

**IMPROVING ACCESS AND OPPORTUNITY:
HIGHER EDUCATION IN TRANSITION
IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

REPORT OF AN OECD REVIEW

FOREWORD

At the invitation of the South East Europe University Foundation Zurich (hereafter SEEUFZ) and in consultation with the Minister of Education and Science, the OECD has undertaken a review of aspects of higher education in the Former Yugoslav Republic of Macedonia (hereafter FYROM). The review had as its principal purpose to investigate and advise on the contribution of the South East Europe University (hereafter SEEU) to improving access and opportunity for under-represented groups and to advise on its future development. Establishment of the SEEU at Tetovo in 2001 is a major step both in extending opportunity for the Albanian community, and in providing a working demonstration of best international practice in higher education.

The country's two state universities are Sts Cyril and Methodius in Skopje (hereafter SU), and St Kliment Ohridski in Bitola (hereafter BU), and the report gives consideration to ways their roles may be extended in providing educational access and opportunity. A law to establish a third state university in Tetovo has been adopted by the Parliament. Subject to licensing and accreditation, this development has implications for the future role of SEEU. The report also addresses SEEU's expanding network of regional and international linkages.

Innovations and reforms in higher education must build upon solid foundations in primary and secondary schooling. Considered briefly in this report, these were the subject of an earlier OECD review, *Thematic Review of National Policies for Education – Former Yugoslav Republic of Macedonia*. Together, the reports of these two reviews provide an analytic framework, with recommendations for the country's authorities, the international donor community and SEEU.

The review was conducted by an international team led by Emeritus Professor Malcolm Skilbeck (Australia); Mr John Farrant (United Kingdom); Professor Boris Galabov (Bulgaria); and Professor Anthony Morgan (United States of America); together with OECD Secretariat members from the Institutional Management in Higher Education Programme, Mr Richard Yelland and Ms Teodora Parveva. The whole team made two visits to the region, respectively in February and in March 2003. In addition short visits were made by Professor Gaborov and Professor Morgan in the summer of 2003. Professor Kwiek also made a short visit and provided the team with further information and advice. The report was updated to take account of developments to 1st February 2004.

We greatly appreciate the assistance given us by the Rector of SEEU, Professor Alajdin Abazi, the Secretary-General, Dr Dennis Farrington and the staff and students of SEEU. The review was also given valuable assistance by the Minister of Education and Science, Dr Pollozhani, his Ministry and the numerous institutions, organisations and individuals who facilitated our inquiries, both in FYROM itself, in Kosovo and in Albania.

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SUMMARY AND RECOMMENDATIONS

The Context

This review was commissioned by the SEEUFZ both to aid future planning processes for the SEEU and to examine the issue of access to higher education for the under-represented minorities in FYROM.

In the course of the past decade, through a series of national initiatives, legislative changes and political processes and with the active engagement of the international community, major reforms have been undertaken at all levels of education. Despite continuing difficulties, especially in the economic sphere, but also in many aspects of social life, substantial results are already evident in higher education – in extending educational opportunities to under-represented communities and in modernising the structures and content of degrees and curricula.

The process of reform has been well launched but will need to continue to be vigorously promulgated and pursued with the active engagement of all the stakeholders. Highly trained personnel are required for both the public and private sectors, international standards of quality have to be achieved and maintained and institutional restructuring is needed to bring practice fully into line with European norms.

Improvements in higher education cannot be made in isolation from the reforms of upper secondary schooling or from wider development strategies whether educational, economic, social or cultural. Closer alignment of the different interests and sectors and more coherent, cross-sectoral policies are required to bring higher education fully into line with national development requirements. For this to occur there must be:

- A stronger commitment by the higher education sector as a whole to the principles and procedures of national economic, social and cultural development;
- More partnerships and joint ventures among the higher education institutions and between them and industry/government;
- A greater readiness to evaluate and reform established practices of institutional life including institutional structures;
- A readiness to adopt more entrepreneurial practices across the sector;
- A sharper focus by the state universities on active policies to promote access to and extend opportunity for higher education and on their practical outcomes.

South East European University (SEEU) in Perspective

SEEU has achieved remarkable progress in a very short period of time. Within two years of the first intake of students in 2001 it has attained formal recognition as a FYROM university and acceptance within the international community of universities. This reflects leadership of the highest quality, concentration of effort, entrepreneurial flair, and focus on major national needs, combined with strategically targeted support from the international community.

Initial support by the authorities, both central government and local, has been most important in ensuring that development of SEEU could proceed despite external conditions that at times have been quite unfavourable.

The University's growth has exceeded projections and expectations thereby posing immediate resource pressure. Despite such difficulties, this is a most welcome response to national need for a different kind of higher education, in respect both of minority community needs and a thoroughly modern approach to university level teaching and learning.

SEEU has recently put in place a governance and management structure which shows the hallmarks of effective academic decision making and administrative efficiency. Operating on sound academic and business principles, SEEU is well placed to address future competition and to develop over time into a major regional university with good international standing.

Specifically, SEEU has met, indeed exceeded, its stated aims of contributing significantly to the solution of the problem of Albanian language higher education, providing a carefully chosen range of teaching programmes in a broad international and European perspective and ensuring a multi-cultural approach to teaching. The University has already shown national and regional leadership in its design of curricula, adoption of small group teaching and active learning modes and in the rapid creation of an attractive green-fields campus with highly functional teaching spaces appropriate to its preferred modes of teaching and learning.

