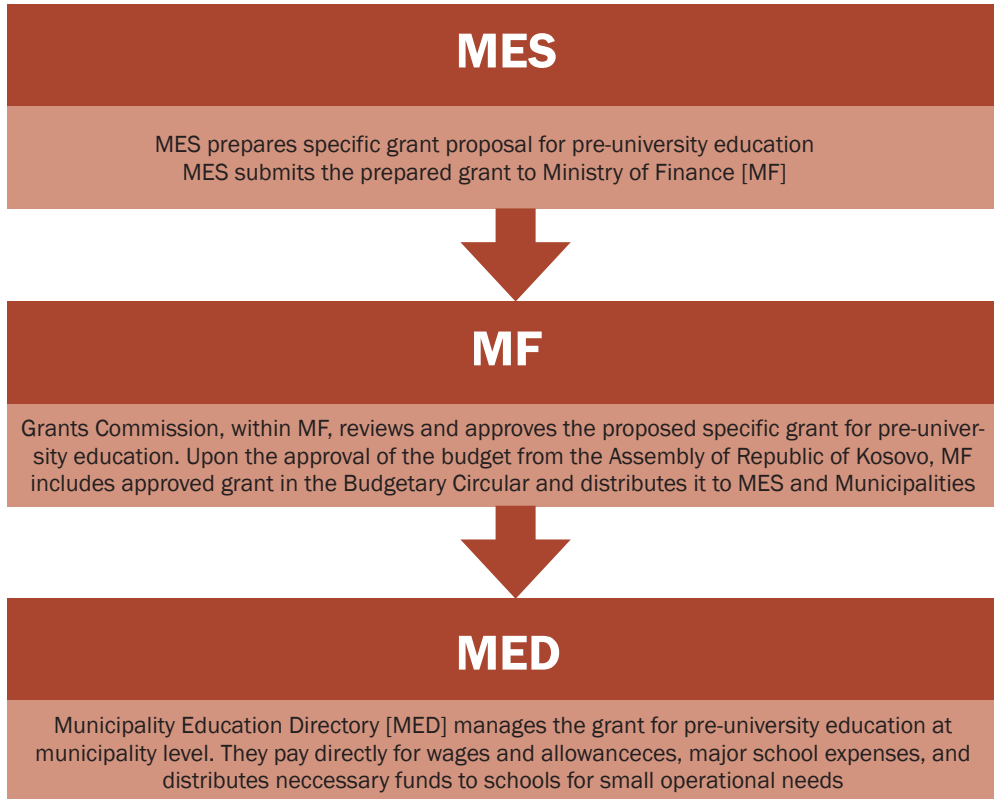


Figure 5 Process of preparing and approving specific grant for education

In this process MF prepares the law on the budget for particular year of the Republic of Kosovo and sends it for approval to the Assembly of the Republic of Kosovo.

Analyzing financial chain process, it is not clear the role of the schools (regulated and in reality) in the process. Further, this process does not present the specific budget dedicated to each school; therefore, giving MED full autonomy over funds.

MEDs are delivered the grant via the budgetary circular³⁷ to be executed at municipality level.

3.2.5.3. 2019 – 2020 Municipality Budget for Upper-secondary Education

Tables 2 and 3 provide an overview of the budget for 2019 and 2020 for all municipalities in the Republic of Kosovo for upper secondary education, (VET and gymnasium). Analysis of the provided data show that on average 90.2% of the budget is spent on salaries, while on average 9.8% remain expenditures for the categories of goods and services, municipal expenditures and capital expenditures.

It seems unrealistic that such a low budget could cover the necessary expenses for, regular or continuous maintenance, unplanned maintenance, renovations, inventory for hundreds of schools, tens of thousands of square meters, hundreds of toilets, hundreds of hectares of yards schools in which hundreds of students and teachers attend during the day. It is to be noted that this does not allow sufficient funds for teaching and learning materials and didactics needed in learning/teaching process.

Based on the interviews with VET school representatives, main concern for VET school managers remains ensuring the heating, hygiene maintenance, public utilities. Remaining budget after these expenses are covered is very limited. Therefore, schools are left with very limited budgets for necessary learning and teaching resources and materials.

From the analysis of the data available^{38,39}, on average, a school has 30,000 Euros available annually for expenses of goods and services including utility expenses. Such tight budget compared to the overall budget allocated for VET leaves no margin for teaching and learning materials and resources as well as building capacities in teaching excellence, teacher career development and quality assurance.

Although vast majority of the VET budget is allocated for salaries, other spending categories such as teaching and learning materials, goods and services, and capital expenditures cannot be neglected. Such spending categories are essential in delivering quality education in VET.

37. *Budgetary circular is issued by MF and contains instructions for budget processes, budget ceiling and budget schedule.*

38. *Budget for Upper-Secondary Education, 2019*

39. *Budget for Upper-Secondary Education, 2020*

Municipality	Number of Staff	Salaries & Allowances	Goods and Services	Utilities	Capital Expenses	Total	Own Source Revenues
Glogovc	175	€ 1,259,517	€ 72,255	€ 19,000		€ 1,350,772	
Fushë Kosovë	81	€ 560,424	€ 67,800	€ 12,590		€ 640,814	
Lipjan	209	€ 1,366,029	€ 68,000	€ 20,000		€ 1,454,029	€ 20,000
Obiliq	70	€ 474,944	€ 3,500	€ 8,486		€ 486,930	€ 20,000
Podujevë	292	€ 2,081,343	€ 117,000	€ 25,100		€ 2,223,443	€ 73,000
Prishtinë	725	€ 5,100,000	€ 1,000,000			€ 6,100,000	€ 200,000
Shtime	103	€ 653,297	€ 34,500	€ 15,614	€ 6,000	€ 709,411	
Graçanic	77	€ 362,625	€ 53,254	€ 10,000	€ 57,000	€ 482,879	
Dragash	87	€ 469,708	€ 80,000	€ 8,000	€ 30,000	€ 587,708	
Prizreni	380	€ 2,670,000	€ 247,235	€ 70,000		€ 2,987,234	€ 110,000
Rahovec	160	€ 1,075,064	€ 87,623	€ 16,077		€ 1,178,764	
Suharek	212	€ 1,420,000	€ 94,349	€ 32,000		€ 1,546,349	€ 40,000
Malishevë	131	€ 969,926	€ 57,634	€ 28,014		€ 1,055,574	
Mamushë	13	€ 74,928	€ 20,000	€ 2,000	€ 10,000	€ 106,928	
Deçan	125	€ 774,000	€ 36,965	€ 10,000		€ 820,965	€ 20,000
Gjakovë	330	€ 1,990,138	€ 180,000	€ 90,000		€ 2,260,138	€ 152,970
Istog	125	€ 833,630	€ 42,500	€ 9,000	€ 53,000	€ 938,130	€ 19,500
Klinë	138	€ 935,632	€ 61,050	€ 14,246		€ 1,010,928	€ 30,000
Pejë	430	€ 2,731,480	€ 51,780			€ 2,783,260	€ 65,000
Junik	17	€ 116,625	€ 10,700	€ 3,700		€ 131,025	
Leposaviq	70	€ 220,000				€ 220,000	€ 220,000
Mitrovicë	311	€ 2,142,505	€ 82,151	€ 36,691		€ 2,261,347	€ 52,230
Skenderaj	178	€ 1,015,000	€ 61,450	€ 50,000		€ 1,126,450	
Vushtrri	226	€ 1,660,234	€ 221,505	€ 25,000	€ 170,000	€ 2,076,739	€ 71,748
Zubin Potok	50	€ 95,000				€ 95,000	
Zveçan	20	€ 68,713	€ 1,500	€ 2,000		€ 72,213	
Mitrovica Veriore	187	€ 953,865	€ 62,950	€ 8,000		€ 1,024,815	

Gjilan	464	€ 3,018,651	€ 150,000	€ 55,000		€ 3,223,651	€ 133,000
Kaçanik	108	€ 724,024	€ 42,738	€ 12,000		€ 778,762	
Kamenicë	193	€ 1,174,684	€ 52,001			€ 1,226,685	€ 106,684
Novobërdë	38	€ 192,500	€ 18,973			€ 211,473	
Shtërpcë	80	€ 343,534	€ 19,320	€ 2,000	€ 4,360	€ 369,214	
Ferizaj	434	€ 2,994,623	€ 203,317	€ 30,480	€ 300,000	€ 3,528,420	€ 8,931
Viti	172	€ 1,160,863	€ 64,143		€ 110,000	€ 1,335,006	€ 5,000
Partesh	26	€ 173,000	€ 25,046			€ 198,046	
Hani i Elezit	22	€ 149,709	€ 8,400	€ 2,800		€ 160,909	€ 150
Klllokot	13	€ 95,754	€ 9,556	€ 2,000		€ 107,310	
Ranillugë	23	€ 98,319	€ 3,000		€ 10,000	€ 111,319	
Total	6495	€ 42,200,288	€ 3,412,195	€ 619,798	€ 750,360	€ 46,982,640	€ 1,348,213

Table 2 Budget for Upper-Secondary Education, 2019⁴⁰

Municipality	Number of Staff	Salaries & Allowances	Goods and Services	Utilities	Capital Expenses	Reserve	Total	Own Source Revenues
Gllgovc	176	€ 1,259,517	€ 75,507	€ 19,625		€ 152,060	€ 1,506,709	
Fushë Kosovë	82	€ 572,424	€ 87,500	€ 20,200		€ 53,194	€ 733,318	
Lipjan	209	€ 1,345,029	€ 69,200	€ 22,000		€ 209,745	€ 1,645,974	€ 10,500
Obiliq	70	€ 474,944	€ 20,000	€ 8,486		€ 93,929	€ 597,359	€ 25,000
Podujevë	293	€ 2,071,343	€ 78,000	€ 30,000		€ 163,864	€ 2,343,207	€ 73,000
Prishtinë	725	€ 5,090,000	€ 700,000		€ 1,553,008	€ 510,000	€ 7,853,008	€ 100,000
Shtime	103	€ 653,297	€ 40,500	€ 20,717	€ 5,168	€ 167,022	€ 886,704	€ 10,000
Graçanic	77	€ 355,542	€ 63,254	€ 15,000	€ 220,000		€ 653,796	
Dragash	87	€ 484,163	€ 80,000	€ 8,000		€ 82,187	€ 654,350	
Prizreni	380	€ 2,670,000	€ 213,909	€ 70,000		€ 265,257	€ 3,219,166	€ 110,000
Rahovec	160	€ 1,075,064	€ 79,337	€ 18,090		€ 127,690	€ 1,300,181	€ 15,000

40. Law no. 06 / I -133 Budget allocations for the budget of the Republic of Kosovo for 2019

Suharek	212	€ 1,420,000	€ 100,000	€ 32,000		€ 140,000	€ 1,692,000	€ 40,000
Malishevë	131	€ 936,276	€ 75,200	€ 33,413			€ 1,044,889	
Mamushë	12	€ 68,082	€ 19,000	€ 2,000		€ 6,413	€ 95,495	
Deçan	125	€ 774,000	€ 37,000	€ 10,000			€ 821,000	
Gjakovë	330	€ 2,016,389	€ 185,404	€ 72,500		€ 177,575	€ 2,451,868	€ 137,200
Istog	127	€ 833,630	€ 40,500	€ 7,954	€ 89,000	€ 76,031	€ 1,047,115	€ 25,500
Klinë	137	€ 919,041	€ 61,050	€ 14,246			€ 994,337	€ 20,000
Pejë	407	€ 2,731,480	€ 50,299			€ 85,297	€ 2,867,076	€ 70,750
Junik	18	€ 122,073	€ 10,700	€ 3,600			€ 136,373	
Leposaviq	70	€ 258,600				€ 25,977	€ 284,577	
Mitrovicë	311	€ 2,142,505	€ 94,534	€ 36,691		€ 361,013	€ 2,634,743	€ 57,930
Skenderaj	165	€ 1,037,210	€ 76,140	€ 8,900		€ 104,755	€ 1,267,005	€ 40,000
Vushtrri	224	€ 1,650,234	€ 184,655	€ 25,000		€ 197,914	€ 2,057,803	€ 32,000
Zubin Potok	50	€ 158,625				€ 1,375	€ 160,000	
Zveçan	20	€ 53,334	€ 6,886	€ 1,000	€ 8,064	€ 19,542	€ 88,826	
Mitrovica V.	187	€ 898,602	€ 31,787				€ 930,389	
Gjilan	464	€ 3,018,651	€ 186,000	€ 46,500		€ 244,149	€ 3,495,300	€ 159,000
Kaçanik	108	€ 724,024	€ 60,000	€ 20,000		€ 8,347	€ 812,371	
Kamenicë	193	€ 1,230,156	€ 42,000			€ 79,844	€ 1,352,000	€ 25,000
Novobërdë	38	€ 194,920	€ 18,973			€ 94,475	€ 308,368	
Shtërpcë	80	€ 315,409	€ 22,033	€ 2,000	€ 75,631		€ 415,073	
Ferizaj	434	€ 2,994,623	€ 203,317	€ 32,480	€ 733,761	€ 366,530	€ 4,330,711	€ 10,233
Viti	172	€ 1,160,863	€ 70,000			€ 219,137	€ 1,450,000	
Partesh	26	€ 231,886	€ 24,322				€ 256,208	
Han i Elezit	22	€ 165,709	€ 9,200	€ 2,925		€ 9,321	€ 187,155	€ 250
Klllokot	13	€ 115,754	€ 11,556	€ 2,000		€ 392	€ 129,702	
Ranillugë	23	€ 104,019	€ 48,000		€ 5,000	€ 51,201	€ 208,220	
Total	6461	€42,327,418	€ 3,175,763	€ 585,327	€ 2,689,632	€ 4,094,236	€ 52,912,376	€ 961,363

Table 3 Budget for Upper-Secondary Education, 2020 ⁴¹

To have a more detailed view of the budget allocation for specific schools, a detailed analysis of the budget has been done for the selected municipalities. Selected municipalities are Peja, Ferizaj, Suharek Prizren Gjilan, and Prishtina.

In the Municipality of Peja there are 2,534 VET school students divided into 5 VET schools. As table 4 shows, the category for goods, services, and utility expenses is very low and when compared to the total budget, it is only 3.7%. Comparing the allocated budget for goods and services to the number of students for each school show that allocated budget for student is very low. As such it may not be sufficient to cover the expenses for proper teaching materials and resources needed. Based on the information provided from table 4, average student-staff ratio for VET in Peja is 8.2:1 .

