

ASSESSMENT OF SYSTEMIC CHANGE IN KOSOVO'S LABOUR MARKET: INTERVENTION IN NON-FORMAL TRAINING

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INTRODUCTION

This report assesses systemic change in the non-formal training market in Kosovo and the contribution made by the Enhancing Youth Employment (EYE) project which has been implemented since 2012. The primary goal of the EYE project was to enhance the employability of young women and men in Kosovo. It had interventions in skills and labour market information.

The approach to this assessment is inspired by the helicopter view proposed in the report, 'A Pragmatic Approach to Assessing Systemic Change'. It is a complement to the intervention-based assessment that the project has already completed. The assessment describes the market of interest, the boundaries to the intervention, the current situation in the market system, how and why changes were made during the previous decade, and the contribution of the project.

Before the project started, Kosovo's economy was responding to the legacy of economic structural collapse in the early 2000s. The labour market was shrinking in the public sector and slowly growing in the private sector as market opportunities emerged and new businesses were established. By 2010, youth unemployment was high (45%) and increasing but the new businesses faced a shortage of employees with relevant skills. So,

EYE's primary focus was to improve the labor market for youth to increase employment and economic growth.

The project's ambition was modest: EYE did not anticipate having a measurable impact on the national youth employment rate or labor force participation, but it did intend to spur a systemic change in the non-formal training market leading to an equitable increase in youth employment.

Kosovo's formal education and training system is trying to solve the skills gap, but it has not adapted sufficiently and quickly enough to meet the rapidly changing skill demands of employers as it was mostly managed and funded by the public sector. Secondary and vocational schools are constrained by outdated curricula, a lack of funding for necessary equipment, and low wages for teachers which causes many to take industry jobs. Although the non-formal training market was small and not well-developed when the project started, it was considered that the skills gap could be reduced if the country had a well-functioning non-formal training market. This market provides short-term training to youths, offered by employers, training companies, industry associations, or public vocational training centers.



¹ Youth are defined as 15 - 35 years old.

² A pragmatic approach to assessing system change.

³ <https://tradingeconomics.com/kosovo/unemployment-rate>

BOUNDARIES TO THE INTERVENTION

The EYE project set boundaries in its strategy by focusing on sectors with the greatest potential for economic growth and decent and equitable job creation for youth (women and men). Of these, the sectors that presented the most feasible opportunities for partnership with EYE were prioritized.

The project selected ICT, business process outsourcing (BPO), retail, wood processing, and pastry production. The project chose not to engage in the hospitality, agriculture, and healthcare sectors as they did not meet the criteria. However, the project maintained a flexible approach to sector selection, responding to demand from the training market as it seemed appropriate. Initially, the project facilitated the establishment of training services, mostly in ICT. In later phases, it expanded into the other focus sectors and concentrated on improving the quality and inclusiveness of training providers. It chose not to address the need for business development services.

Quality Improvement: It was identified that non-formal training providers lacked a professional approach to training, with weaknesses in areas such as curriculum design, internal quality assurance mechanisms, certification, marketing, and course organization. As a result, the quality of training was generally low and unattractive. EYE's strategy was to support training providers with the aim of becoming pioneers in the field with the expectation that their success would encourage others to follow, leading to a "crowding-in" effect.

To encourage commitment to change, partnerships were based on co-funding and shared risk. Selection criteria were intentionally set higher than those of other donor-funded projects to ensure that only providers with a genuine commitment to long-term growth were supported.

Inclusion Focus: The project also recognized that the non-formal training market failed to adequately provide access to young women and individuals from non-majority communities. Therefore, EYE favored partnerships with providers actively working to improve inclusion. Although this aspect of market system transformation is complex and long-term, the project aimed to enhance employment prospects for all.

Situation of the Non-formal Training Market in the Focal Sectors in 2024

During the project period, the economic sectors that the project selected have grown and developed, providing employment opportunities for youths.⁴ Data is only easily available for ICT and wood processing and only from 2019. This is used as an illustration of the change. The number of active companies in the ICT sector grew significantly, **increasing from 2,071 to 3,951, representing a 91% growth.**

During the same period, the number of employees in this sector rose by 54% to a total of 18,649, and annual sales nearly doubled with a 91% increase.

⁴ <https://www.workforcedata-ks.org/ictdashboard>

⁵ Workforce analysis for the ICT sector in Kosovo. USAID Private Sector-Led Workforce Development Activity

In the ICT sector, approximately 47% of employees are under 35 years of age in 2023, providing an indication of youth participation in this labor market. The wood processing sector also saw substantial growth in the same period 2019 to 2023, with the number of active companies increasing from 1,644 to 2,422 (47% growth), the number of employees rising by 97% to 8,647, and annual sales surging by 201%.