Still in its infancy after only two years of operation, SEEU has, understandably, yet to meet the requirements of a research and advanced studies (higher degree) profile that are now the norm for internationally recognised universities and its range of studies at the undergraduate level is relatively – and appropriately – modest at this stage. These are matters for the University to address in the next phase of its development planning, with a good balance in its future strategic plans of undergraduate and graduate studies, teaching, research, consultancy and service to the community.

Some aspects of its stated purposes have been modified by the University authorities, for example the requirement of universal competence in English language, and the overwhelming preponderance of Albanian speakers. These are of the order of normal adjustments reflecting responsiveness to need and circumstance. Enrolment growth has substantially exceeded targets, due to high levels of demand; this is creating great pressure on resources both human and material. New needs have been clearly identified by the University, for example the planning of leadership succession, the definition of senior roles and responsibilities, and staff development. These reflect the dynamism of the institution and alertness by the University authorities to what is required to maintain both momentum and quality in the next phase of SEEU development.

SEEU has, quite early in its development, reached a crossroads and is now faced with challenging decisions. These are mainly as a result of three factors: financial dependence on international donor support and fee income; uncertainty over the feasibility of both broadening the present range of studies and extending studies beyond the undergraduate level at this early stage of (over-enrolment and) continuing build up to a full four year undergraduate programme; current moves to resolve the long-standing issue of the citizen's initiative, TU.

Our conclusions regarding the initial years of SEEU operations are as follows:

- SEEU is a viable, thriving university which has relevance and value in its substantial contribution to meeting the needs of the Albanian community for access to high quality university education in their own language. These needs are not of a temporary or passing nature; they must be met into the indefinite future and special institutional provision is required to meet them;
- SEEU is at present the only legally constituted and formally recognised higher education institution in FYROM equipped and able to provide a wide range of studies in the Albanian language and in English at the appropriate level and to internationally recognised standards. The state universities have complementary roles in this respect, and in providing courses in disciplines and fields beyond those available at SEEU they present avenues for cooperation with SEEU in widening opportunities in the future. The establishment of a third state university, with a direct commitment to meeting higher education needs of the Albanian community, is an important new factor in the situation, with implications for SEEU (see below);
- SEEU has taken appropriate steps to establish its presence among the international community of universities and is working to achieve functional partnerships and collaborative arrangements for both staff and students with other universities - in FYROM, the region and the wider international community;
- SEEU is fully justified in seeking state funding since it is making and will continue to make a major, effective and efficient contribution to meeting needs of a high national priority. This priority is for the high level education and training of under-represented minorities, specifically the Albanian minority, both for reasons of equity and to meet the country's requirements for highly trained personnel. SEEU is doing this effectively, efficiently and in accordance with international standards for undergraduate education. If, for reasons of state finance, full funding is not immediately possible, the government should identify 'priorities within the priority' and fund selected educational and research programmes and capital projects, as far as possible in partnerships with the donor community;
- The procedures now being undertaken to establish the third state university in Tetovo can be expected to result in its formal opening in October 2004. It is important to note that this does not in itself constitute any form of "legalisation" of the existing "Tetovo University citizen's initiative". Whether, if at all, elements of this initiative are to be included in the new university is a matter for the legal processes. Assuming that academic quality requirements and operational procedures are met, it is inevitable that a new pattern of relationships between it and SEEU be established, since both have as their target populations the under-represented minorities (and specifically Albanian speakers) and they are co-habitants in the one regional city. What these relationships might be is a matter for future discussions and negotiations, but we outline several possibilities to which SEEU should give attention in its academic planning: agreements to avoid duplication; to jointly plan and develop courses; to engage in shared delivery of programmes; to undertake joint projects; to share resources; and, ultimately, to merge some activities. SEEU, in our view, must adopt an open attitude toward these possibilities, remain flexible, and undertake its development planning accordingly. Nevertheless, we believe that SEEU must map out a clear trajectory of its own. While independent of developments in and

surrounding other institutions, this trajectory should involve close working partnerships with them;

- SEEU is operating on sound financial principles and has demonstrated financial viability. It has been well supported in its initial planning, development and operations by the international community and has made effective, fully accountable use of donor funds. Further funding from these sources and a focus on income generation through the sale of services are essential to maintain present activities and to permit the further development of the university.

Overall Directions and Recommendations for SEEU

The trajectory we recommend for SEEU may be summarised as:

- Maintenance of present structure, organisation scope of undergraduate programmes and enrolment levels with build out to full four year programme by 2004-2005;
- Rapid implementation of formal agreements with other universities to develop practical partnerships for staff exchange, course development, resource sharing etc.;
- Implementation of specific campus development programmes;
- Planning introduction of elective courses in arts/ humanities (e.g. music, art);
- Planning introduction of selected masters degrees and commencing the development of an institutional research profile;
- Planning a strategy for introducing lifelong learning and mid-career professional development programmes, both self funding and publicly subsidised.

Following a two year period (to 2005) of consolidation and carefully planned development, SEEU should proceed steadily and as resources permit to establish itself as a distinctive, comprehensive university with a strong regional outlook – multilingual, with a clear bias toward Albanian and English language programmes and electives in French and German. With state funding, fee income, sale of services and, over time, decreasing reliance on donor sources, and through systematic partnerships, SEEU should be able to, in the medium term (2005-2010), extend the range of undergraduate programmes, introduce a small number of masters and doctorate programmes and establish a research profile. It will thereby become a distinctive, high quality regional university, attractive to foreign as well as local students, and a leading force for innovative higher education in Eastern and Central Europe. This development trajectory is important not only internally within FYROM, but as a contribution to meeting regional needs and giving FYROM a leadership role in regional higher education.