No.	Municipality	Name of School	No. Staff	Salaries	Goods and services	Utilities	Own Source Revenues	Reserve
1	Pejë	Sh.m. Mjekësisë	32	€ 222,974	€ 6,750			
2	Pejë	M.EKONOMIKE ALI HADRI	98	€ 666,411	€ 4,400		€ 37,000	
3	Pejë	M.TEKNIKE SH.SPAHIA	135	€ 846,166	€ 4,900	€ 55,297	€ 30,750	
4	Pejë	Sh M Muzikes Halit Kasapolli	15	€ 102,839	€ 500			
5	Pejë	M.ARTIT O.PASKALI	29	€ 204,585	€ 9,300			
6	Pejë	GJ.BEDRI PEJANI	90	€ 579,206	€ 6,730	€ 30,000	€ 3,000	
7	Pejë	GJ.SH.M. GORAZHDEC	8	€ 52,549	€ 3,719			
Total			407	€ 2,674,730	€ 36,299	€ 85,297	€ 70,750	
Total Budget for 2020								€ 2,867,076

	VET Schools
	Gymnasiums

Table 4 Budget 2020 in VET Schools and Gymnasium of the Municipality of Peja⁴²

In the Municipality of Ferizaj there are 3302 students enrolled in 5 VET schools. As table 5 shows, category for goods and services, and utilities is very low and makes up only 7.58% of the total budget allocated to VET schools. Based on the information provided from table 5, average student-staff ratio for VET in Ferizaj is 11.5:1.

No.	Municipality	Name of School	No. Staff	Salaries	Goods and Services	Utilities	Capital Expenditures	Own Source Revenues	Reserve	
1	Ferizaj	M.Ekonomike “ Faik Konica”	87	€ 587,787	€ 29,100	€ 4,200			€ 100,000	
2	Ferizaj	M.Teknike “Pjetër Bogdani”	61	€ 430,089	€ 29,100	€ 5,200		€ 10,233	€ 50,000	
3	Ferizaj	M. Mjeksise “Elena Gjika”	29	€ 212,003	€ 26,100	€ 3,580				
4	Ferizaj	M. Bujqesore “Zenel Hajdini”	68	€ 495,628	€ 32,617	€ 4,800			€ 66,530	
5	Ferizaj	M Muzikes “Çesk Zadeja”	41	€ 260,626	€ 25,100	€ 4,000			€ 50,000	
6	Ferizaj	GJ.KUVENDI I ARBERIT	83	€ 516,283	€ 32,300	€ 6,200			€ 100,000	
7	Ferizaj	GJ.SHKENCAVE SHOQERORE	65	€ 481,975	€ 29,000	€ 4,500	€ 733,761			
Total				434	€ 2,984,390	€ 203,317	€ 32,480	€ 733,761	€ 10,233	€ 366,530
Total Budget for 2020									€ 4,330,711	

Table 5 Budget 2020 in VET Schools and Gymnasiums Municipality of Ferizaj ⁴³

As per table 6, a similar situation is in the VET schools in municipality of Suhareka as category for goods and services, and utilities is very low and makes up only 6.6% of the total budget allocated to VET schools. In the municipality of Suhareka there are 1334 students enrolled in 2 VET schools. Based on the information provided from table 6, average student-staff ratio for VET in Suhareka is 9.6:1.

VET Schools
 Gymnasiums

43. Budget for Upper-secondary education 2020-2021, Ministry of Finance

No.	Municipality	Name of School	No. Staff	Salaries	Goods and Services	Utilities	Own Source Revenues	Reserve
1	Suharekë	M.Teknike S.Luarasi	75	€ 506,000	€ 29,500	€ 6,520	€ 27,000	€ 70,000
2	Suharekë/ Shirok	Abdyl Rama	64	€ 456,000	€ 28,925	€ 6,100	€ 6,000	
3	Suharekë	Gj Jeta e Re	73	€ 438,000	€ 31,575	€ 9,380	€ 7,000	€ 70,000
Total			212	€ 1,400,000	€ 90,000	€ 22,000	€ 40,000	€ 140,000
Total Budget for 2020								€ 1,692,000

VET Schools

Table 6 Budget 2020 in VET Schools and Gymnasiums Municipality of Suhareka⁴⁴

Gymnasiums

In the Municipality of Prizren there are 3994 students enrolled in VET schools. According to table 7, expenditures on goods, services and utilities make 9.78% of the total budget allocated to VET schools. Based on the information provided from table 7, average student-staff ratio for VET in Prizren is 20.4:1.

No.	Municipality	Name of School	No. Staff	Salaries	Goods and Services	Utilities	Own Source Revenues	Reserve	
1	Prizren	M. Lorenc Antoni	55	€ 416,175	€ 19,592	€ 4,023			
2	Prizren	M. Luciano Motroni	68	€ 518,864	€ 41,752	€ 12,920			
3	Prizren	M Ekonomike "Ymer Prizreni"	73	€ 266,556	€ 40,160	€ 11,808	€ 110,000	€ 265,257	
4	Prizren	SHKOLLA E MESME-GJIMNAZI II	64	€ 494,081	€ 39,239	€ 16,396			
5	Prizren	M.Gjon Buzuku	120	€ 904,323	€ 33,166	€ 24,853			
Total				380	€2,600,000	173,909	70,000	€ 110,000	€ 265,257
Total Budget for 2020								€ 3,219,166	

VET Schools

Table 7 Budget 2020 in VET Schools and Gymnasiums Municipality of Prizren⁴⁵

Gymnasiums

44. Budget for Upper-secondary education 2020-2021, Ministry of Finance

45. Budget for Upper-secondary education 2020-2021, Ministry of Finance

In the Municipality of Gjilan there are 2751 students enrolled in 6 VET schools. According to table 8, expenditures on goods, services and utilities make only 4.9% of the total budget allocated to VET schools. Based on the information provided from table 8, average student-staff ratio for VET in Gjilan is 9:1.

No.	Municipality	Name of School	No. Staff	Salaries	Goods and Services	Utilities	Own Source Revenues	Reserve
1	Gjilan	Mehmet Isai	80	€ 478,000	€ 25,000	€ 5,000	€ 32,000	€ 100,000
2	Gjilan	Shm Arti pamor/ Adem Kastrati	18	€ 146,000	€ 6,000	€ 500		
3	Gjilan	Marin Barleti	70	€ 488,000	€ 20,000	€ 5,000	€ 32,000	
4	Gjilan	Sh m e Muzik	26	€ 188,000	€ 8,000	€ 1,000		
5	Gjilan	Arbëria	59	€ 366,000	€ 25,000	€ 7,500	€ 32,000	
6	Gjilan	M.DR.ASLAN ELAZI	53	€ 347,800	€ 6,000	€ 500	€ 20,000	
7	Gjilan	GJ.ZENEL HAJDINI-GJILAN	70	€ 325,851	€ 20,000	€ 8,000	€ 32,000	€ 144,149
8	Gjilan	M.GJIMNAZI-SHILLOVE	26	€ 116,000	€ 6,000	€ 2,000		
9	Gjilan	Gjimanazi i Ri	62	€ 463,000	€ 20,000	€ 8,000	€ 11,000	
Total			464	€ 2,918,651	€ 136,000	€ 37,500	€ 159,000	€ 244,149
Total Budget for 2020				€				3,495,300

VET Schools
 Gymnasiums

Table 8 Budget 2020 in VET Schools and Gymnasiums Municipality of Gjilan ⁴⁶

In the Municipality of Prishtina there are 4922 students enrolled in 8 VET schools. Skender Luarasi school is not included in the budget of the municipality of Prishtina because it is managed by AVETAE and they have a separate budget. As table 9 shows, municipality of Prishtina does not provide the budget allocation by expense category by school, rather it has put all the budget allocated for goods and services under one of the school only. They consider the budget for VET schools as a category itself that does not need to be shown in per school basis. Such practice makes it impossible to analyse the cost expenditures by school. Based on the information provided from table 9, average student-staff ratio for VET in Prishtina is 11.7.

46. Budget for Upper-secondary education 2020-2021, Ministry of Finance

No.	Municipality	Name of VET school	No. staff	Salaries	Goods and services	Utilities	Capital Expenditures	Own Source Revenues	Reserve
1	Prishtinë	Prenk Jakova	66	€ 429,574					€ 37,000
2	Prishtinë	M.ELEKT.GJIN GAZULLI	69	€ 480,431					€ 86,000
3	Prishtinë	7 Shtatori	25	€ 202,903					
4	Prishtinë	M.BUJQESORE A.FRASHERI	52	€ 369,155					€ 32,000
5	Prishtinë	Sh M E Hoxhë Kadri Prishtina	79	€ 587,129	€ 600,000		€ 1,553,008	€ 100,000	€ 96,000
6	Prishtinë	Sh Mjeksise Dr Ali Sokoli	47	€ 338,831					
7	Prishtinë	28 Nëntori	82	€ 559,462					€ 75,000
8	Prishtinë	GJ. XHEVDET DODA	66	€ 461,847					€ 73,000
9	Prishtinë	M.MEDRESES ALAUDIN	56	€ 359,817					
10	Prishtinë	M. SAMI FRASHERI	142	€ 962,754					€ 111,000
11	Prishtinë	Eqrem Qabej	41	€ 338,097					
Total			725	€ 5,090,000	€ 600,000	€ -	€ 1,553,008	€ 100,000	€ 510,000
Total Budget for 2020				€					7,853,008

VET Schools
 Gymnasiums

Table 9 Budget 2020 in VET Schools and Gymnasiums Municipality of Prishtina⁴⁷

A similar situation to the presented municipalities is found in the VET schools of other municipalities of Kosovo. In addition, it is important to note that no municipality prepares any expenditure report per school at the end of the academic or fiscal year. Such report, if prepared, would provide a more comprehensive report on budget expenditures per school and would enhance the transparency and accountability in budget management.

47. Budget for Upper-secondary education 2020-2021, Ministry of Finance

Regarding the VET schools and centers of competence under the management AVETAE, it can be concluded that they have relatively higher budget than VET school under MED management.

No.	Municipality	Name of School	No. Staff	Wages and Salaries	Goods and services	Utilities	Own Source Revenues	Reserve
1	Ferizaj	Centres of competence Ferizaj	57	€ 300,377	€ 50,000	€ 20,000		
2	Malishë	Centres of competence Malishevë	67	€ 414,430	€ 30,516	€ 40,000	€ 5,000	
3	Prizre	Centres of competence Prizren	93	€ 583,533	€ 25,000	€ 20,000	€ 30,750	
4	Skenderaj	Centres of competence Skenderaj	53	€ 316,451	€ 70,000	€ 40,000		
5	Prishtinë	Sh.M.T " Shtjefën Gje-covi" -Prishtinë	95	€ 585,652	€ 65,000	€ 20,000	€ 31,902	
6	Prizren	Sh.Profesionale "11 Marsi" - Prizren	127	€ 820,076	€ 46,000	€ 22,000	€ 22,000	
Total			492	€ 3,020,519	€ 286,516	€ 162,000	€ 89,652	€ -
Total Budget for 2020								€ 3,558,687

Table 10 Budget 2020 in VET schools and centers of competence under the management AVETAE⁴⁸

■ VET Schools
■ Gymnasiums

Table 10 shows the budget allocation by expense category for schools under the management of AVETAE. Budget for good and services, and utilities for these schools make 12.6% of the total allocated budget. However, it is important to highlight that this ratio is higher for centres of competence than for VET schools under AVETAE although both, centres of competence and the two VET schools, are managed by AVETAE. Number of students enrolled in centers and schools managed by AVETAE is 4,487. Consequently, average student-staff ratio for them is 9.1

3.3. Collaboration with industry

The participation of industry partners and their cooperation with VET schools in Kosovo is still in its early stage, although in recent years there has been a greater involvement of them with VET schools. Numerous private businesses participate in schools' councils, in preparation of VET school's curricula as defined with the law for vocational education and training, and in offering in the workplace professional practice for students. However, the

48. Data for schools and employment after completing secondary education at AVETAE partner schools, AVETAE 2019

level of cooperation is still unsatisfactory. Main reason of such limited cooperation is the fact that majority of the businesses in Kosovo are micro, small or medium and their financial and professional capacities are limited⁴⁹⁵⁰. According to EU country report for Kosovo in 2020, 96% of registered companies in Kosovo have up to five employees⁵¹. Moreover, despite the willingness of businesses to accept students for professional practice, they do not have the capacity to accommodate many students, which in COVID19 situation is even worse.

During workshops with industry representatives and direct business representatives, medium-size businesses with longer business experiences have shown strong willingness to cooperate more closely with VET schools. They claim to be willing to participate in school's councils, participate in preparing curricula, and offering professional training opportunities for VET students. Further, they are also willing to participate and support different initiatives undertaken by MES and international donors. However, they have expressed numerous concerns regarding the level of competence of students who have graduated from VET schools. They claim that students' level of competence is limited and that there are many students who lack of work ethics and responsibility towards the workplace. Additionally, based on the findings from workshops some business representatives question teachers' professional competence in their respective sector.

Regarding participation of industry partners in financing VET sector, outcomes of the workshops with industry representatives show that businesses are not ready to participate in funding public VET sector yet. However, in many cases they are willing to offer meals and transport for students during their professional practice days at the company. They have claimed that their participation in financing VET sector should be considered after few years. Such potential participation, they claim, needs to be in close collaboration with MES and under clear and transparent guidelines.

Considering that most businesses in Kosovo are micro or small it is noted that their financial capacities are very limited to offer financing for VET. However, participation of industry partners in financing VET sector must be considered in the future. In fact, European Skills Agenda published in July 2020 calls for mobilization of all partners for more and better opportunities for people to train⁵².

3.4. Analysis and Key Findings

In terms of the overall VET system in Kosovo, it can be concluded that:

- VET system is critical to the economic development of Kosovo as its students gain the

49. *The 2019 SBA fact sheets: Kosovo. The European Commission.*

50. *OECD, et al. (2019), "Kosovo: Small Business Act profile", in SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe, OECD Publishing, Paris.*

51. *Commission Staff Working Document Kosovo* 2020 Report, European Commission, Brussels, 6.10.2020*

52. *European Skills Agenda, European Union, July 2020*

skills necessary to be competitive and to be easily integrated in the labor market.

- More than half of the upper secondary level education enroll VET school.
- In recent years students have shown keen interest to enroll in VET schools, especially in the fields of technology, construction, with an emphasis on nursing.
- Schools in Kosovo have stalled in developing the capacity of information and communication technology. The education system generally has low access to digitalization.
- MES needs to consider increasing the level of digitalization of VET schools by incorporating recent technologies in teaching and learning process. Digitalization and application of technology in VET would help enhance the quality of teaching while reducing the cost of teaching. Further, digitalization enables schools to provide learning in distance, which is essential to respond to lockdown situations similar to one caused by COVID19.