Although there is an established link between the growth of the focal sectors and the improvements made to the non-formal training market, growth was also caused by other factors, such as: investment, market linkages, entrepreneurial leadership, good management, use of technology and effective marketing.

It is recognized by business owners that this sectoral growth has been partly enabled by the development of the related non-formal training market which has provided the required skilled labour. When EYE started to work with private training providers in 2012 only three offered training in ICT. By 2024, the market has expanded significantly. Information from the relevant industry council⁵ show that there are now 63 training providers in ICT and 4 in wood processing. Most recently, EYE has witnessed new entrants in the non-formal training market, such as ScanTech, Sonin, and ROI Academy in the ICT sector, as well as Loni Dekor and PNC in the wood sector. In the pastry field, new providers like Sweet Vesa and LB Group have emerged, demonstrating a strong demand for training across these industries. This increase in number is complemented by a diversification of training services due to competition. The project observed more diverse training content, new delivery methods, and the exploration of untapped customer bases.

Not all parts of the non-formal training market have improved in the last decade. Unfortunately, business associations in Kosovo continue to play a very limited role in providing training. This is primarily due to a lack of trust and collaborative spirit among businesses. Many associations receive substantial funding from aid donors and, in some cases, exist primarily because of these funds.

EYE attempted to introduce a newly accredited training program for the retail sector through the Kosovo Retail Association, in collaboration with the US Retail Federation. While the initiative initially showed promise with a successful pilot, it ultimately failed due to internal conflicts between association members.

Fortunately, Hoja, a private training provider, has taken up this opportunity and successfully provided similar training programs to individual large retailers.



Over the last decade, government-funded and managed vocational training centers (VTCs) have experienced significant deterioration. Many experienced trainers have left for more beneficial opportunities in the private sector, and a civil service hiring freeze has left some centers with unfilled vacancies due to retirements. Furthermore, the courses offered are often outdated and not aligned with the needs of employers. Even though these courses are free, student enrollment remains far below capacity, indicating a lack of confidence in the quality and relevance of the training provided. For example, courses in welding and accounting, supported by EYE, have seen limited interest.

TYPES OF CHANGES TO THE NON-FORMAL TRAINING MARKET

The changes in the non-formal training market were mainly related to improved professionalism of the training service leading to more relevant and better quality training, some innovations to reach socially excluded market segments, and better business management. The types of changes are listed below:

- Occupational standards
- Curriculum innovation
- Hybrid and online training methods
- Certification of trainers and training centers
- National accreditation
- Tracer studies
- Improved training management and marketing
- Geographic expansion
- Improving access to training for socially excluded people

WHY DID CHANGE HAPPEN AND DID EYE MAKE A DIFFERENCE?

The main driver of change in the non-formal training market was the increasing demand for skilled labour in the growing sectors of the economy. This demand created an opportunity for the non-formal training market to develop, and it did. In response, new training businesses were established, workplace training were launched and collaborations between businesses were created.

EYE contributed in a significant way by helping pioneers to make the move earlier and more capably, and by communicating the value of the innovations to other businesses so that they would follow. A key aspect of EYE's approach was to work with incentives so that businesses would continue the adoption of a new business practice or so that other businesses would innovate later. This contrasted with the standard approach of aid: direct, short-term, focused on improving capacity, small and unsustainable results.

The following sections contain a brief description of EYE's main activities in each of the areas where change has happened in the non-formal training market. This makes a link between the systemic change that has occurred and the project.

- ➔ **Development of Occupational Standards:** The project supported the development of new, relevant occupational standards. The following occupational standards were developed, verified by the National Qualification Authority (NQA) and approved at the national level by the Council on Vocational Education and Training and Adult Education (CVETAE) with support from the project: interior designers and decorators, electrical engineering technicians, carpenters. The occupational standard on carpenter has been used by Shehu Training Centre and Dekoriti Training Centre.
- ➔ **Curriculum innovation:** From the beginning of the project, one of EYE's interventions was to support training providers in revising curricula aligned with labor market demands, in collaboration with the private sector. Some examples include Beetroot Academy, which developed a new training package in IT Quality Assurance, the European College of Kosovo, which introduced new training packages in Sales and Marketing, and Hoja, which launched a Retail Basics Training Program. EYE also worked with public Vocational Training Centers to revise the curricula of ten profiles: mason, carpenter, hairdresser, make up, bread baking, dairy processing, tailor, auto mechanics, electrical installer, and accounting officer.