Accordingly, we recommend that SEEU:

1. Further develop the institution's leadership strategy to enable, beyond the present four year term of the rector, appointment by the governing board to the internationally advertised position of rector/president and deputy rector/president (administration); We recommend a management review of the operations of the deanships to ensure: full time deanships reporting to the president and with executive authority for their faculties; clearly defined responsibilities for the academic board and the faculty boards vis-à-vis the authority of the rector/president, deputy rector/president (administration) and deans;
2. Give attention to further strengthening the full-time/part-time balance of staff and to the continuing needs for staff development beyond the current programme of staff training through the auspices of the University of Indiana;
3. As per the above reference to government funding, continue to present its case for public subvention of its operations and make representation for whatever amendments to the law

- may be required to achieve this. The case should be targeted at key public priorities for highly trained personnel and include both capital and recurrent components;
4. Seek continued donor funding to refinance the endowment which has been exhausted to meet immediate operational requirements which have included:
 - ❖ Teaching space for incoming cohorts of students in 2003/04 and 2004/05 up to a total of approximately 5 000 students;
 - ❖ Augmentation of the (previously) inadequate library spaces, and collections of books and periodicals;
 - ❖ Extension of computer suites to enable technology-intensive learning for incoming student cohorts and to strengthen that already available for existing students;
 - ❖ Air-conditioning of selected teaching spaces to enable the University as soon as possible to introduce fee-for-service summer programmes and other income-earning activities during the summer;
 - ❖ An extension to the cafeteria to relieve pressure on social space;
 - ❖ Training and development opportunities for junior, Albanian-speaking staff, as an extension of the present programme at the University of Indiana.

Immediate requirements have been met to enable operations to reach a full complement of four years of undergraduate studies. However, they do not permit the continuing growth of the institution even to the minimum levels we recommend, nor will it be possible to maintain the standards of quality including language instruction, or to keep fee levels down, without a stronger financial base. Accordingly, *we strongly recommend* the grant of *four million euros* from the international community.

5. Plan and cost:
 - ❖ The introduction of graduate degree/diploma specialist programmes in areas of high national priority;
 - ❖ A university-wide research strategy, targeted at areas of high national priority.

For both of these operations SEEU should seek to work in partnership with the state universities and draw upon the expertise and experience available to it through international agreements already entered into or in progress. Additional resources would be needed for these planning operations and these might be sought from donors. Subsequently funding support should be sought from public and private sources. The latter should include a modest increase in fees of the order of 10% (with due consideration for equitable treatment of students) and with earnings from courses and consultancies.

6. Fully implement regional co-operation agreements to facilitate staff and student exchange, curriculum planning and development, collaborative research projects and to examine ways to share and make intensive, collaborative use of scarce resources for teaching and learning.
7. Undertake, through a combined working party of the Senate and Rectorate, an analysis of the aforementioned “Conclusions” and “General Directions” to devise a university-wide strategic plan including operational responsibility for different categories of staff both academic and administrative.
8. Develop a strategic plan drawing on the analysis and recommendations of this review, and through negotiations with the government of FYROM and the international donor community.
9. Develop proposals with institutional partners outside FYROM to deliver joint degrees at second cycle (Master’s) level starting in academic year 2004/05.

CHAPTER 1.

INTRODUCTION. EXTENDING OPPORTUNITY, IMPROVING EFFICIENCY

1.1 Purposes of the Review

The review brief as developed through exchanges between SEEUFZ and the OECD was to have four main elements:

1. To analyse performance and outputs to date of SEEU, and to advise SEEUFZ, staff and students, the government and donors (including possible future donors) on directions and requirements for the continuing growth and development of SEEU. This analysis and advice was to include the University's year 2000 business plan (now to be replaced by a Strategic Plan);
2. To recommend to the government, educational institutions and relevant community interests practical ways to improve access and participation rates in higher education, specifically for under-represented ethnic communities;
3. With reference to issues of access and opportunity for under-represented ethnic communities in higher education, to comment on regional developments in higher education;
4. To make such observations as might be of assistance to the Minister of Education and to the international community in their current planning and resource allocation strategies directed at higher education reform.

While the report addresses all four elements, the review team took the first of them to be its primary focus, with emphasis on the scope and direction of future university-wide development planning and funding.

1.2 Organisation of the Review

With Secretariat members, the review team made a preliminary visit to FYROM in February 2003, inspected the University, meeting staff and students, and had meetings with the President and other members of SEEUFZ, the Rector and Secretary-General of SEEU, the Minister of Education and Science, senior Ministry officers and representatives of the international community.

The main mission visit took place over a two week period in March 2003. Prior to, during and following that visit a wide array of documents including a number of international reports, addressing higher education issues both within the country and the SE Europe region, was made available to the reviewers. These documentary sources, both published and unpublished, are listed in the References. Follow up visits in May and June were made by two members of the team, Professors Gabarov and Morgan, and a report was commissioned from Professor Marek Kwiek, specifically on developments regarding the existing Tetovo University citizens' initiative (TU), to update the report he prepared for USAID in 2002.

The full team visit in March 2003 included site visits and meetings in SEEU in Tetovo, the SU, BU, and the Universities of Prishtina in Kosovo and Tirana in Albania. In addition, the team had an intensive day of meetings, discussions and a tour of facilities at TU. There were visits to and meetings with officials in several government departments and agencies, representatives of the European Union, the World Bank and individuals. Three meetings with the Minister of Education and several meetings with senior members of his staff at the Ministry of Education underlined the close interest of the government in the review.

The opportunity has been taken to update the report to February 2004.