In terms of the management and financing of VET system in Kosovo, it can be concluded that:

- Financial management autonomy of VET schools is limited, and it poses managerial issues for the school directors to manage their daily managerial and operational tasks. Conducted interviews with VET school directors clearly show that directors are very limited in their competences.
- Based on the conducted surveys, interviews, and focus groups, it is noted that level of cooperation among MES, MED, and VET schools needs improvements.
- Collaboration between MED and VET schools is critical for a good governance of the schools.

In terms of the current financing of the VET system in Kosovo, it can be concluded that:

- Based on the analysis of the data available (education budgets at national and local level), workshops and interviews with relevant stakeholders, and survey results with VET school directors, can be concluded that budget allocated for VET school is insufficient. To read more on results from the survey with VET school directors please see Annex B.
- Schools under the management of AVETAE have higher budgets compared to VET schools managed by MED.
- Financing chain need to be reconsidered. A well-defined budget preparation process would ensure that all parties are involved in the process and that their needs and concerns are addressed.
- There are no well-defined mandatory reporting mechanisms at school and municipality level.
- MES should consider allocation of funds on per school basis and ensure that each school is receiving its own allocated funds.
- Current financing formula does not address the needs of the VET and those to be reconsidered. The current funding formula is the same for all VET profiles even though they have different costs. Further it treats VET schools same as gymnasiums.
- Current financing formula is not being respected as is. Due to the fact that number of

students is declining while the number of teachers is relatively constant, the current teacher-student ratio is not being respected. According to the formula teacher-student ratio is 1-17.2, however in most of the schools this ratio is 1-14 or even lower, which may not be sustainable. As such, VET schools are receiving more funds than the financing formula allows. But the additional funds are being allocated to wages and salaries in non-efficient way and this is not sustainable in the long run, but not to other expense categories where is higher need, especially related to teaching/learning processes which is directly influencing on learning outcomes achieved by students and competences required by industry.

- MES needs to consider alternatives in managing the teaching staff so the teacher-student ratio is affordable.
- Over 90% of the total school budget is spent on wages and salaries and the remaining portion of the budget is not sufficient to cover the necessary operational expenses. It is obvious miss balance in resources allocation.
- VET schools lack of funds for teaching and learning materials and resources. Often the necessary materials for practice in laboratories are provided by the students themselves.
- Schools equipped with laboratories often have difficulties in maintaining them or securing the working materials. In many cases donors have helped to fill this gap.
- MES needs to define expense categories and not allow increase of one expense category at the expense of the other.
- Schools need to be involved directly into the budget preparation together with MED and MES.
- Schools need to have their own strategic plans and establish proper financial management mechanisms.
- School need to prepare their financial budgets and financial statements, which would help do proper financial planning, increase transparency, and perform budget spending control and audit reporting.
- Schools need to have access to their allocated funds and know their cash balance at any given time. This would lead to better management of the funds, proper planning at school level, and higher degree of transparency and accountability. Currently, school representatives do not know their budget balance, hence, cannot make any planning. To be able know about the remaining budget balance they need to contact MED.
- MES and MED need to consider current procurement practices applied to VET schools and eventually ease the process.

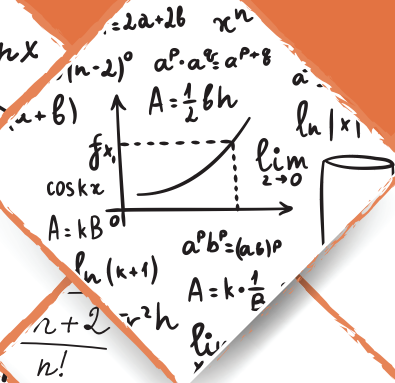
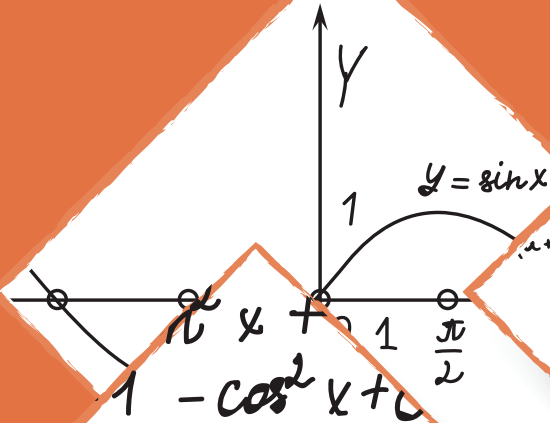
Further findings regarding VET schools' strategic planning and budgeting, sources and allocation of funds, financial management, and cooperation with the industry can be found on results from the survey with VET school directors please see Annex B.

In terms of the current level of cooperation with industry partners, it can be concluded that:

- The participation of industry partners and their cooperation with VET schools in Kosovo

is still in its early stage, although in recent years there has been a greater involvement of them with VET schools.

- Collaboration with the industry is not very well defined and developed. This is mostly achieved through school directors, quality coordinator or MED. A proper strategy in attracting and involving industry partners in VET system would potentially yield greater results in terms of cooperation with industry partners.
- Possibilities for students to perform practice in the workplace are limited as most of the businesses in Kosovo are micro, small or medium and their financial and professional capacities are limited.
- Business representatives have expressed numerous concerns regarding the level of competence of students who have graduated from VET schools.
- Businesses are willing to participate in covering the expenses for students' meals and transport while performing practice in the workplace.
- MES need to consider offering trainings and training manuals for trainers within businesses.
- Insurance policy for students is critical in students' placement in the workplace as interns, especially in sectors with high-level of risk associated with the working activities.



$$1 - \cos^2 x + \cos^2 x = 1$$

$$\ln x (1 + \sin x) + (1 + \sin x) = 0$$

$$1 + \sin x = 0$$

$$\sin x = -1$$

$$x = \frac{3\pi}{2} + 2\pi k, k \in \mathbb{Z}$$

$$x^n = \frac{1}{a^n} (1 - \sin x) \cdot \frac{r(x)}{x/\ln(x)}$$

$$\begin{cases} a^p \cdot a^q = a^{p+q} & a^2 + b^2 = c^2 \\ [x] = xa + yb + zc & \cos kx \\ \sin^2 x \end{cases}$$

$$V = \frac{4}{3} \pi r^3$$

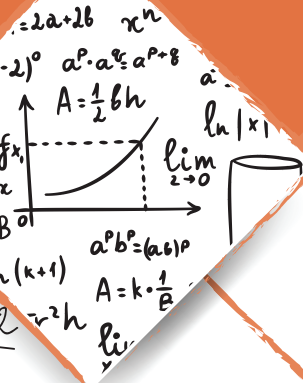
$$= (b) \cdot r$$

$$u_{n+1} = \frac{\sqrt{3(n+1)}}{(n+1)!}$$

$$\lim_{n \rightarrow \infty} \frac{\sqrt{3n+5}}{(n+1)!} \cdot \frac{n!}{\sqrt{3n+2}} =$$

$$\frac{\sqrt{3n+5}}{\sqrt{3n+2}} \cdot \frac{1}{(n+1)} = \lim_{n \rightarrow \infty}$$

$$\frac{5}{2} \rightarrow 1, \frac{1}{n}$$



$$A = k \cdot \frac{1}{E}$$

$$A = k \cdot B$$

$$A = k \cdot \frac{1}{E}$$

$$A = k \cdot \frac{1}{E}$$

$$A = k \cdot \frac{1}{E}$$

$$A = k \cdot \frac{1}{E}$$

$$A = k \cdot \frac{1}{E}$$

4. Financial Planning Proposal for VET

The main objective of this document is to provide MES with policy proposal in improving financial planning for VET system in Kosovo. To deliver a sound policy proposal mature methodology and evidence-based policy methodology was applied.

Recommendations provided in this document consider the current management system for VET sector according to law and regulations in place.

This section of the document provides a funding formula for MES, advantages of the proposed funding formula, recommendation for implementation for the proposed formula, recommendations for VET schools' digital agenda and for enhancing the collaboration between industry partners and VET sector.

4.1. Needs-based Funding Formula

This document recommends that MES applies a needs-based funding formula as mean of allocation of the resources for VET system. The use of funding formula to determine resource allocations in the school systems is not a new concept. Many ministries of education around the world have, at least, a simple formula funding system in place which employs student/teacher ratios to guide staffing decisions. Some school systems provide certain schools with various supplementary resources when these schools are designated as serving poor or disadvantaged communities according to certain indicators of 'poverty' or 'socio-economic disadvantage'. Many other school systems take the physical location of schools into consideration and then provide extra staff or allowance to the most isolated schools (Levacic, 2008b). Still other school systems make provision for schools charged with the responsibility of offering special programmes, such as vocational programmes.

Need-based formula funding is a specific approach to designing a funding formula so that the amount which is allocated to each school is directly derived from an analysis of what school needs to spend in order to provide a specified quality of education for its students. This approach to funding requires a prior specification of the kind of educational provision that schools are expected to provide for students with characteristics, and a jus-

tification of why different forms of provision result in cost differentials. Thus needs-based formula funding relates the finance allocated to schools for their educational provision to approved differences in the characteristics of students, programmes of learning, and schools. Just dividing a given total school system budget evenly amongst all students is an administrative simple task – but would not represent a needs-based formula funding approach unless it had been agreed and demonstrated that all students in all schools had equal needs. Therefore, applying needs-based formula funding to VET system in Kosovo would help address the specific needs of characteristics of students, programmes of learning, and schools. As such, this will help address one of the main drawbacks of the current funding formula applied by MES, which is allocating funds evenly amongst all students and not necessary addressing the specific needs of school programmes. In fact, current funding formula applied by MES treats VET schools same as gymnasiums.

Needs-based formula funding for schools is a mathematical formula which “contains a number of variables (items such as number of pupils in each grade, area of school, poverty level[...]), each of which has attached to it a cash amount” (Levacic, 2008b, p. 206). School funding formulas have been around already since the late 1960s and 1970s. In Europe, in the early 2000s 13 countries employed formula-based school funding regimes along with significant financial delegation to schools (Levacic, 2008b). Considering the current political and economic state of Kosovo and the organization of the education in Kosovo, we recommend that MES implements such formula. Further, MES is currently is employing a similar approach to funding formula, but at a minimum level of detail, which does not allow adjustments for specific needs of various school profiles and sizes. Hence, proposed mathematical financing formula is very detailed and considers and addresses the specific needs of every VET school.

Below are elaborated components, indicators, and coefficients of the proposed formula. Components of the formula represent main expense categories that will be funded. Indicators are the units of measurement which attract funding in the formula. For each of the five components specific indicators are created and defined. To deliver a sum of money each indicator in the formula must be multiplied by coefficients which are monetary values attached to scale points or categories in the indicator. The final formula, therefore, is conceived as a summation of indicator values multiplies their respective coefficients in order to reach the final funding amount.

4.1.1. Components of the needs-based funding formula

Proposed needs-based funding formula consists of five main groups of components, which are also used in school funding formulas applied in OECD countries: i) staff unit allocation, ii) curriculum enhancement, iii) student supplementary educational needs, iv) school site needs, v) school performance.

- **Component 1 - Staff unit allocation** - allocating teaching and non-teaching staff for each VET school. Teaching and non-teaching staff is treated separately from the other operational expenses. Staffing is allocated in terms of staffing units rather than money.

Each type of working position attracts a certain number of staffing units. The school can appoint staff within its staffing unit allocation but not exceed it; the government reimburses actual salaries. The funding for staff also includes an additional amount for replacements during maternity leave, jubilar salaries according to collective contract for education.

Due to the fact that salaries for schools' teaching and non-teaching staff are regulated with the law on salaries of public servants⁵³ and collective agreement on education⁵⁴, proposed needs-based funding formula allocates to schools' staff in staff units only, which would reflect student staff ratio.

It is highly important to note that the proposed formula recommends that the budget for operational costs is allocated separately and cannot be used for staffing. Consequently, a potential increase in staffing units or in salaries cannot be done at the expense of the operational budget elaborated in other components of this formula.

This component is calculated by multiplying the identified indicators with their relevant coefficients. Indicators and their specific coefficients are elaborated below in their specific sections.

- **Component 2 - Curriculum enhancement** - acknowledge the different resource implications of enhanced and specific education programmes. This component analyses the needed teaching and learning resources and materials to deliver the assigned curricula successfully. Further it considers professional practice of students and the costs associated with it as well as the additional non-teaching technical staff needed for maintaining specific professional labs within schools. Being aware of the fact that there are different VET school profiles, this component analyses the indicators and coefficient for each specific VET school profile. VET schools are grouped in six main profiles as per Core curriculum for upper secondary education (gymnasias and vocational schools) prepared by MES in 2012 based on the Kosovo Curriculum Framework.⁵⁵ However, due to the fact that there are chemistry and technology VET schools currently operating independently in Kosovo, only the following five VET school profiles are considered:
 1. Agricultural schools
 2. Technical Schools (Electro-technical, machinery, construction, graphics, traffic)
 3. Medical schools
 4. School of economics and administration
 5. Artistic School

Depending on the VET school profile, higher costs can arise from additional courses, more expensive teaching materials, and additional specific working labs.

53. Law No. 03/L-147 on Salaries of Civil Servants

54. Collective Agreement on Education signed by MES on 18/04/2017

55. Core curriculum for upper secondary education in Kosovo (grades X, XI, XII)

- **Component 3 - Student supplementary educational needs** - are included in school funding formulas in order to take into account the additional resource needs of teaching students who come from disadvantaged socio-economic backgrounds, students with disabilities, impairment, and learning difficulties, and students individual learning needs. The additional resources are meant to provide further help for such students by offering them, for example, additional teaching time, specialized learning material, and smaller classes.
- **Component 4 - School site needs** - reflect the cost differentials arising from the size of the school building, physical characteristics of the school building and its location, and adequate lighting, heating, cleaning, etc. Initially a lump-sum is provided to all schools to cover the irreducible fixed costs faced by all schools of whatever size. Lump-sum approach also serves as protection for school with low number of students. Additionally, this component considers internal and external maintenance costs for the school building. Considering the fact that some school buildings are older and incur higher building maintenance costs, an age coefficient has been developed and used in calculating the funds for internal and external maintenance. Funding for utilities is allocated depending on the size of the school, number of the students, and heating system. Funding for cleaning costs is allocated based on the school building space and the number of students. School with specific professional labs are allocated an additional amount for maintaining them. Finally, because some school profiles may incur higher costs based on their specific curricula, they are given a certain coefficient. For instance, technical schools spend more electricity to perform some of the teaching and learning activities in labs.
- **Component 5 - School performance** – this component aims to provide financial incentive for schools to perform better. Schools are provided the incentive to perform better in teaching, collaborating with the industry partners, helping their students and alumni finding a job, directing their students and staff more toward entrepreneurial projects, and in engaging in local, regional and national fairs and student competitions.