EYE supported the development of new training solutions. It started with collaboration of industry leaders Shehu Academy and Dekoriti Training Center to deliver trainings modules in the wood sector such as Computer numerical control (CNC), Furniture Construction and Interior Design, Digital manufacturing, and Painting illustration. The development of new training solutions continued to expand with the AUK-NGN partnership introducing training in the Fiber Optics profile for the first time, and the introduction of a new training profile for Business Analyst by Talent Management. Another collaboration, with a gender focus, was in the accounting profile. With the Society of Certified Accountants and Auditors in Kosovo (SCAAK), the project developed a specialized training solution focused on product cost calculation and IT Auditing. Furthermore, EYE supported the Vocational Training Centers by incorporating into their accounting profile the Quickbooks software. This brought innovation to the training delivery in the VTCs and aligned the delivery of the course with international standards of accounting.

- ➔ **Hybrid and online training methods:** During Phase 2, particularly following the pandemic, EYE's intervention expanded to address key market functions that were previously underdeveloped, such as improving training delivery methods, promotion, and marketing strategies. In this context, EYE supported Gjirafa to promote its hybrid executive leadership training program to young women. Additionally, EYE collaborated with Archi Edu and Probit to enhance their Learning Management System (LMS) platforms, enabling more young people to participate in hybrid training programs.

➔ **Certification of trainers and training centers:** EYE supported Bit Academy in obtaining CISCO certifications, becoming an Authorized Pearson VUE Testing Center, and certifying their trainers with Cyber Security Certifications. EYE also supported Jungle Training Center to acquire international certifications for several of their programs, including Digital Marketing, Data Science, Project Management, and Graphic Design, with CPD & Exin certifications. These international certifications have had a substantial impact on increasing youth participation in both training centers.

➔ **National Accreditation:** EYE supported Cactus Education in obtaining accreditation for their training center, offering a Level 5 qualification in ICT for the first time. More recently, EYE also supported Probit Academy in accrediting their Web Development and Junior Development programs. Additionally, EYE helped Akademia Evolucion secure accreditation for three profiles in the hospitality industry: Assistant Chef, Pizza Chef, and Hotel Manager.

➔ **Advancing Training Outcomes through Tracer Studies:** The project has been instrumental in supporting the development of tracer studies among training providers such as Melita Partners, KTC Institute, Cactus Education, Dekoriti, and Bit Academy, enabling them to track and evaluate the long-term outcomes of their graduates.

➔ **Improving marketing segmentation:** EYE facilitated the workshop 'Brand Building and Social Media Marketing,' conducted by Hallakate, which benefited 13 training providers,

including the Employment Agency of Kosovo. The primary goal of the workshop was to enhance the digital marketing skills of staff members involved in marketing and outreach at these training centers. As a follow-up, Hallakate provided consultancy services to five non-formal training centers and the Kosovo Employment Agency's VTCs. The project also used its partnership agreement with KosovaJob to incentivize marketing the service to young women jobseekers.

➔ **Increasing management capacities:** Additionally, EYE co-financed 50% of the cost for managers of Shehu and Dekoriti training centers to participate in the e-learning course 'How to Manage a Vocational Training Centre,' offered by the International Training Centre of the ILO. The course provided valuable insights into management approaches and practical concepts, equipping the centers to meet the challenges of the future of work.

➔ **Geographic expansion:** Geographic expansion remained a strong focus for EYE, particularly during the third phase, as part of a strategy to scale existing training providers. EYE supported Bonevet to expand their operations beyond Gjakova, where the first center was established, by helping to launch Bonevet Prishtina and Bonevet Kaçanik in partnership with the private company Kivo. Additionally, EYE supported Speeex Education to expand their operations to Ferizaj and Hani i Elezit. This expansion provided opportunities for youth outside of Prishtina, including minorities, to access training and employment opportunities with Speeex.

There were also several attempts to collaborate with other training providers to expand their operations beyond Prishtina. However, these efforts faced challenges in enrolling participants due to limited demand and affordability constraints.

➔ **Training access for social inclusion:**

Social inclusion was a key consideration in designing interventions under the Skills Development Outcome. However, limited improvements were made in the market overall to adopt innovations that help socially excluded people access training. EYE collaborated with Korabi Innovation Center to offer training in Serbian language and collaborated with VORAE to train a group of women from the Roma, Ashkali and Egyptian (RAE) community. Despite Korabi's effort to provide training in Serbian, demand remained low due to affordability and social norms, such as a lack of trust in Kosovar businesses, no interest in engaging with Albanian participants and lack of willingness to pay for trainings. On the other hand, EYE partnered with Nukleus Beekeeping Association in Gracanica to develop a curriculum on urban beekeeping, benefiting the Serbian-speaking population.