1.3 Directions of change: towards Europe

Conditions, whether educational, economic or social have been difficult in FYROM for more than a decade. Major efforts of reconstruction have continued throughout this period and more are required. As it proceeds along a development trajectory toward ever closer association with the European Union and a widening of its regional and international relations, FYROM is, by common consent, heavily dependent on international assistance. This is in the form of both financial and material resources, and opportunities to learn from and share the experience of other countries.

Material resources are certainly needed – for pre-schools, primary and secondary schools and the universities (buildings, equipment and teaching and learning resources). For this purpose, close and continuing engagement with the international community is an immediate and continuing requirement.

Notable in higher education is the government's and the institutions' active commitment to the Bologna Framework (to which FYROM acceded in September 2003) and their engagement with the evolving European higher education and research areas. This is an important strategy, one of the centrepieces of the overall reform strategy of the Ministry of Education and Science to modernise the whole education system. The targets include strengthening the role of university level policy making and institutional management, improving access for minorities, quality assurance and implementation of structural reforms including the degree system and credit transfer.

SEEU has been designed and developed from the outset to international standards. Its structures and decision making procedures already meet the standards being sought for the whole of higher education in FYROM. The two state universities are now engaged in detailed reviews of their curricula, course structures and arrangements for teaching and learning, to meet Bologna targets by the end of 2004. There are moves at all education levels to achieve more strategic decision making, greater transparency, and accountability, with a growing realization that these will entail further structural as well as operational changes.

1.4 Steps to improve access and opportunity

Until the 1990s, there were two universities in FYROM, both public institutions: SU, and BU. In the former Yugoslavia, many students were enrolled in universities in other parts of the (then) country. For example, Albanian speakers studied at the University of Prishtina, prior to its closure under Milosevic. With the break-up of Yugoslavia, the need for increased provision in FYROM became apparent, especially for the Albanian community. Late in the 90s, quotas were introduced in the two public universities. SEEU was planned as an

independent initiative with substantial funding from the international community to address this need. Its first students were enrolled in 2001.

The “citizens’ initiative”, TU, was established in 1994 for students from the Albanian community, during a period of great turmoil. Not yet formally recognised in FYROM, some (possibly all) study areas at TU and student attainments are recognised in the Universities of Prishtina and Tirana, or so the review team was informed. Under Article 198 of the 2000 Law, students from TU were permitted to transfer to SEEU with credit granted for their previous studies (in 2003 amendments to the Law, the words “until August 2000” were inserted). Through its student enrolments across a number of faculties, TU has been addressing the need for access for almost a decade. However, lack of formal recognition and difficulty of verifying data mean that there is considerable uncertainty and debate over the educational role TU has performed. Student enrolment figures at TU are disputed and where included in this report are noted as unconfirmed. These and other difficulties are now being addressed and should be resolved with the passage of legislation to establish a third state university in Tetovo.

A notable step in improving study opportunities for under-represented minorities has been taken in the establishment of SEEU, an institution which has been designed and is operating on the most progressive principles of international university education. Established at a difficult time, politically and economically, SEEU has made most impressive progress. Through inspired leadership, determined international support and highly skilled management, after only two years since the doors were opened, it is a fully operative, State-recognised, effective institution of higher education. This achievement is quite outstanding and deserves the highest commendation.

1.5 SEEU as part of the regional and international system

SEEU has quickly extended its international role. Regional links have been established through formal agreements – including those SEEU has recently entered into with individual universities in Western Europe, with the University of Prishtina among others in the Stability and Association Pact, through European Union programmes, bilateral agreements (e.g. with the USA, and links with several Western European countries) and in the projects to align the education programs of the state universities with the Bologna model.

Thus first steps have been taken by SEEU towards the establishment of internationally collaborative programmes in curriculum design and development, pooled resources, teaching and study arrangements, and research. There is need in the years ahead not only for SEEU but for the state universities, as well, to take this process much further, in order to gain synergies of scale of operation and to strengthen academic relations across political borders. There are at present many informal networks. Any institution aiming to take up the full range of regional possibilities and challenges has to face many logistical and operational challenges. To bring the country’s higher education fully into the international arena these should be resolutely addressed – and supported by the international community.

CHAPTER 2.

THE COUNTRY IN TRANSITION: THE MINORITIES ISSUE

2.1 A decade of change

For FYROM throughout the 90s, the transition process has been difficult and slow. The country lost the essentially free market of Yugoslavia. Economic blockade and a decade of wars in the neighbouring former federal republics negatively affected economic stability and the reform process. Foreign investors have been reluctant to invest. Decline of GDP, higher rates of inflation and exceptionally high levels of unemployment marked the first years of independence. Downward trends in the economy were gradually overcome and a steady, if modest, increase of GDP was achieved after 1996, following economic reforms. The Kosovo crisis in 1999 and the ethnic Albanian armed insurgency in 2001 destabilized the country, resulting in further economic and political uncertainties. GDP, which had been expected to rise by about 6%, decreased instead by 4.6%, a negative swing of about 10%. After the drop in 2001, GDP increased in 2002; forecasts now are for modest initial growth then a steady rise in the years ahead. In 2001 FYROM signed a Stabilisation and Association Agreement with the European Union, a significant step towards ultimate realization of the country's aims to become a full member of EU and NATO.

The Ohrid Framework Agreement of 2001 and subsequent changes in the Constitution affirmed the multi-ethnic character of the country's society, and by providing for further decentralised government and wider implementation of the principles of non-discrimination and equitable representation, opened the way for reducing ethnic tensions. It is the cornerstone of ethnic equity policies for the economy, society and education.