4.1.2. Indicators

Indicators are the units of measurement which attract funding in the formula. For each of the five components specific indicators are created and defined.

Indicators for component 1 - staff unit allocation: Teaching staff

- Number of teachers' hours required to teach a group of students per year. Based on the administrative instructions on normative for teachers of vocational education, article 2⁵⁶, provided by MES for grades X, XI, and XII, on average a teacher is required to teach 21.2 hours/week for 34 weeks annually. The average for the number teaching

56. *Administrative Instructions (MEST) No. 05/2015 Normative for Teachers of Vocational Education*

hours per week and the number of teaching weeks per year is calculated based on the normative for teachers of vocational education for grades X, XI, and XII.

- Total number of teaching hours a year for which teachers are contracted to work (in teaching only). Based on the administrative instructions on normative for teachers of vocational education, article 2⁵⁷, provided by MES for grades X, XI, and XII, on average a teacher is required to teach 21.2 hours/week for 34 weeks annually.
- Average number of students per group. This is to be provided by school as an input.
- Total number of students per school. This is to be provided by school as an input.

Indicators for component 1 - staff unit allocation: Non-teaching staff

- School principal: one school principal regardless the number of students⁵⁸
- School vice-principal: one vice principal if the number of students is higher than 500
- School secretary/administrator: one secretary/administrator if the number of students is higher than 500⁵⁹
- Quality Assurance Administrator: one quality assurance administrator regardless the number of students
- Guard/Technical staff: one regardless the number of students
- Cleaning staff: minimum one or one for every 170 students
- Technical Maintenance staff: one regardless the number of students

Indicators for component 2 - curriculum enhancement:

Additional non-teaching staff:

- Non-technical staff for maintaining labs: based on the specific needs of the school profile. Not all VET schools need such additional staff. Only Agricultural, Technical, and Medical schools are assigned an additional staff.

Teaching and learning materials:

57. Administrative Instructions (MEST) No. 05/2015 Normative for Teachers of Vocational Education

58. Law No 04/L-032 On Pre-university Education in Republic of Kosovo Article 20

59. Law No 04/L-032 On Pre-university Education in Republic of Kosovo Article 20

- Total number of students per school. This is to be provided by school as an input.

Professional practice:

- Number of students participating in professional practice. This is to be provided by school as an input.
- Average number of professional practice days per student participating in professional practice. This is to be provided by school as an input.

Indicators for component 3 - student supplementary educational needs:

- Number of students with socio-economics disadvantage. This is to be provided by school as an input.
- Number of students with disabilities, impairment and learning difficulties. This is to be provided by school as an input.
- Number of students with individual learning needs. This is to be provided by school as an input.
- Number of extra teaching hours needed per student with individual learning needs. This is to be provided by school as an input.

Indicators for component 4 - school site needs:

Internal maintenance costs:

- School building space in m2.
- Total number of students per school.
- Age of school (New/Newly Renovated building 0-10 years old; Moderate Built/Renovated building 10.1-20 years old; Older Building > 20 years old).

External maintenance costs:

- School building space in m2.
- Age of school (New/Newly Renovated building 0-10 years old; Moderate Built/Renovated building 10.1-20 years old; Older Building > 20 years old).

Utilities (Electricity + Heating + Water + Internet):

- School building space in m2.
- Total number of students per school.

Cleaning costs:

- School building space in m2.
- Total number of students per school.

Maintenance of Specific Labs (ICT labs and others):

- Number of ICT Labs per school
- Number of Other non-ICT Labs per school

Indicators for component 5 - school performance:

- Percentage of students that passed final professional exam⁶⁰
- Number of active collaborations with industry partners
- Number of students/alumni employed through school. Employed Student/Alumni offered minimum 1 year working contract.
- Number of entrepreneurial projects developed and implemented as part of school-based activities.
- Number of participations in local/regional/national competitions/fairs

4.1.3. Coefficients

In order to deliver a sum of money each indicator in the formula must be multiplied by coefficients which are monetary values attached to scale points or categories in the indicator. In a need-based funding formula the coefficient is derived from the estimated 'extra cost' of the educational provision or operational services included in each of the components. The final formula, therefore, is conceived as a summation of indicator values multiplies their respective coefficients in order to reach the final funding amount.

Coefficients for component 1 - staff unit allocation:

The aim of this component is to allocate teaching and non-teaching staff in unit terms rather than monetary values. To translate staff units to monetary values, each indicator (position) is multiplied by its defined salary. Salaries are defined by the law on salaries for civil servants approved in 2010⁶¹. Coefficients defined for each indicator are the salaries defined by the law on salaries for public servants. Consequently, each position type, defined here as indicator, is multiplied by its salary, defined here as coefficient. Further, 5% is added to the total budget for wages and salaries to cover salaries for replacements during maternity leave and Jubilee salaries.

Since coefficients represent the salaries for each position, it is important to note that they may change in the future as new laws on salaries for public servants may be enforced.

Coefficients for component 2 - curriculum enhancement:

Additional non-teaching staff:

60. Administrative Instructions of MEST No. 35/2013 Organization of Professional Final Exam

61. Law NO. 03/L-147 on salaries of civil servants

- Assigned additional non-teaching staff is in unit basis only. To translate staff units to monetary values, each indicator (position) is multiplied by its defined salary. Salaries are defined by the law on salaries for civil servants approved in 2010⁶². Coefficients defined for each indicator are the salaries defined by the law on salaries for public servants. Consequently, each position type, defined here as indicator, is multiplied by its salary, defined here as coefficient.

Teaching and learning materials:

- Cost for teaching and learning materials per student for each VET school profile. Costs per profile are derived from the research of the needed teaching and learning materials and resources, the analysis of responses of the VET director collected by the questionnaire, direct interviews with VET school representatives, analysis of the program costing form [PCF] prepared by DEM for each school, analysis of budgeted control summary report [BCSR]⁶³ and budget development management system [BDMS]⁶⁴ prepared by treasury department in MF.
 - AS - Agricultural Schools: 20 Euro per student
 - TS - Technical Schools (Electro-technical, machinery, construction, graphics , traffic): 25 Euro per student
 - MS - Medical schools: 20 Euro per student
 - ES - School of economics and administration: 15 Euro per student
 - ASS - Artistic Schools: 20 Euro per student

Professional practice:

- Insurance cost per student per year = 3 Euro/student, derived from the offers from the insurance companies for the service.
- Transport cost per day per student = if home/school to workplace distance > 1km, 1 Euro/day per student or 0 Euro, derived from the analysis of the current pricing of the transport services.
- Meal cost per day per student = 1.5 Euro/day per student derived from the analysis of the current pricing of the food providers. This can be subject to MoUs between schools and industry partners.

Coefficients for component 3 - student supplementary educational needs:

- Full financial coverage for educational expenses = 75 Euro/student (textbooks, notebooks, pens/pencils, school uniform). This coefficient is derived from the analysis of the needed learning materials per student and their market prices.
- Assigned special education teacher is compensated based on law on salaries of civil

62. Law NO. 03/L-147 on salaries of civil servants

63. Budget control summary report [BCSR] for fiscal year 2019

64. Budget development management system [BDMS] for fiscal year 2019

servants⁶⁵.

- Cost per teaching hour per staff involved in working with students with individual learning needs. Based on the cost per teaching hour on the base salary⁶⁶.

Coefficients for component 4 - school site needs:

Lump-sum approach to protect small-size schools:

- Lump-sum per school = 3,500 Euro⁶⁷.

Internal maintenance costs:

- Internal maintenance cost per m² = 0.50 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED.
- Internal maintenance cost per student = 0.50 Euro/student derived from the analysis of expense reports provided by schools and budget reports provided by MED.
- Since some school buildings are older and incur higher building maintenance costs, an age coefficient has been developed and used in calculating the funds for internal and external maintenance.
 - Age of school: New/Newly Renovated building 0-10 years old = 1
 - Age of school: Moderate Built/Renovated building 10.1-20 years old = 1.25
 - Age of school: Older Building > 20 years old = 1.5

External maintenance costs:

- External maintenance cost per m² = 2 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Since some school buildings are older and incur higher building maintenance costs, an age coefficient has been developed and used in calculating the funds for internal and external maintenance.
 - Age of school: New/Newly Renovated building 0-10 years old = 1
 - Age of school: Moderate Built/Renovated building 10.1-20 years old = 1.25
 - Age of school: Older Building > 20 years old = 1.5

Utilities:

- Electricity cost per m² = 1.20 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Heating cost using wood = 1.20 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Heating using oil fired boilers = 1.50 Euro/m² derived from the analysis of expense

65. Law NO. 03/L-147 on salaries of civil servants

66. Law NO. 03/L-147 on salaries of civil servants

67. This amount is allocated to cover expenses under school site needs. Lump sum approach serves as protection for schools with low number of students, which may not be allocated sufficient funds to cover school site expenses just based on per students basis allocation of funds.

reports provided by schools and budget reports provided by MED

- Heating cost using district heating = 0.97 Euro/m² based on data from energy regulatory office
- Water cost per m² = 0.75 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Water cost per student = 0.35 Euro/student derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Internet cost per school = 1,000 Euro derived from the analysis of market prices from internet providers in Kosovo.

Cleaning costs:

- Cleaning cost per m² = 0.50 Euro/m² derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Cleaning cost per student = 2.25 Euro/student derived from the analysis of expense reports provided by schools and budget reports provided by MED

Maintenance of Specific Labs (ICT labs and others):

- Maintenance cost per ICT Lab = 1,000 Euro, derived from the analysis of expense reports provided by schools and budget reports provided by MED
- Maintenance cost per Non-ICT Lab = 750 Euro, derived from the analysis of expense reports provided by schools and budget reports provided by MED
- School-specific coefficient:
- School specific coefficient to adjust to the specific needs derived from the analysis of expense reports provided by schools and budget reports provided by MED
 - AS - Agricultural Schools: specific coefficient = 1.1
 - TS - Technical Schools (Electro-technical, machinery, construction, graphics, traffic): specific coefficient = 1.2
 - MS - Medical schools: specific coefficient = 1.1
 - ES - School of economics and administration: specific coefficient = 1
 - ASS - Artistic Schools: specific coefficient = 1

Coefficients for component 5 - school performance:

- Monetary amount of 1,000 Euro per school if 90 percent or more of the senior students pass the final professional exam.
- Monetary amount of 50 euro for every active collaboration with the industry partners.
- Monetary amount 30 Euro for every student or alumni employed through school. Employed Student/Alumni offered minimum 1 year working contract.
- Monetary amount 300 Euro for every entrepreneurial project developed and imple-

mented as part of school-based activities.

- Monetary amount of 100 Euro for every participation in local, regional, national, or international competitions, fairs, and projects.

4.1.4. Funding Formula Equation

The final mathematical funding formula is conceived as a summation of indicator values multiplies their respective coefficients in order to reach the final funding amount.

Budget for VET School = Staff Unit Allocation + Curriculum Enhancement + Student Supplementary Educational Needs + School Site Needs + School Performance = (Teaching Staff + Non-Teaching Staff) + (Additional Non-Teaching Staff + Teaching and Learning Materials + Professional Practice) + (Socio-economic Disadvantage + Disabilities, impairment, and learning difficulties + Individual Learning Needs) + [(Lump-sum + Internal Maintenance + External Maintenance + Utilities + Cleaning + Maintenance of Specific Labs)] * School-specific Coefficient + (School Performance)

Budget for VET School = Component 1 + Component 2 + Component 3 + Component 4 + Component 5 = $[I1h * C1h + \sum (I1i * C1i)] * (1 + C1k) + [(AS/TS/MS * C2a) + (AS/TS/MS/ES/ASS * N) + (I2a * C2b + I2a * I2b * (C2c + C2d))] + [(I3a * C3a) + (I3b * C3b) + (I3c * I3d * C3c)] + [LS + (I4a * C4a + N * C4b) * Age + (I4a * C4c) * Age + E + H + W + I + I4a * C4g + N * C4h + I4c * C4i + I4d * C4j] * C4k + [\sum (I5i * C5i)]$

Component 1 = $[I1h * C1h + \sum (I1i * C1i)] * (1 + C1k)$

Component 2 = $[(AS/TS/MS/ * C2a) + (AS/TS/MS/ES/ASS * N) + (I2a * C2b + I2a * I2b * (C2c + C2d))]$

Component 3 = $(I3a * C3a) + (I3b * C3b) + (I3c * I3d * C3c)$

Component 4 = $[LS + (I4a * C4a + N * C4b) * Age + (I4a * C4c) * Age + E + H + W + I + I4a * C4g + N * C4h + I4c * C4i + I4d * C4j] * C4k$

Component 5 = $[\sum (I5i * C5i)]$

Figure 6 Need-based Formula Funding - Components

Detailed components with indicators and their specific coefficients are found in Annex A.

Moreover, proposed funding formula has been simulated to assess the budget for VET school ‘Faik Konica’ in Ferizaj. To perform the simulation all inputs to the proposed formula have been gathered from the selected VET school and MED in Ferizaj. School budget according to the proposed formula has been compared to the school budgeted using current

funding formula. Further, based on the comparisons of the school budgets (budget based on the proposed formula vs budget based on the current formula), three conclusions have been drawn on the impact of the proposed formula to school's budget. This simulation, comparison, and drawn conclusions are found in the attached model in MS Excel (title: Proposed VET Funding Formula – Simulation).

4.2. Advantages of the Proposed Funding Formula

Key advantages of the proposed funding formula are:

- Equity – it ensures that both horizontal and vertical equity is respected. Horizontal equity refers “to the equal treatment of equally situated pupils”. “Vertical equity in education research is the notion that students should be differentially treated according to their different learning needs and characteristics⁶⁸.”
- Adequacy/Effectiveness – it acknowledges for the different resource implications of enhanced and specific education programmes. It addresses teaching and learning resources and materials needed to deliver the assigned curricula successfully. Further it considers professional practice of students and the costs associated with it as well as the additional non-teaching technical staff needed for maintaining specific professional labs within schools.
- Ensuring sufficient budget for VET schools to cover all the teaching and learning resources, administrative, and operational expenses.
- Transparency – the proposed funding formula increases transparency in terms of sources of funding, funds allocation, and spending of funds. Proposed formulae allocates funds for specific spending purposes according to well defined indicators such as number of students, school size area, and other indicators explained above. As such it increases the transparency as it clearly shows how the funds are allocated and how they should be spent.
- Accountability – proposed formula allocates funds in a clear manner and is very detailed in terms of expense types. As result, it is easy to hold accountable the involved stakeholders.
- Efficiency – proposed formula increases efficiency by allocating funds to schools based on their needs.
- Provides financial incentives for VET schools to perform better and engage in additional activities. Proposed formulae allocated additional funds to schools if they achieve certain performance levels and engage in extra curriculum activities such as entrepreneurial projects and participation in local, regional, and national competitions and fairs.