Furthermore, EYE collaborated with Gracanica Innovation Center to deliver training in Web Design, Arduino, and Robotics, and with NGO LINK in North Mitrovica to provide training in four modules: 1) Marketing and Sales, 2) Social Media Management, 3) Graphic Design and Content Creation, and 4) Freelancing. EYE also facilitated the certification of RAE

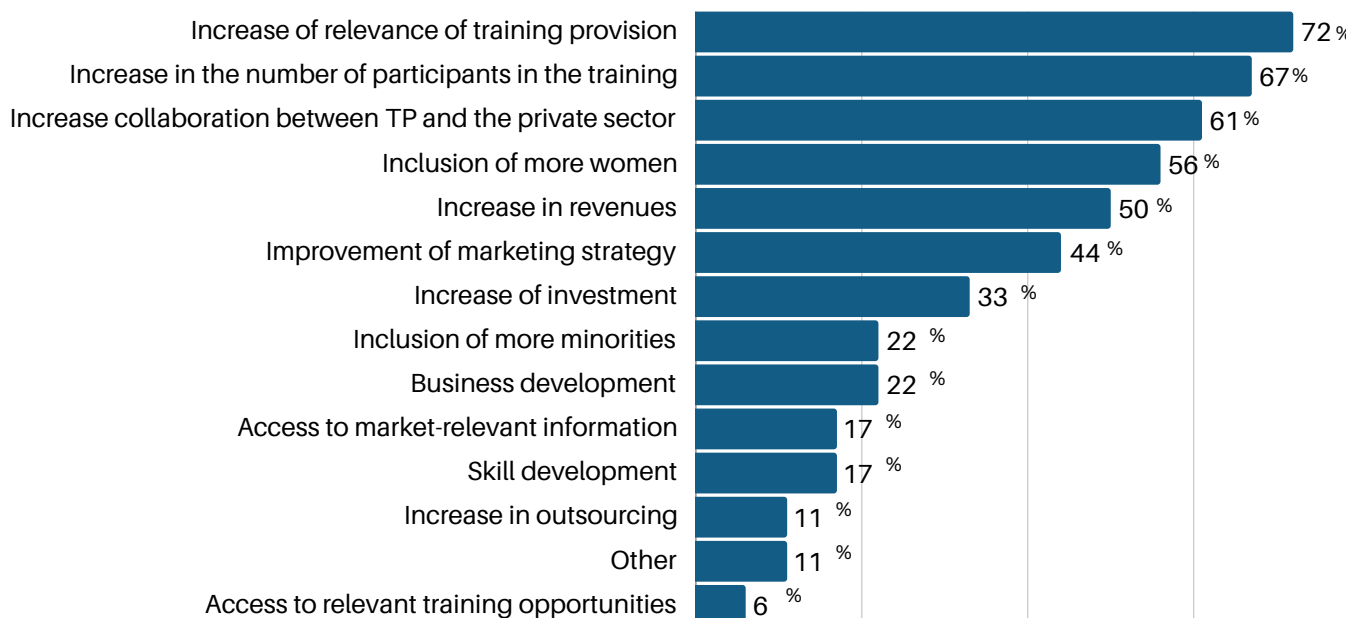
community members as welders, with 7 out of 16 trainees securing immediate employment. In terms of women's inclusion beyond what has been described above, EYE supported the Girls in ICT initiative, reaching over 5,000 girls across 13 municipalities, including those from Bosniak and RAE minorities. Additionally, the Women in Online Work (WOW) program focused on entrepreneurship and business communication training for women, co-financed with the World Bank. The project also tried to influence training partners by identifying key recommendations to make training more accessible. The reports⁶ were communicated to training providers and the Prime Minister's Office communicated it to donors.

According to the 2023 EYE assessment report⁷ with EYE partners and non-partners, the project had a broad and significant positive effect on the non-formal training market. Figure 1 shows some measures of improvement by project partners. 68% of EYE's partners reported an increase in revenue, whilst non-partners reported a decline. In addition, 55% of EYE partners reported they could continue all their operations without donor support for the next 5-10 years, showcasing long-term financial sustainability.

The top three most cited benefits were enhanced training relevance, an increase in participants, and improved collaboration between training providers and the private sector.