2.2 The specific issue of the minorities

The transition period has been marred by conditions leading to pronounced ethnic dissatisfactions, especially by the Albanian community which has continued to demand more rights and increased participation in the country's affairs. Free elections following the changes in 1990s resulted in much greater participation of Albanian speakers at the political levels: Parliament, Government, and elected Local Government. Nevertheless, the Albanian community politicians have repeatedly raised the issue of low representation in public administration, the armed forces and the police, in the management of economic structures, and in the education system. Under these pressures, participation by the Albanian community at the different levels of the state administration has increased during the past several years. Upper secondary and higher education have key roles to play in achieving the necessary high skill levels and enhanced employment opportunities for under-represented groups.

Participation of some ethnic groups in secondary and higher education is low compared to the ethnic structure of the respective age cohort. The Albanian community is underrepresented at both upper secondary and tertiary levels. Albanian students in the state universities were only 4.9% of total enrolments for the academic year 2001/2002. The Albanian community has always stressed that the main reason for low participation rates has been the lack of possibilities for studies in the mother tongue at the tertiary level. However, it is important also to understand that participation rate differences at the tertiary level reflect, in part at least, lower participation rates (of all under-represented communities) in upper

secondary education. Secondary education reform must be seen as a key feature in achieving equity and efficiency objectives in higher education.

Disproportionate participation of the different ethnic groups in the state administration, the military and the police has been a source of discontent and tensions. In accordance with the Ohrid Agreement, the current Government has announced plans to increase the number of employed Albanian speakers in the budget sector from the current level of 10.7% to 14% by the end of 2003. The measure will not be accompanied by dismissal of employees from the other ethnic groups.

The other ethnic group, that is (most), seriously underrepresented at the secondary and higher education levels is the Roma (see Chapter 3, section 3). The social status of Roma families is very low with unemployment reaching 73%. These circumstances are an important factor contributing to low participation in education and underline the need for coherent, cross-sectoral policies if equity is to be achieved. There must be well co-ordinated economic, social and cultural strategies to underpin educational reform. To some extent, cultural traditions, especially with regard to young girls, also contribute to the unsatisfactory situation. While special policies and programmes need to be developed and implemented to improve the participation of Roma youth in education, the community itself must also show initiative, taking active steps towards its own advancement.

The new Higher Education Law of 2000 permitted studies in other languages besides Macedonian in private higher education institutions. This opened the door to SEEU which quickly and appropriately took advantage of the more open higher education environment. Dramatic improvement in the participation ratios resulted from the opening of the multilingual SEEU. The University enrolled 2303 Albanian students during the first two years of operation. Thus, virtually at a stroke, the total current participation rate of Albanian students in higher education rose to 9%.

When the full four years of enrolment is accomplished at SEEU in 2004, participation by Albanian speakers in higher education (excluding those who may enrol at the third state university in Tetovo) is expected to exceed 14%, a very significant improvement in less than half a decade. This figure alone underlines the contribution SEEU has already made to an important area of public policy in its first two years of operation.

CHAPTER 3.

DYNAMICS OF THE EDUCATION SYSTEM

3.1 Education Laws

The fundamental legal basis of the educational system of FYROM is the Constitution adopted in 1991. Amendments to the Constitution were introduced in 2001 following the Ohrid Framework Agreement. The Constitution affirms an equal right to education by all citizens: basic education (grades 1-8) is compulsory and free.

The legislative framework of primary and secondary education is the Elementary Education Law (1995) and the Secondary Education Law (1995). A new VET Law is in an advanced state of preparation. Under existing legislation, school education is managed centrally by the Ministry of Education and Science including appointment by the Minister of all heads of the 1 160 schools in the country. The budget is centrally distributed to all schools.

There is a well-understood need for decentralization of school management. According to the recent Law on Local Government, the local administrations are assigned competencies in “establishing, financing and administering of primary and secondary schools, in cooperation with the government, in accordance with the law”. Full implementation of this law will require a considerable investment in human resource development to achieve the necessary levels of expertise and the required structural and organisational changes.

The Constitution of 1991 granted considerable autonomy to universities, detailed through the new Higher Education Law adopted in 2000, and with amendments in 2003. This legislation provides for the establishment of private higher education institutions. The 2003 amendments importantly include provision for state financing of private higher education institutions (Article 83 refers to the establishment of a higher education funding council (previously “Fund”) and the financing of higher education activities and curricula for which the Government determines there is a public interest. The law stipulates equal opportunities for access to higher education. It also provides for the establishment of a system for quality assurance. Different sources of revenue in the budgets of state universities including student fees and income from other activities are allowed for in the Law. A further development is that an Education Credit Transfer system is being introduced together with the new, more flexible (Bologna) system of degrees that includes Bachelor, Master and Doctoral studies. These are very significant developments which provide a foundation for the present and continuing reform process.

3.2 Structure and organization

Basic compulsory education, extending over 8 years, consists of four years of primary education, starting at the age of 7, and four years of lower secondary education. After completion of compulsory education at the age of 15, students continuing at upper secondary level, enter either general secondary or vocational education and training (VET) programmes. Approximately two thirds of these students enrol in VET schools. The duration of studies is three years in vocational or four years in (gymnasium level) technical schools that offer altogether 25 profiles and more than 100 specialisations. Post-secondary vocational training lasts from one to three years. Non-university level higher education is normally of two or

three years' duration, and is provided within the universities. Thus higher education is broadly unified; there is no separate polytechnic sector.

The typical course of undergraduate university studies is four years. An intermediary degree of "specialist" is awarded for studies extended by one year in certain fields. Post-graduate studies for master degree training are organised by semester and extend over a minimum of three semesters. A master degree is required for acceptance in a doctoral programme. Studies for this programme are of two years' (minimum) duration. Admission to university education is usually based on the results of entrance examinations, together with school assessment. A new national *matura* examination is under preparation.