Additionally, proposed funding formula for VET system can easily be modified and ap-

68. Fazekas, M. (2012), “School Funding Formulas: Review of Main Characteristics and Impacts”, OECD Education Working Papers, No. 74, OECD Publishing. <http://dx.doi.org/10.1787/5k993xw27cd3-en>

plied for gymnasiums and other levels of formal pre-university education.

4.3. Implementing Proposed Funding Formula

Proposed funding formula is based on the current VET curricula and on current law on salaries for public servants. As such this formula is can be easily implemented without any implication with VET curricula and law on salaries. Further, considering the fact that MES is already using a funding formula for upper secondary education and the proposed formula is similar to it in nature, implementation of the proposed formula will not pose any difficulties. Proposed formula, however, is designed specifically for VET system and it is highly detailed.

Consequently, it is recommended that MES develops a procedure that need to be followed by VET schools, MED and MES to participate in the fund allocation process. The following steps may be considered:

- All inputs to formula such as number of students, average number of students per group, number of students participating in professional practice, average number of professional practice days per student participating in professional practice, number of students with socio economics disadvantage, number of students with disabilities, impairment and learning difficulties, number of students with individual learning needs, school building space in m2, number of school building floors, heating system, age of the school building, number of ICT Labs, and number of other non-ICT Labs for each VET school have to be available to VET schools, MED, MES, and MF. The information should be shared through a planned and agreed timeframe prior to start of coming school's year. As such all the mentioned stakeholders have access to the key indicators used in the formulae at any given time.
- Develop a web platform that would display the above-mentioned information. Such platform would make the information easily accessible by all relevant stakeholders and would facilitate allocation of funds as per proposed formula. Further, it would help VET school representatives update their information into the system periodically. Consequently, it would enhance transparency and accountability.
- All inputs to the formula need to be provided to MED by VET school representatives for preparation of the annual budget through a planned and agreed timeframe prior to start of coming school's year.
- MED provided with the inputs from the VET schools prepare its own budget request and submits it to MES.
- Close collaboration between schools, MED and MES is needed to ensure an effective implementation of the formula and would ease the process for budgeted preparation.
- Provide a training to relevant representatives of MES, MF, MEDs, and VET schools on the proposed funding formula and its application, and reporting on money spent.
- MED and VET school representatives meet in quarterly basis to evaluate the spent budget for the quarter, remaining balance per school, and projected expenses for the

following quarter.

4.4. VET schools' Digital Agenda

Developments in technology have transformed many sectors including education. Technology enables fundamental structural changes that can be crucial in achieving greater productivity. It can help boost productivity in both teaching and learning⁶⁹. In terms of teaching, technology provides many resources that enhance the traditional way of teaching and help keep student engaged in the classroom. Virtual lesson plans and online assessments helps teachers achieve their teaching objectives more efficiently and save time. Further, creating virtual learning environments in schools enhances collaboration and knowledge sharing between teachers. In terms of learning, technology in the classroom improves students' engagement in the classroom, improves knowledge retention, and encourages collaboration. Further, use of technology in the classroom helps students familiarize with the use of technology, which can be crucial in competing in today's labour market as more companies are adapting technology in their business processes⁷⁰.

Moreover, developments in the technologies such as augmented reality (AR) and virtual reality (VR) have fuelled the next generation of the classroom, classroom 3.0⁷¹. Classroom 3.0 is defined as "a connected, secure learning environment that simplifies and speeds the deployment of technology to students worldwide⁷²". Application of AR and VR is highly beneficial in teaching and learning as it empowers students to learn-by-doing by directly engaging with their subject matter through immersive interactive experiences. Learning transitions from traditional memorization giving students the ability to apply, analyze, evaluate their knowledge improving creativity, critical thinking, problem solving, and communication⁷³. Classroom 3.0 is being implemented in many countries across the world, including Kosovo⁷⁴.

Another important benefit of application of technologies such as AR and VR is the reduction in cost of teaching. Research shows that in long-term AR-scenarios are more cost effective compared to traditional learning⁷⁵. Main cut down costs come from relatively low-

69. *Use of Technology in Teaching and Learning*. U.S. Department of Education.

70. Haukås, M. (2020). *Vocational education and training for the future of work: Norway*. Cedefop ReferNet thematic perspectives series.

71. Fong, W. W.: *From Web 2.0 to Classroom 3.0*

72. Marvell and Stanford announce availability of the SMILE plug, now piloted in over 20 countries worldwide, and the formation of the SMILE consortium: SMILE consortium drives global adoption of "classroom 3.0" leveraging the Marvell SMILE plug: *Transforming traditional classrooms into connected, interactive and secure learning environments*. (2012, Sep 18). PR Newswire Retrieved from <https://search.proquest.com/docview/1040782348?accountid=12870>

73. <https://eonreality.com/use-cases/augmented-virtual-reality-education/>

74. UBT-Higher Education Institution in Kosovo in cooperation with EON Reality has successfully started implementation of classroom 3.0 in teaching.

75. Diegmann, P.; Schmidt Kraepelin, M.; Eynnden, S.; Basten, D. Benefits of augmented reality in educational environments a systematic literature review. *Benefits* 2015, 3, 1542–1556.

er costs for designing and renewing the courses and use of virtual laboratories. Although the costs for acquiring AR technology is high, such investment is most likely to pay off in the long term⁷⁶. Leblanc et al. conclude that, while one-time acquisition cost was high, the cost per class could be lowered by 93.34%, reducing overall costs⁷⁷.

Considering the development in technology and the benefits of its application in education, it is crucial that MES put digitalization of VET schools as a priority in its agenda. To achieve the digitalization of VET schools, MES should consider:

- Develop an ICT Competency Framework for Teaching to give teachers and schools clarity around the concept of embedding ICT into Teaching, Learning and Assessment.
- Develop an ICT Equipment grant to address the ICT infrastructural requirements of schools.
- To provide information to teachers on innovative ways to use digital technologies more actively in their own teaching, including exemplars of good practices, and facilitating the sharing of such practices amongst teachers.
- Increase digitalization capabilities with regard to distance learning which would be necessary in responding to lockdown situations such as the one caused by COVID19.

4.5. Building Effective Partnerships with Industry Partners

Currently, there is collaboration between VET schools and industry partners, even though it is not structured. Workshops conducted with stakeholders showed that these collaborations are mainly isolated initiatives taken by VET schools, MED, and MES. However, there is no joint effort of all the stakeholders in developing a process that guides the development and enhancement of effective partnerships between VET schools and industry partner.

To facilitate building of effective partnerships with industry partners, MES should consider:

- Develop awareness initiatives aiming to invite companies that taking on an active role in VET will not only strengthen the overall system but will also be beneficial for them⁷⁸.
 - Consider workshops/seminars to “sell” benefits of co-operation.
- Provide financial and non-financial incentives for businesses to cooperate with MES in

76. Andujar, J., Mejias, A., Marquez, M.: *Augmented Reality for the Improvement of Remote Laboratories: An Augmented Remote Laboratory*. *IEEE Transactions on Education* 54, 492–500 (2011).

77. Leblanc, F., Champagne, B., Augestad, K., Neary, P., Senagore, A., Ellis, C., Delaney, C.: *A Comparison of Human Cadaver and Augmented Reality Simulator Models for Straight Laparoscopic Colorectal Skills Acquisition Training*. *Journal of the American College of Surgeons* 211, 250–255 (2010).

78. *Engaging the Business Sector in Vocational Education and Training. Working Tool for Policy Dialogue and Project Design in Development Cooperation*. DC dVET 2017.

financial planning for VET. Such incentives are elaborated below.

- Develop a partnership model for VET - business sector partnership that would facilitate and guide the collaboration.
- Include experienced business representatives in the curriculum development process.

Non-financial incentives for businesses to contribute in VET:

- Public recognition of the businesses that cooperate with VET sector
- Grant preferential treatment in public tenders to businesses that cooperate with VET sector.
- Invite and offer space in fairs and other promotional activities organized and financed by MES to businesses that cooperate with VET sector.

Financial incentives for businesses to contribute in VET:

- Offer waivers in the area of non-labor costs - employers do not have to pay their part of social security contributions for sickness, unemployment and accident insurance for apprentices⁷⁹.
- Offering tax deduction - setting off training expenditure against revenue, which leads to a reduction of the company's taxable profit.
- Covering the salaries of the apprentices for the first twelve months of the employment after the training is completed. This is applicable only to cases when the businesses decide to employ VET students after they have completed on-the-job training.

However, to implement the recommended incentives certain cost-benefit analysis may be necessary.

79. *Companies Engaging in Dual VET: Do Financial Incentives Matter? Approaches in Austria, Germany, Liechtenstein and Switzerland Options, Pros and Cons for Reform Processes.* DC dVET 2019

5. Conclusions

In conclusion, this document proposes a new needs-based funding formula for VET system in Kosovo for improvement of financial planning (funding formula) for VET system. Proposed formula is customized to the specific needs of the VET system in Kosovo and addresses main challenges faced by VET schools in terms of funding. Proposed formula is designed for VET system specifically and considers all VET school profiles and recognizes their differences in terms of required teaching and learning resources and materials. However, it can easily be modified and applied for gymnasiums and other levels of formal pre-university education. In addition, proposed formula aims to promote equity, effectiveness, efficiency, transparency, and accountability.

Further, this document highlights main benefits from the application of certain technologies in education and provides some recommendations to be considered in this regard. Additionally, it provides MES with recommendation in building effective partnerships with private sector, which could yield mutual benefits to VET system and businesses, and to the overall Kosovo's economy.

Besides, this document offers an overview of the VET system in Kosovo focusing in organization of the VET system and key stakeholders, financing chain, current financing formula, and collaboration with industry. Consequently, it emphasizes analysis and key findings from the overview, which can be beneficial to the system if addressed.

Finally, proposed formula in this document offers a viable alternative to MES in improving financial planning for VET schools. Additionally, other recommendations provided in this document offer further initiatives for MES to advance VET system in Kosovo.

Administrative Instruction (MEST) No. 14/2014 Agency of Vocational Education and Training and Adults' Education (AVETA) in Kosovo

Administrative Instruction (MEST) No. 28/2014 on Criteria and Procedures for the Verification of the Occupational Standard

Administrative Instruction (MEST) No. 32/2014 on Criteria and Procedures for Quality Assurance in the Vocational Education and Training Institutions – Internal Processes

Administrative Instructions of MEST No. 35/2013 Organization of Professional Final Exam

Administrative Instruction (MEST) No. 35/2014 on Criteria and Procedures for the Validation and Approval of National Qualification and Accreditation of Institutions Providing Qualifications in Kosovo.

Administrative instructions (MEST) NO. 05/2015 for normative for teachers of vocational education

Andujar, J., Mejias, A., Marquez, M.: *Augmented Reality for the Improvement of Remote Laboratories: An Augmented Remote Laboratory. IEEE Transactions on Education* 54, 492–500 (2011).

AVETAE – *Mission to reform Vocational Education*. Published by AVETAE, 2015.

Budget control summary report [BCSR] for fiscal year 2019

Budget development management system [BDMS] for fiscal year 2019

Budget for Upper-secondary education 2020-2021, Ministry of Finance

Commission Staff Working Document, European Commission, *Kosovo 2019 Report*, COM (2019)

Commission Staff Working Document Kosovo 2020 Report*, European Commission, Brussels, 6.10.2020

Companies Engaging in Dual VET: *Do Financial Incentives Matter? Approaches in Austria, Germany, Liechtenstein and Switzerland Options, Pros and Cons for Reform Processes*. DC dVET 2019

Core curriculum for upper secondary education in Kosovo (grades X, XI, XII)

Data for schools and employment after completing secondary education at AVETAE partner schools, AVETAE 2019

Diegmann, P.; Schmidt Kraepelin, M.; Eynden, S.; Basten, D. *Benefits of augmented reality in educational environments a systematic literature review*. Benefits 2015, 3, 1542–1556.

Economic Reform Program 2019-2021

Engaging the Business Sector in Vocational Education and Training. Working Tool for Policy Dialogue and Project Design in Development Cooperation. DC dVET 2017.

European Skills Agenda, European Union, July 2020

ETF guide to Financing Prism, prepared by Marie Dorleans: *A tool for policy dialogue on financing vocational education and training*, ETF 2018

ETF guide to Formula Funding, prepared by Marie Dorleans: *A policy guidance note on reforms in vocational education financing*, ETF 2018

ETF methodology for assessing governance and financing of vocational education strategies, prepared by Marie Dorleans: *Assessing governance and financing of vocational education strategies*, ETF 2019

ETF methodology for policy analysis and social dialogue on VET financing, prepared by Marie Dorleans: *Financing Vocational Education and Skills Development*, ETF 2018

Fazekas, M. (2012), "School Funding Formulas: Review of Main Characteristics and Impacts", OECD Education Working Papers, No. 74, OECD Publishing. <http://dx.doi.org/10.1787/5k993xw27cd3-en>

Fong, W. W.: *From Web 2.0 to Classroom 3.0*

Haukås, M. (2020). *Vocational education and training for the future of work: Norway*. Cedefop ReferNet thematic perspectives series.

ISCED – *International Standard Classification of Education as adopted by the UNESCO General Conference at its 36th session in November 2011*.

KAS Education statistics in Kosovo 2017 - 2018.

KAS Education statistics in Kosovo 2018 - 2019.

KAS Education statistics in Kosovo 2019 - 2020.