⁶ https://helvetas-ks.org/eye/file/repository/GSI_Brief.pdf

⁷ Helvetas Kosovo. (n.d.). *Assessing the impact of non-formal training providers and youth employment*. https://helvetaskosovo.org/eye/file/repository/Assessing_the_Impact_of_Non_Formal_Training_Providers_and_Youth_Employment.pdf



EYE partners reported a notable increase in training participation, with over 68% of institutions experiencing an increased demand for vocational programs. Many have responded by introducing new, market-aligned training profiles. From 2021 to 2022, these institutions experienced a 55% rise in the number of trainees, suggesting the project's impact in broadening access to vocational education and meeting the evolving needs of the workforce. Meanwhile, over 70% of partners indicated that they would not have achieved similar results without the contribution of EYE-facilitated activities.

Several partners praised EYE's impact on their businesses:

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“The partnership with EYE has increased investments and enhanced organizational skills.”

- Vigan Disha, SPEEEX Education

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“We had the opportunity to start other work programs, thanks to the partnership with EYE.”

- Ariel Shaban, KIVO LLC

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“The second edition of the 2023-2024 LIFE program from Gjirafa ended successfully, creating several new partnerships.”

- Jusuf Thaçi, Gjirafa, Inc.

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“We are very satisfied with EYE because when the donor is dedicated and thoroughly interested in the implementation of our activities, then the results are inevitably achieved.”

- Budimir Ničić, Medija Centar Caglavica

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The responses indicate that EYE has adopted the role of a change facilitator for both its partners and the broader market system. It achieved this by introducing expert consultants, raising the ambitions of training businesses to innovate, and fostering strong partnerships characterized by long-term commitment, active listening, adaptability, and responsiveness.

Most partners described their collaboration with EYE as transformational, emphasizing that the partnership went beyond financial support to create long-lasting organizational improvements, including the development of sustainable modules, creation of new curricula, enhancements in branding and revenue generation. EYE's ability to align its support with key market developments at the right moment was critical in driving these changes.

CONCLUSION

Over the past decade, public education and vocational training providers in Kosovo have not been able to sufficiently prepare young people for the labour market. Businesses have been incentivized to turn to non-formal training providers, as the formal education system could no longer produce the skilled workers they required. Similarly, young people could no longer rely on public education to improve their employment prospects, moving them towards non-formal training opportunities. EYE has facilitated the speed and quality of this transformation through partnerships in the non-formal training market. The market is now more diverse, competitive and responsive than it was at the start of the project. Training providers continue to adapt to the latest trends in curriculum or training methods and are resilient enough to respond to the challenge of the climate crisis and make use of the opportunity of artificial intelligence. Of course, more could have been achieved if VTCs had seized a reform agenda and if businesses could have learned to collaborate better through associations.

Clearly, other factors have helped this transformation. Society has modernized. Youths no longer solely rely on family and social connections to find work. A mindset of self-reliance has become more common with youth increasingly recognizing the need to acquire skills even if it means paying for training.

Another significant contextual change has been in European immigration policies. Easier access to European labor markets has led to a substantial increase in emigration. Youths are increasingly motivated to acquire skills because this increases the chance of finding work in European labour markets. This competition for labour has prompted some businesses to invest in training and improve working conditions to retain their employees.

While the non-formal training market has made significant progress, driven by economic demand and supported by EYE's facilitation, there are ongoing challenges—both internal, such as the need for continued innovation, and external, such as emigration—that will shape the future of Kosovo's labor market.

According to the analysis of the labor market from the employer's perspective conducted by Riinvest⁸, businesses are still dissatisfied due to a shortage of skilled workers.

The helicopter method of assessing systemic change has been useful. Although, it reveals that EYE could have made greater use of periodic surveys to measure wider and inclusive market system change through crowding-in. There are several reasons why this did not happen:

- At the start of the project, the non-formal training market was very small. The project was intervening in the whole market. But, by 2020, the market had grown considerably, but the project did not make significant contact or connection with non-partners and so in time it was too difficult to establish a link and request participation in surveys to assess wider system changes.
- The high level of aid in vocational skills development in Kosovo makes it hard to get survey responses from non-partners. The private sector is looking for a grant more than a chance to contribute to sector knowledge.
- The intervention approach was focused on partners more than the sector because of the commitment to get results, and because of the focus on short-term periodic reports to SDC. Reviews between phases did not address systemic change issues fully.
- The start of the pandemic in 2020 disturbed the process of system change as training stopped or went online. It also disturbed the operations of the project as staff worked remotely. This enhanced the partner focus of the intervention.

⁸ Helvetas Kosovo. (n.d.). *A pragmatic approach to assessing system change*.

https://helvetaskosovo.org/eye/file/repository/A_NEW_MODEL_FOR_SUSTAINABLE_ECONOMIC_GROWTH.pdf

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