Most educational institutions in FYROM are owned and governed by the state. There were four private VET schools in the 2001/02 academic year. At university level there are the two state universities: SU and BU. SEEU is the principal private institution, along with some smaller graduate programmes and new institutions.

Since 1994 there has existed an independent institution, the (officially unrecognised) Tetovo University (TU), established by ethnic Albanians with the support of some municipalities controlled by Albanians. (A more detailed discussion of higher education follows, in section 3.6.)

No significant changes in the structure and governance of the educational system as a whole have been made since the country gained independence, although there are distinct signs of change in higher education, with the establishment of the SEEU, the general move to adopt the Bologna structural principles for degrees, the Minister's declared interest in a more unified university structure, and the legislation to establish a third state university in Tetovo.

Participation

Table 1 shows that in 2001/02 that there were more than 380 thousand students in 1 160 schools. Although overall there were virtually even percentages of girls and boys, girls considerably outnumber boys at the tertiary level.

The rate of participation in the 7-15 age group has improved in recent years from 93% in 1990 to 98.3% in 1998. Enrolment in secondary education increased from 57% in 1990 to 65% in 1998. The number of students in higher education also increased from 29349 in 1990 to 44 710 in the 2001/02 academic year. Students in SEEU are not as yet counted in the official statistics.

The average number of years spent in schooling (attainment age) is reported to be 10.7 years, compared with 16.4 years in OECD countries. Apparent retention rates are low by international standards: in 1991 only 61% of the students completing eighth grade basic education graduated from secondary schools and only 12.8% obtained a higher education degree.

Table 1. Participation in education by level and gender¹

2001/2002	No. of schools	No. of all students	Percentage of edu. system as a whole	Girls (number)	Girls (% of total)
Basic education 1-8 (ages 7-14/15)	1 040	246 490	64.5	119 273	45.1
Upper secondary, general and VET (ages 15-18)	95 ²	90 990	23.8	44 274	48.7
Tertiary education (ages 19 plus) Universities Non-university HE	4	44 710 ³	11.7	24 691	56.6
TOTAL	1 160	382 190	100	188 238	49.3

Source: State Statistical Office.

In spite of strong emphasis in legislation and government policies on equal opportunities for education, school attainment varies significantly in the different ethnic groups. While in primary education the participation is proportional to the ethnic composition of the population, there are distinct divisions at the higher education levels. The Macedonian speakers, who are 67% of the population, have 77% of all students in secondary education and 89% in tertiary education (excluding SEEU and TU). The Albanian community, 23% of the population, accounts for only 17% of secondary and 5% of tertiary students, in the public institutions. The Roma constitute 2.2% of the population and have a good level of attendance in primary education, but comprise only 0.5% of secondary and 0.3% of higher education students.

3.4 Educational reform proposals, policy initiatives, policy issues

The most significant *steps in the reform process* carried out so far or under way may be summarised:

- A new legislative framework for the education system.
- Substantial changes in educational content which include: elimination of the ideological dogmas of past that had penetrated almost every subject; new themes such as human rights; principles of pluralistic democracy; principles of market economy; international awareness.
- Reorganised academic programmes in the higher education institutions; new academic programmes of high public interest and responding to market needs.
- A flexible system of degrees in higher education in accord with prevailing international practice to achieve efficiencies and reflect better the needs of the market.

¹ This table does not include SEEU data

² Includes 4 private schools

³ Full-time students: 36549; 8161 part time.

- Legal opportunities for the establishment of private educational institutions.
- Steps to meet the challenges of ethnic tensions originating from unequal participation of the different ethnic groups in the higher educational levels.
- A system for assessment of the quality of education and standards of learning, including preparation of a national *Matura* examination.
- Civil society structures now influencing the development of the education system.
- Major reforms of the VET system under way.
- Educational institutions joining international programmes and networks; extended international cooperation impacting positively on the educational process.

3.5 Difficulties and challenges

The major *difficulties and challenges* for the future development of the education system in FYROM may be summed up as follows:

- Inadequate funding for continuing development of the educational infrastructure and material base, and for satisfactory remuneration of teachers.
- Inequitable participation of the different ethnic groups in upper secondary and higher education (creating ethnic tensions and dissatisfaction in a considerable proportion of the population).
- Over-centralised funding and direction, of all educational units, hampering cost-effective spending, accurate assessment of resources, and institutional initiative and responsibility.
- Teacher pre-service and in-service training requiring a complete overhaul.
- Passive teacher- centred instruction at all educational levels.
- School curricula heavy and inflexible; largely developed centrally with few possibilities for influence from the schools and the teachers.
- The legacy of an over- centralised school management system.
- Slow adaptation of the VET system to the new market demands.
- Student assessment neglecting higher level thinking skills and critical thinking; dearth of modern, competence-based assessment practices.

See also 3.6 below.

3.6 Developing reform strategies

A major difficulty for developing reform strategies is the diversity of problems that have been identified, in a situation of heavily constrained resources. It is understood that the ten Year Education Development Strategy adopted by the government in 2000 is under review. That Strategy itself exemplified the tendency to enumerate a very large number of priorities without focusing on the most urgent requirements or on those measures that would have the most beneficial multiplier effects. There is also the issue of a well costed timetable without which strategies tend to become “wish lists”, or “shopping lists” for donor support. While such support is clearly necessary, a key target must be the mobilization of the country’s

existing knowledge capital (highly trained human resources), physical plant and resources and existing international linkages. A review of these, combined with a demonstrable readiness to be flexible and innovative would greatly assist in the identification of urgently needed additional resources. There is, in fact, considerable potential to build on.