Kosovo Agency of Statistics (KAS) Kosovo Population Projections 2017 – 2061. December 2017

Kosovo – EU High Level Dialogue on Key Priorities – European Reform Agenda (ERA) –, November 2016

Labor Force Survey (LFS) in Kosovo for 2019

Law No. 03/L-049 on Local Government Finance, Article 32 and 33

Law No. 03/L-040 on Local Self Government

Law No. 02/L-042 on Vocational Education and Training

Law No. 03/L-060 on National Qualifications

Law No.03/L-068 on Education in the Municipalities of Kosovo

Law No. 03/L-147 on Salaries of Civil Servants

Law No. 04/L-138 on the Vocational Education and Training, Article 13 and 14

Law No. 04/L-205 on the Employment Agency of Kosovo

Law No. 06/L-046 on Education Inspectorate in Kosovo

Law No. 06/L-133 Budget allocations for the budget of the Republic of Kosovo for 2019

Law No. 06/L-046 on Education Inspectorate in Kosovo. MEST Administrative Instruction 14/2014. Agency of Vocational Education and Training and Adults' Education (AVETAE) in Kosovo

Law no. 07 / I -001 Budget appropriations for the Budget of the Republic of Kosovo for 2020

Leblanc, F., Champagne, B., Augestad, K., Neary, P., Senagore, A., Ellis, C., Delaney, C.: *A Comparison of Human Cadaver and Augmented Reality Simulator Models for Straight Laparoscopic Colorectal Skills Acquisition Training*. *Journal of the American College of Surgeons* 211, 250–255 (2010).

Marvell and stanford announce availability of the SMILE plug, now piloted in over 20 countries worldwide, and the formation of the SMILE consortium: *SMILE consortium drives global adoption of “classroom 3.0” leveraging the marvell SMILE plug: Transforming traditional classrooms into connected, interactive and secure learning environments*. (2012, Sep 18). PR Newswire Retrieved from <https://search.proquest.com/docview/1040782348?accountid=12870>

MEST: KESP 2017-2021 Evaluation Report, 2019

National Audit Office “PERFORMANCE AUDIT REPORT - Effectiveness of linking VET to the needs of the labor market July 2020

National Development Strategy 2016-2021

OECD, et al. (2019), “Kosovo: Small Business Act profile”, in *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris.

Sector Strategy of the Ministry of Labor and Social Welfare 2018-2022

Total general government expenditure on education, 2018 (% of GDP) - Source: Eurostat (gov_10a_exp)

The 2019 SBA fact sheets: Kosovo. The European Commission.

Vocational Education and Training in Kosovo: Challenges and Opportunities April 2019 Published by “Kosovo Education and Employment Network – KEEN” www.keen-ks.net

Use of Technology in Teaching and Learning. U.S. Department of Education.

ANNEX A: Detailed components of the funding formula with indicators and their respective specific coefficients

Component 1 - Staff Unit Allocation = Teaching Staff + Non-Teaching Staff

Teaching Staff = $(I1h * C1h) * (1 + C1k)$

$I1h = N / (1 / (1.5 / \text{Avg N}))$

C1h - Salary for I1h

Teaching Staff = $1 / (1.415 / \text{Avg N})$ = Teacher to Student ratio = 1 to 1 / $(1.5 / \text{Avg N})$

Number of teachers hours a year required to teach a class of Avg N number of students = 34 weeks/year * 5 days/week * 6 teaching hours/day > 34 * 5 * 6 = 1,020 teachers hours per student group

Total number of teaching hours a year for which teachers are contracted to work: 34 weeks/year * 21.2 teaching hours/week > 34 * 21.2 = 720.8 teaching hours per teacher

Avg N = Average number of students per group

X1 = Number of teachers per student = $(1.5) / \text{Avg N}$

If Avg N = 20, then $1.5 / 20 = 0.075$ teachers per student. Resulting $1 / 0.075 = 13.34$ students per teacher.

Non-Teaching Staff = $I1a * C1a + I1b * C1b + I1c * C1c + I1d * C1d + I1e * C1e + I1f * C1f + I1g * C1g$
 $= (\sum (I1i * C1i)) * (1 + C1k)$

I1a = Principal = 1 - regardless number of students

I1b = Vice-Principal = 1 - if number of students is higher than 500

I1c = Secretary/Administrator = 1 - if number of students is higher than 500

I1d = Quality Assurance Coordinator = 1 - regardless number of students

I1e = Guard/Technical Staff = 1 - regardless number of students

I1f = Cleaning Staff = min 1 staff or number of students / 170

I1g = Technical Maintenance Staff = 1 - regardless number of students

C1a - Salary for School Principal

C1b - Salary for School Vice-Principal

C1c - Salary for School Secretary/Administrator

C1d - Salary for School Quality Assurance Coordinator

C1e - Salary for School Guard/Technical Staff

C1f - Salary for School Cleaning Staff

C1g - Salary for School Technical Maintenance Staff

C1k - Cover for salaries for replacements during maternity leave and Jubilee salaries as % of budget for Wages and Salaries = 5%

* *Need-based Formula Funding - Component 1*

Component 2 - Curriculum Enhancement = Additional Non-Teaching Staff + Teaching/Learning Materials + Professional Practice = (AS/TS/MS * C2a) + (AS/TS/MS/ES/ASS * N) + (I2a * C2b + I2a * I2b * (C2c + C2d))

VET schools grouped as in the Core Curriculum for Upper-Secondary Education in Kosovo (grades X, XI, XII)

AS - Agricultural Schools

TS - Technical Schools (Electro-technical , machinery, construction , graphics , traffic)

MS - Medical schools

ES - School of economics and administration

ASS - Artistic Schools

Additional Non-Teaching Staff = AS/TS/MS * C2a

AS - Agricultural Schools: 1 Technical assistant to maintain and perform routine preparation work in the farming fields/laboratories

TS - Technical Schools (Electro-technical , machinery, construction , graphics , traffic): 1 Technical assistant to maintain and perform preparation work labs and machinery equipment

MS - Medical schools: 1 Technical assistant to maintain and perform preparation work labs and machinery equipment

C2a - Salary for Technical Staff

Teaching/Learning Materials = AS/TS/MS/ES/ASS * N

AS - Agricultural Schools: 20 Euro per student

TS - Technical Schools (Electro-technical , machinery, construction , graphics , traffic): 25 Euro per student

MS - Medical schools: 20 Euro per student

ES - School of economics and administration: 15 Euro per student

ASS - Artistic Schools: 20 Euro per student

N = Number of students per school

Professional Practice = $I2a * C2b + I2a * I2b * (C2c + C2d)$

I2a = Number of students participating in professional practice

I2b = Average number of professional practice days per student participating in professional practice

C2b = Insurance cost per student per year = 3 Euros/day per student

C2c = Transport cost per day per student = if home/school to workplace distance > 1km, 1 Euro/day per student or 0 Euro

C2d = Meal cost per day per student = 1.5 Euro/day per student. This can be subject to MoUs between schools and industry partners.

* *Need-based Formula Funding - Component 2*

Component 3 - Student Supplementary Educational Needs = Socio-economics Disadvantage + Disabilities, impairment, and learning difficulties + Individual Learning Needs = $I3a * C3a + I3b * C3b + I3c * I3d * C3c$

Socio-economics Disadvantage: $I3a * C3a$

I3a = number of students with socio economics disadvantage

C3a = Full financial coverage for educational expenses (textbooks, notebooks, pens/pencils, school uniform) = 75 Euros/student

Disabilities, impairment, and learning difficulties: $I3b * C3b * C1h$

I3b = number of students with disabilities, impairment and learning difficulties

C3b = Special Education Teacher for students with disabilities, impairment, and learning difficulties = if $5 \geq N \geq 1$, = 1 or $N/5$

C1h - Salary for teacher

Individual Learning Needs: $I3c * I3d * C3c$

I3c = number of students with individual learning needs

I3d = number of extra teaching hours needed per student with individual learning needs

C3c = cost per teaching hour per staff involved in working with students with individual learning needs. Based on the cost per teaching hour on the base salary.

* *Need-based Formula Funding - Component 3*

Component 4 - School Site Needs: (Lump-sum + Internal Maintenance Cost + External Maintenance Cost + Utilities + Cleaning Costs + Maintenance of Specific Labs) * School-specific Coefficient = (LS + (I4a * C4a + N * C4b) * Age + (I4a * C4c) * Age + E + H + W + I + I4a * C4g + N * C4h + I4c * C4i + I4d * C4j) * C4k

Lump-sum approach to protect small-size schools.

LS = lump-sum per school = 3,500 Euro

Internal Maintenance Costs = (I4a * C4a + N * C4b) * Age

I4a = school building space in m²

C4a = internal maintenance cost per m² = 0.50 Euro/M²

N = number of students

C4b = internal maintenance cost per student = 0.50 Euro/student

Age = Age of school (New/Newly Renovated building 0-10 years old = 1; Moderate Built/Renovated building 10.1-20 years old = 1.25; Older Building > 20 years old = 1.5)

External Maintenance Costs = (I4a * C4c) * Age

I4a = school building space in m²

C4c = external maintenance cost per m² per floor = 2 Euro/M²

Age = Age of school (New/Newly Renovated building 0-10 years old = 1; Moderate Built/Renovated building 10.1-20 years old = 1.25; Older Building > 20 years old = 1.5)

Utilities = E + H + W + I

E = Electricity = I4a * C4d

I4a = school building space in m²

C4d = Electricity cost per m² = 1.20 Euro/m²

H = Heating = I4a * H1/H2/H3

I4a = school building space in m²

H1 = Heating cost using Wood = 1.20 Euro/m²

H2 = Heating using oil fired boilers = 1.50 Euro/m²

H3 = Heating cost using district heating = 0.97 Euro/m²

W = Water = I4a * C4e + N * C4f

I4a = school building space in m²

C4e = Water cost per m² = 0.75 Euro/M²

N = number of students

C4f = Water cost per student = 0.35 Euro/student

I = 1,000 Euro/school

Cleaning Costs = $I4a * C4g + N * C4h$

$I4a$ = school building space in m²

$C4g$ = Cleaning cost per m² = 0.50 Euro/M²

N = number of students

$C4h$ = Cleaning cost per student = 2.25 Euro/student

Maintenance of Specific Labs (ICT labs and others) = $I4c * C4i + I4d * C4j$

$I4c$ = Number of ICT Labs

$I4d$ = Number of Other non-ICT Labs

$C4i$ = Maintenance cost per ICT Lab = 1,000 Euro

$C4j$ = Maintenance cost per Non-ICT Lab = 750 Euro

School-specific Coefficient = $C4k$

$AS = 1.1$

$TS = 1.2$

$MS = 1.1$

$ES = 1$

$ASS = 1$

✱ *Need-based Formula Funding - Component 4*

Component 5 - School Performance: $\Sigma (I5i \times C5i)$

$I5a$ = Percentage of students that passed professional final exam

$I5b$ = Number of active collaborations with industry partners

$I5c$ = Number of students/alumni employed through school. Employed Student/Alumni offered minimum 1 year working contract.

$I5d$ = Number of entrepreneurial projects developed

$I5e$ = Number of participations in local/regional/national/international competitions/fairs

$C5a$ = if $I5a > 90\%$, 1,000 Euro or 0 Euro

$C5b$ = 50 Euro / Active collaboration

$C5c$ = 30 Euro / Student or Alumni

$C5d$ = 300 Euro / Project

$C5e$ = 100 Euro / Participation

✱ *Need-based Formula Funding - Component 5*

ANNEX B: VET School's Survey Results

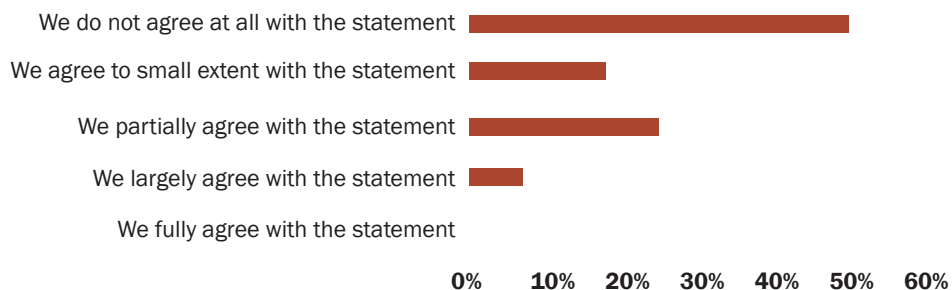
A survey distributed to all VET schools operating in Kosovo shows the current state in VET School management with regard to strategic planning and budgeting, sources and allocation of funds, financial management, cooperation with the industry and their perceptions of current management and financing of VET schools. The survey was distributed directly to school directors.

In this survey participated 29 VET schools. Participating VET schools are from different cities of Kosovo and different school profiles.

Current Financing Formula for VET

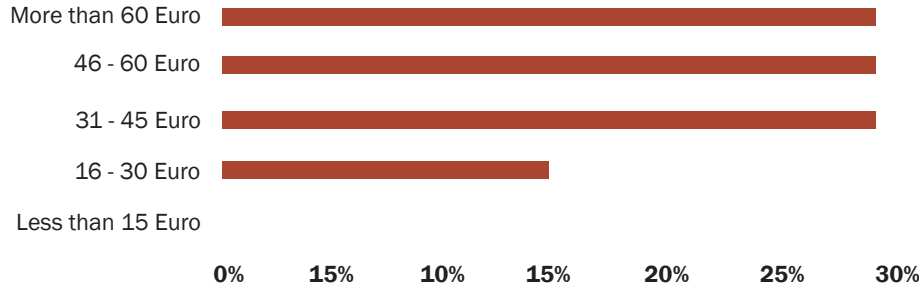
Current financing formula for VET system is mainly based on the number of students. Budget for goods and services is allocated according to the criteria 23 Euros per student, while budget for capital investments is allocated according to the criteria 7 Euros per student. However, majority of the VET school directors say that such criteria does not guarantee financial sustainability of schools.

The budget allocated for VET schools based on the criteria 23 Euros per student (for goods and services) and 7 Euros per student (for capital investments) is enough to guarantee the financial sustainability of your school



VET school directors, however, show that based on their own calculations of expenses for goods and expenses per student allocated budget of only 23 Euros per students is not sufficient. Depending on the school profiles and their own perspectives, to ensure that schools have sufficient funds to cover expenses for goods and services, schools need at least between 31-45 Euros per student. Further, around 60 percent of schools say they need more than 46 Euros per student.