3.7 Potential

FYROM has a well-developed network of primary and secondary schools and a very solid expanding system of higher education. The teaching staff is basically well trained, albeit in traditional ways, and according to Ministry and other sources is committed in principle to improving educational content and methods. There appears to be a growing societal awareness of the needs of the educational system. Pressure both social and economic is being exerted on state bodies and political structures for improved access and a better quality of education. The drive toward European recognition and ultimate membership of the EU has mobilized creative forces and given stimulus to agencies, institutions and personnel. New legislation covering primary, secondary and higher education has paved the way to serious reforms in line with the changing society and economy and with international developments. As we have seen, many reforms have been introduced and are well under way: new educational content; participation of the different stakeholders in the management of schools; a legal basis for the establishment of private schools and universities, and many others. The universities have been granted considerable autonomy including the possibility to engage in income generating activities; the newly established SEEU, together with the quota system, have significantly improved access to higher education for the Albanian community and the establishment of the third state university in Tetovo will contribute further.

In spite of a number of outstanding problems the educational system of the country has the capacity to continue its reform momentum and improve to meet the increased demands for more accessible and higher quality education at all levels.

3.8 Profile of higher education

3.8.1 Institutions

The higher or tertiary education system is unitary, i.e. conducted entirely by universities. A two-tier degree system prior (bachelor – master) to doctoral studies was introduced in 2000 with the Law on Higher Education. An intermediary degree of “specialist” can also be obtained in certain fields after additional studies following the bachelor degree. Non-university levels of higher education leading to diplomas or certificates are offered by institutions that are part of universities.

Higher education studies are provided by the two state universities (SU and BU – respectively in Skopje and Bitola) and by the independent SEEU in Tetovo. In addition TU provides study opportunities, albeit officially unrecognised as yet. The location of these four institutions does, however, raise a question about ease of access for people living in other parts of the country, notably the north east.

The two state universities are structured into faculties that possess far-reaching autonomy with respect to the central university administration as well as government. Each of the individual faculties that have by law the status of legal entities considers itself in many ways an independent educational institution. There are 31 faculties in the two state universities. Required by law, two higher vocational schools operate as units in each of the two state universities. SEEU has five faculties and its Higher Schools offering vocational programmes commenced operations in October 2003. By contrast with the state universities, all SEEU activities are coordinated by the central university and faculty administrations in line with prevailing international practice. The university, although “private” and fee-charging, was established as an initiative of the High Commissioner on National Minorities (HCNM) of the Organisation for Security and Cooperation in Europe (OSCE) with substantial international donor support.

3.8.2 Students

As shown in Table 2, there are altogether 47 013 registered tertiary education students in FYROM; 44 710 are in the state universities, in Skopje and Bitola, and 2 303 in SEEU.

Table 2. Student enrolment in tertiary education in the state universities

1990	1994	1995	1996	1997	1998	1999	2000	2001	2002 ¹
29349	27340	29057	29583	30754	33043	36167	36922	40246	44710

¹ 2303 additional students are enrolled in SEEU, 10% of whom are non-Albanians.
Source: State Statistical Office.

The ethnic composition of tertiary education students is given in Table 3. It may be seen that at tertiary level the percentage participation of the ethnic groups is quite different from those in secondary and, especially, in basic education. For the Albanian ethnic group the respective figures are 30.9% in basic education, 17.3% in secondary education and just 4.9% enrolled in the state universities. For the Turkish minority the participation is reduced from 4.2% in basic education to 1.2% in higher education. For the Roma population the respective figures are 3.2% in basic education and 0.3% in tertiary education. These figures underline the role SEEU is already playing in raising participation rates for the minorities (see below).

Table 3. Participation in education by ethnic group and gender

Ethnic group	Primary 1998/99			Upper secondary 2000/2001			Tertiary ¹ 2001/2002		
	Total	%	Female students	Total	%	Female students	Total	%	Female students
FYROM	142 116	57.7	69 096	69 991	77.0	35 539	39 765	88.9	22 149
Albanian	76 225	30.9	36 827	15 718	17.3	6 619	2 192	4.9	1 094
Turkish	10 453	4.2	4 925	1 665	1.8	633	546	1.2	269
Roma	7 970	3.2	3 836	499	0.5	216	126	0.3	68
Vlach	435	0.3	181	238	0.3	127	417	0.9	257
Serbian	2 757	1.1	1 338	1 217	1.3	548	822	1.9	425
Other	6 534	2.6	3 072	1 652	1.8	592	707	1.7	364
Total	246 490	100	119 275	90 980	100.0	44 274	44 575	100	24 626

The data do not include the students in SEEU
Source: State Statistical Office.

Foundation of SEEU in 2001 as a multilingual institution with focus on the Albanian language and culture has resulted in a very substantial increase in the participation of Albanian students in higher education. After only two years of operation of SEEU, the percentage of Albanian students at tertiary level has almost doubled. It is expected that when the four year cycle is complete in 2004 the Albanian speakers will represent over 14% of all higher education students in the country. This is a most impressive and highly significant achievement, under very difficult circumstances.

The gender distribution reveals that women belonging to some minorities are underrepresented at the higher educational levels. In basic education the share of Albanian girls is 48.3%. The percentage is reduced to 42% in upper secondary education. Nevertheless, there is a distinct tendency for increased participation of Albanian females in the upper educational levels. Their participation in upper secondary education increased from 31% in 1992 to 42% in 2001. This is expected to have a flow-on effect in higher education and to redress the gender balance at that level.