Based on your own calculation of expenses for goods and services per student, can you estimate how much budget should be allocated per student to ensure the school has sufficient funds to cover expenses for goods and services

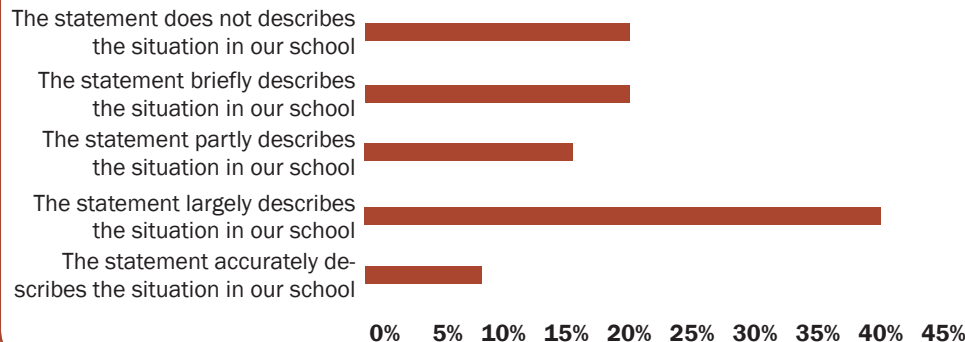


Strategic Planning and Budgeting

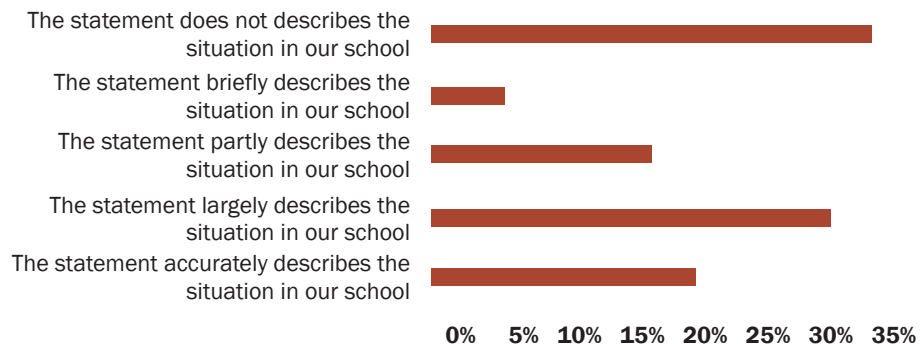
Proper strategic planning helps VET schools be in line with market needs, achieve their objectives, and properly manage their activities. Further, developing strategic financial planning in line with strategic plan enables VET schools ensure financial sustainability and state their financial needs.

According to the survey results, 43 percent of the VET schools do not have strategic plan that includes a long-term institutional financial plan updated periodically. In fact, only 7 percent of them state that they do so.

The school has a strategic plan that includes a long-term institutional financial plan (3-5 years) updated periodically



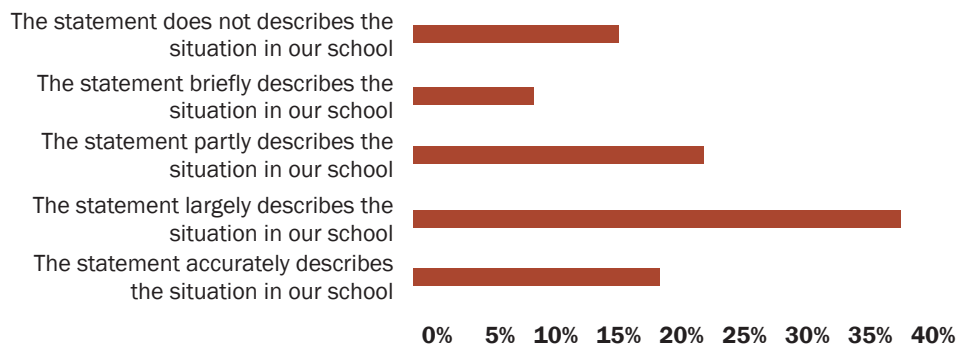
The school prepares an annual budget plan based on its strategy



In terms of annual budgeting, 33 percent of the VET schools do not prepare annual budgets according to their strategic plan. While some others do some sort of annual financial plan, only 19 percent of the VET schools prepare annual budget plan.

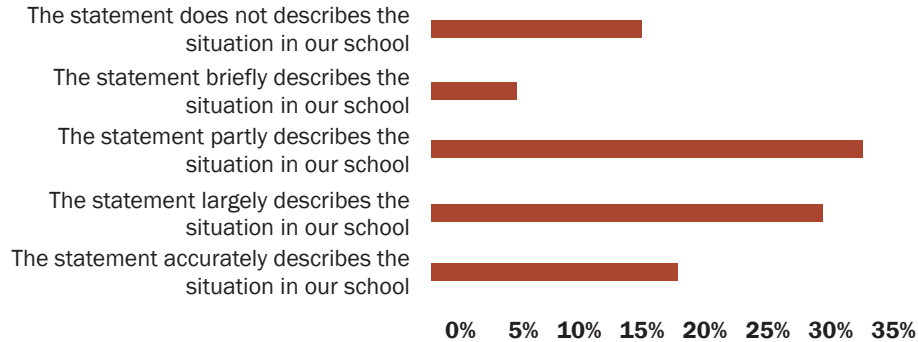
Survey results also show that not all VET schools have an adequate methodology for calculating and estimating expenses.

The school has an adequate methodology for calculating expenses



Further VET schools in Kosovo are not satisfied with the foreseen and expenditures from the governing authorities. Only 19 percent of them say that the foreseen expenses prepared MES are realistic.

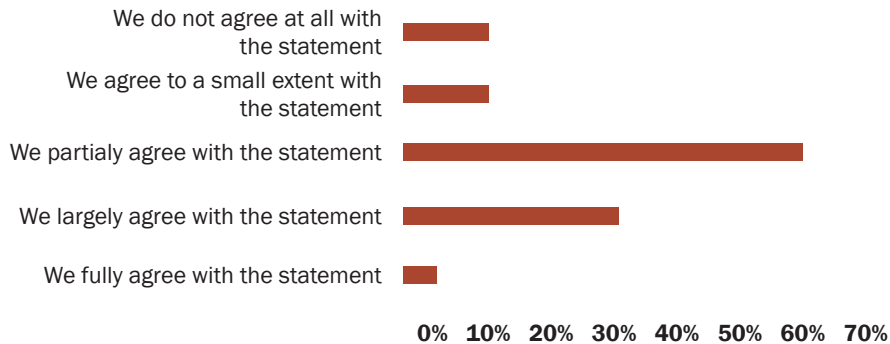
The budgeted expenditures are realistic



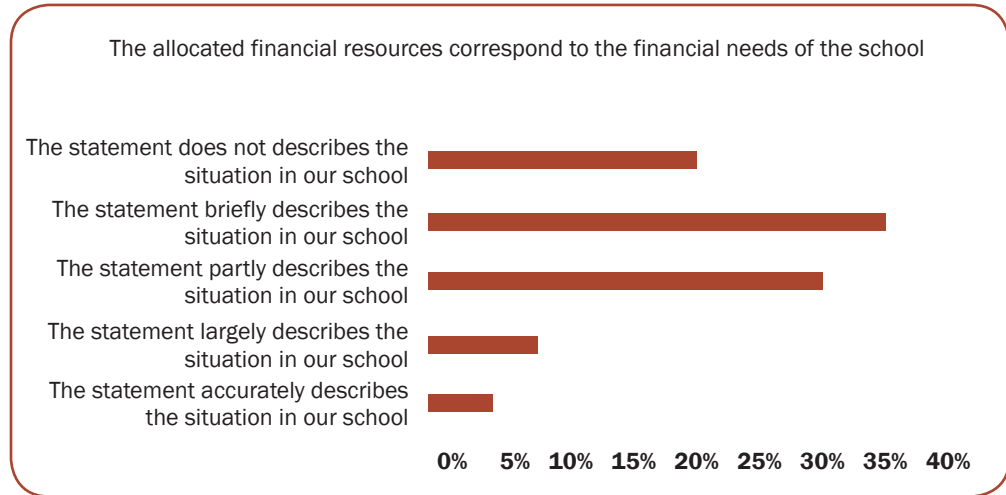
Funding Sources

Promoting quality education in VET sector in Kosovo is an objective of MES. To do so they need to provide necessary regulations and administrative directives, regarding VET schools as well as provides necessary funding. However, very few VET schools fully agree that the law and administrative directives in force on vocational education and training in Kosovo support and promote quality and sustainable vocational education.

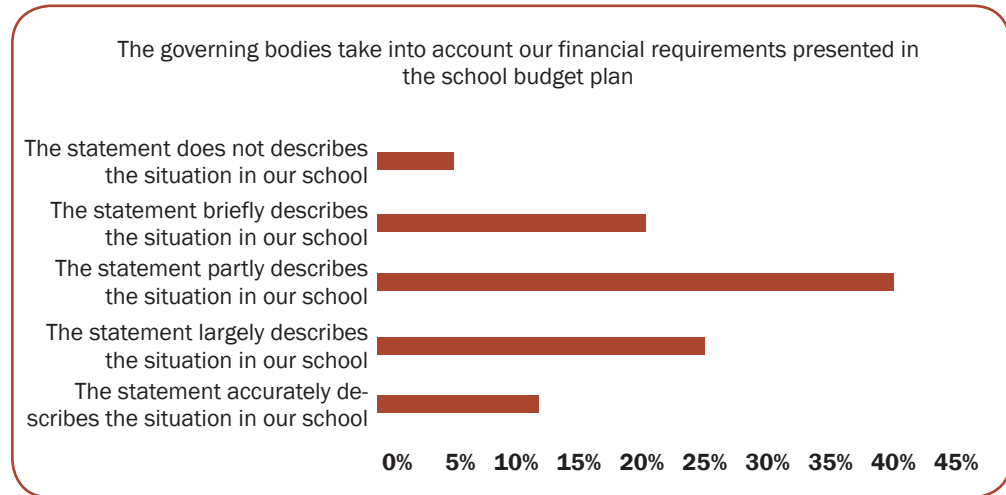
The law and administrative instructions in force on vocational education and training in Kosovo support and promote quality and sustainable vocational education



In terms of allocated financial resources, vast majority of VET schools show that the allocated financial resources do not correspond with the financial needs of the school.

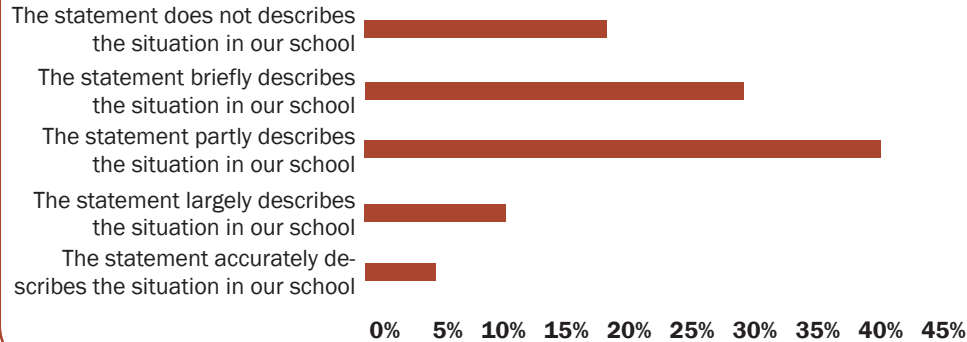


This is mainly due to the fact that government authorities do not take into consideration financial needs presented in school's budget plan.



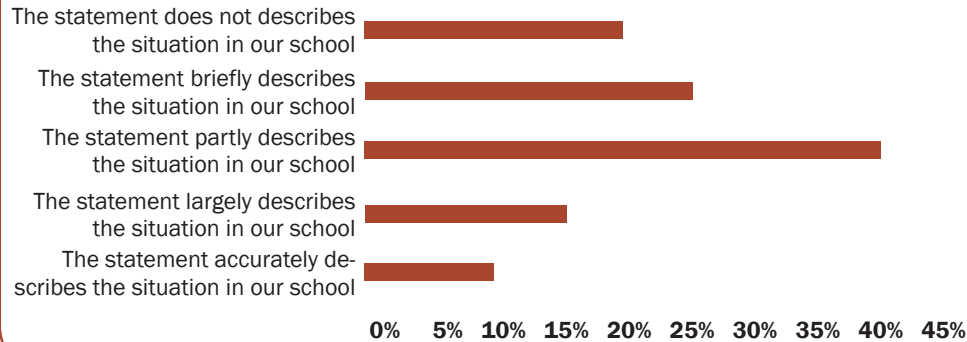
As result financial resources allocated to VET schools are not sufficient and do not guarantee long-term sustainability.

The financial resources allocated to our school are sufficient and guarantee long-term sustainability



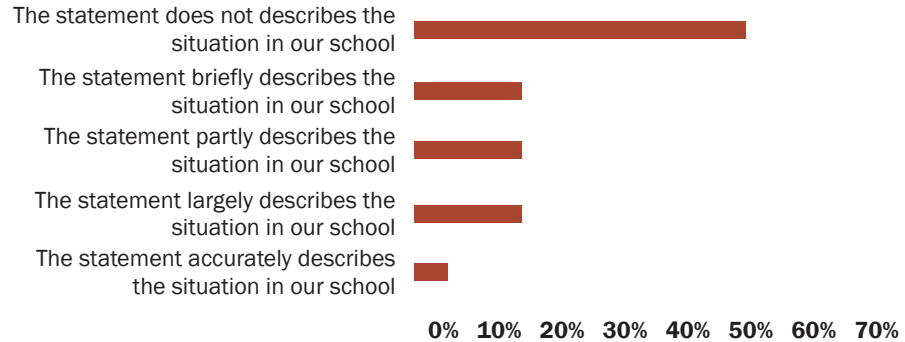
In addition, VET school representatives claim that there are no well-defined financial sources and financial resource allocation channels in place.

Financial resources and financial resource allocation channels are well defined



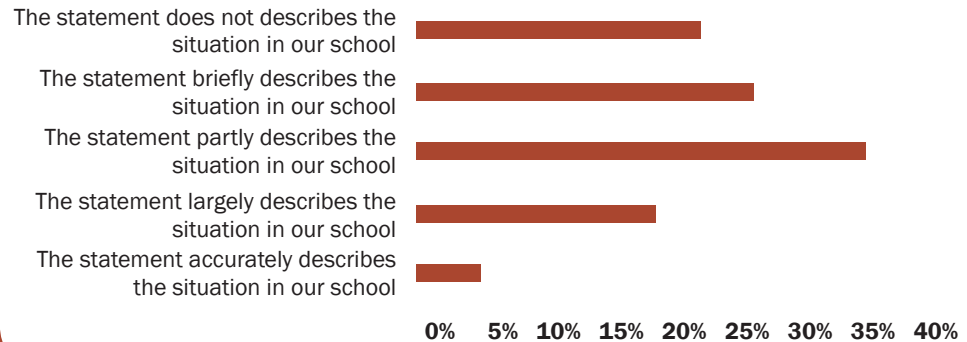
VET schools in Kosovo can also engage in generating revenue to secure funding for their operational needs. However, not many VET schools engage in such activities. In fact, 50 percent of the VET schools do not generate any revenue.

The school generates significant own source revenues through the sale of products and services



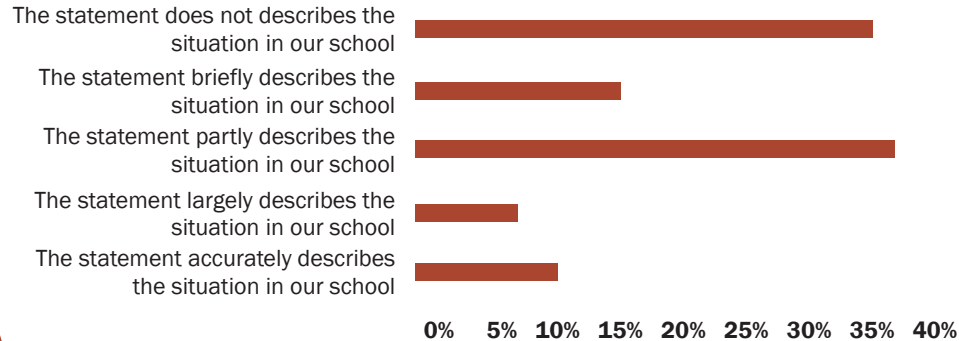
Further, there are VET schools that receive support from domestic and international donors.

The school has considerable support from donations



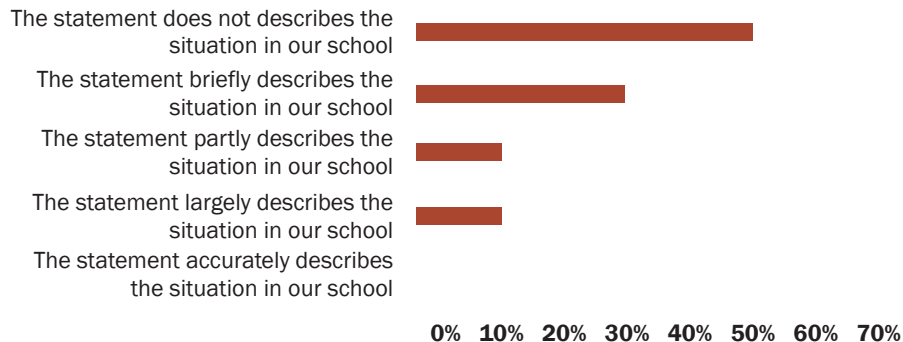
However, only 10 percent of the VET Schools claim that own funding and support from donations are essential to ensure financial sustainability for the school.

Own source revenues and donations are essential to ensure financial sustainability for the school



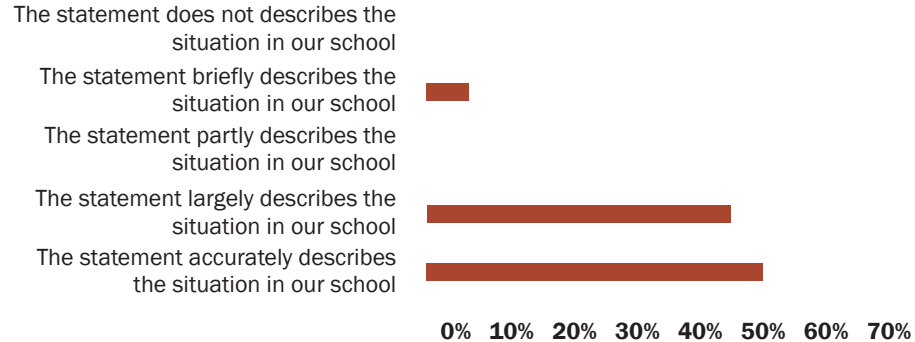
Management of the funds generates from sales and those from donations, however, remains a challenge for VET schools. None of the VET schools that participated in the survey claims that they have complete control over the financial resources generated by the sale of products and services (own source revenues) and donations.

The school has complete control over the financial resources generated by the sale of products and services (own source revenues) and donations



According to VET schools' representatives, if the schools would have complete control of the management of the budget for goods and services, their operational efficiency would be better than it currently is.

If the school had complete control over the management of the budget for goods and services, operational efficiency would be better

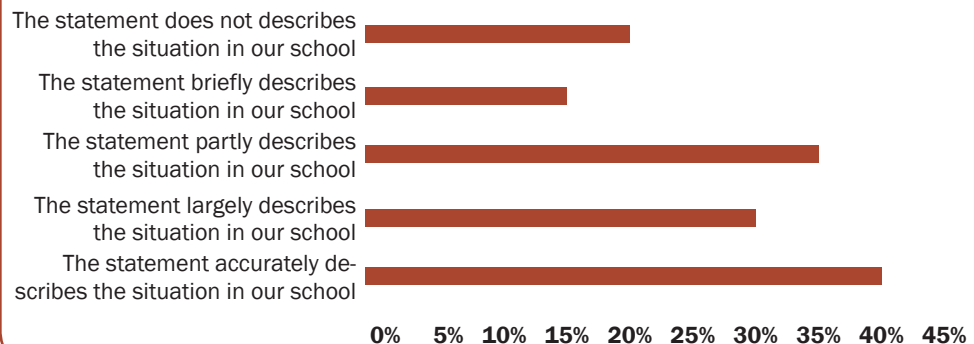


Financial Management Mechanisms

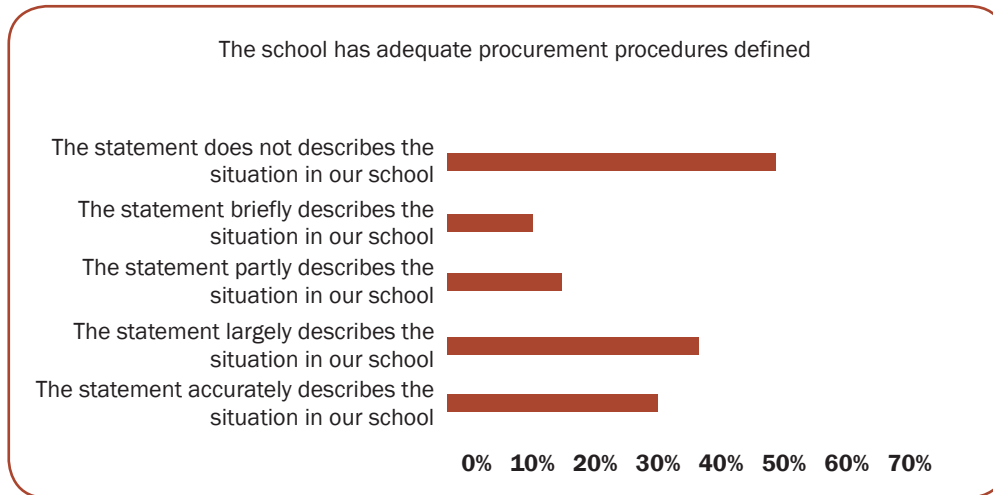
To ensure proper financial management, VET schools need to have well-defined financial budgeting procedures, procurement procedures, mechanisms for prioritizing expenditures, and prepare financial reports in regular basis.

In terms of financial budgeting procedures, only 40 percent of the VET schools state that they have adequate financial budgeting procedures defined.

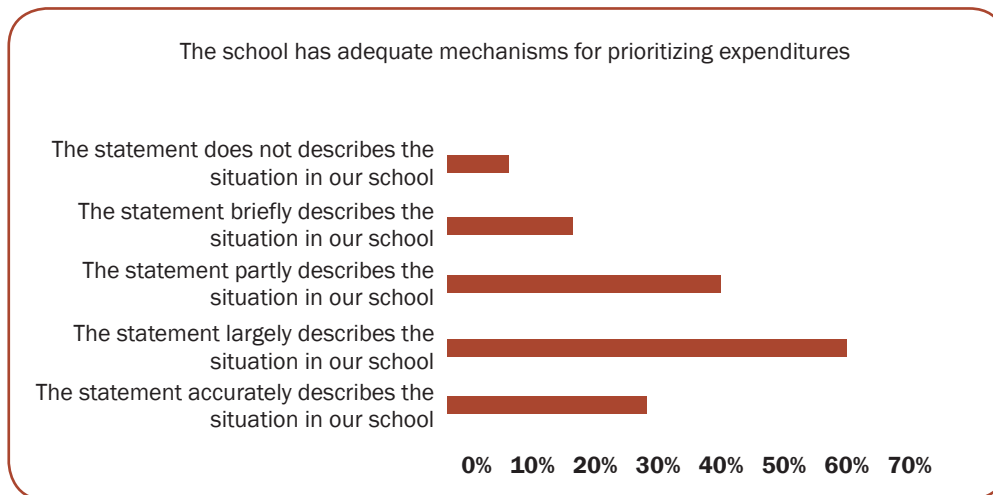
The school has adequate financial budgeting procedures defined



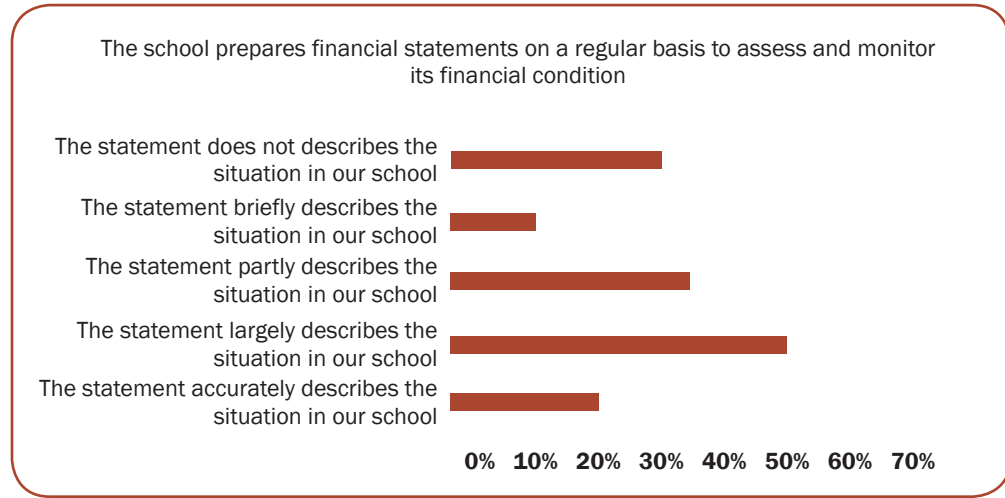
VET schools are also lacking in terms of procurement procedures as only 30 percent of them state that they have adequate procurement procedures defined. 50 percent of the VET schools claim that they do not have defined procurement procedures.



Regarding internal financial management VET schools do not have adequate mechanisms for prioritizing expenditures. Only 25 percent of them state that the schools has adequate mechanisms for prioritizing expenditures.

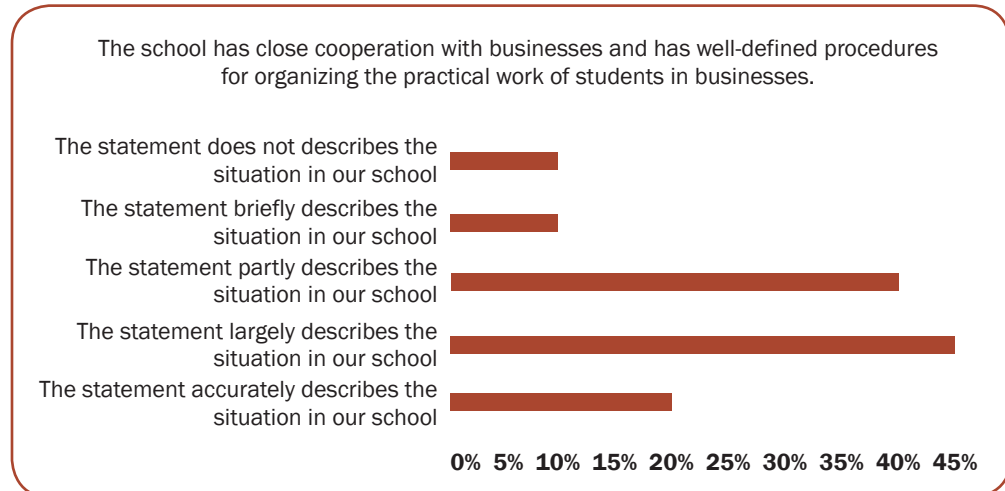


In terms of preparation and analysis of financial statements only 20 percent of the VET schools claim that they prepare financial statements on regular basis to assess and monitor its financial condition. 50 percent of the schools claim that they prepare and analyze financial statement to a satisfying level.



Cooperation with Industry

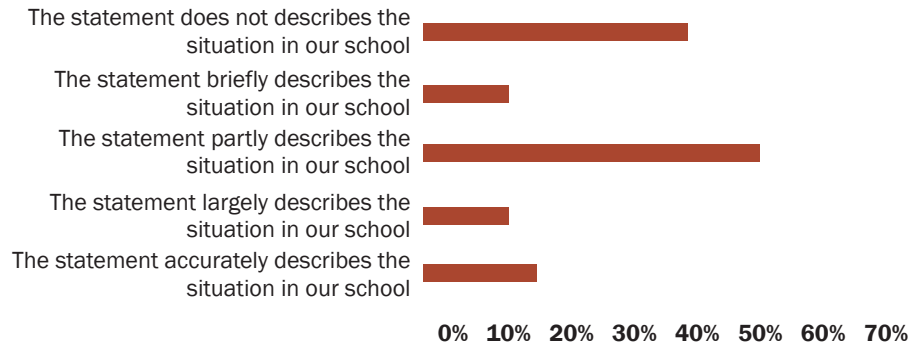
VET schools tend to have close cooperation with industry. Such cooperation is mainly initiated by VET schools themselves, but also businesses have expressed good interest in



developing cooperation with VET schools. Further, there have been various initiatives by MES and international donors to help such cooperation.

However, many VET schools face challenges in establishing regular cooperation with businesses. According to our survey, only 17 percent of the VET schools claim that they have close cooperation with businesses and that they have well-defined procedures for organizing the practical work of students in businesses.

The school has significant difficulties in identifying businesses and achieving cooperation with them for the organization of practical work of students in businesses

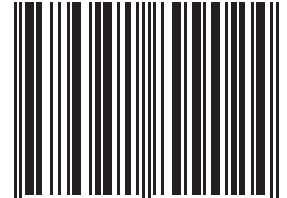


Further, a considerable portion of VET schools claim that they face significant difficulties in identifying businesses and achieving cooperation with them for the organization of practical work of students in businesses.



The future
is in our
SCHOOLS
TODAY

ISBN 978-9951-8990-2-4



9 789951 899024