Attrition and completion rates are an efficiency as well as an equity issue for higher education. High quality learning and timely completion of courses are no less important than access to and enrolment in higher education programmes. The numbers of students enrolled and graduating in the universities for selected years after 1990 are compared in Table 4. The data refer to the former five year study programmes at the university level. Comparisons of the data for the respective years of enrolment and graduation show that the completion rates are relatively low, typically about 50 % or less. Moreover, the official statistics for 2001 showed that 87% of students graduated after the due time. The respective percentage for the regular students is 85% and for the part-time students 93%. These figures are high by international standards. There appears to be a dearth of systematic information on the quality of teaching and learning. This should be corrected as part of present moves to establish effective quality assurance procedures.

Table 4. Enrolled and graduated students in FYROM higher education institutions

Year	<i>Enrolled students</i>		<i>Graduated students</i>		
	Nonuniversity studies	University studies	Nonuniversity studies	University studies	Doctoral studies
1989/90	1 590	27 759	980	2 884	46
1991/92	1 592	25 440	495	2 464	80
1993/94	1 683	25 440	534	2 179	49
1994/95	2 098	26 959	680	2 150	28
1995/96	817	28 766	671	2 527	51
1997/98	995	32 048	436	2 564	51
1999/00	927	35 995	402	3 338	46
2000/01	840	39 406	300	3 180	68

Source: State Statistical Office, 2003.

3.9 Opportunities for and barriers to access: enlarging capacity

For the majority of students, higher education is free. The number of students in tertiary education increased from 29 349 to 47 013 for the period 1990-2002. There are no official statistics with regard to the *rate* of participation in higher education of the relevant age cohort. It is reported to have been between 12-13% in 1991. Considering the increase of students by about 50% during the past decade it may be estimated that about 18% of the relevant age cohort continue to tertiary education at present. This figure must be treated with caution given the country's relatively high birth rate. It is evident, however, that higher education participation rates are low in relation to international trends (OECD, 1996). In spite of the considerable overall increase in student numbers, the state universities have conservative policies with regard to places for state-supported students while increasing the enrolment of fee-paying students. In this way the institutions increase their income in the absence of sufficient central budget funding.

The capacity of the current higher education system is insufficient to guarantee the desirable widening of participation in tertiary education. In addition to the issue of access by under-represented communities, changing market demands require greater numbers of highly skilled specialists. Increased rates of participation in higher or tertiary education are needed, especially in economically and socially strategic fields of study. With regard to choice of fields of studies, the state universities offer a large number of academic programmes and numerous courses. The far-reaching autonomy of faculties, however, hampers the development of cross-faculty and interdisciplinary studies that mark an important development in the sector, internationally, and may inhibit internal economies.

The country needs to be prepared for the challenge of enlarging the capacity of the higher education system to accommodate more, and more diverse, students in the future and to provide them with quality higher or tertiary education. The legal possibility for opening private universities in the legislation in 2000 was a positive step toward extended opportunities for studies and a wider choice of programmes. The opening of SEEU and increased competition should stimulate internal development of the institutions and contribute to the modernisation of educational programmes overall.

SEEU provides multilingual education in traditional fields but also in modern interdisciplinary programmes. Though SEEU is committed to support the development of the Albanian community and culture, a sizable number of students from other ethnic groups – Macedonian, Turkish, and Serbian – are also registered. The institution provides possibilities for cooperation and mutual learning among students from different ethnic groups and cultural backgrounds. Considering the accumulated problems in the higher education system, the establishment of SEEU was a most important step toward the restoration of ethnic and cultural tolerance. The new institution is attractive to prospective students also because the educational process is based on new methodologies that include student centred interactive learning, wider application of ICT and modern assessment methods.

In pursuing its goal of preparing students to participate in the regional as well as the national labour market and in the international community, SEEU emphasises teaching of English as a common medium in most subjects. Once the legislation to establish the third state university is adopted, the distinctiveness of SEEU in this respect will become a key strategic issue for its future development.

To summarise, poverty, geographical location, ethnic origin and mother tongue, and gender are factors affecting equity of access to all levels of education. It is most probable that the other categories of potential disadvantage (socio-economic, students with disabilities, geographic location etc. discussed in chapter 1) are also relevant but we do not have data on them. Enlarging access is an issue affecting secondary as well as tertiary education policies. To avoid a trade-off between quality and participation, innovative measures are required. These could include more collaboration, joint programmes, sharing facilities, and greater use of information and communication technology.

3.10 Policy initiatives and issues arising

Higher education in FYROM is undergoing substantial reforms to meet the demands of the emerging democratic society and free market economy. Strenuous efforts are under way to facilitate integration of the system into the European higher education space. A number of important developments have taken place through new legislation and policy initiatives. In summary:

- A flexible system of higher education degrees incorporating the internationally established bachelor, master and doctoral levels of studies.
- The European Credit Transfer System, implemented in a number of faculties.
- In some faculties, a more fundamental credit and transfer process within and among faculties.
- The framework for a national system for quality assurance in higher education to design and oversee quality assurance procedures in the universities.

- The possibility for founding of private universities enshrined in law; the first new private university now fully operational.
- Positive developments regarding use in universities of the mother tongue of national minorities; the new legislation opened opportunities for education in the mother tongue in private institutions; multilingualism and the use of the international medium of English featured in the foundation of SEEU in 2001.
- Special enrolment quotas established in the state universities to improve opportunities for minority students; university programmes for training of teachers in minority languages extended.
- The research traditions of the state universities are quite strong and were well grounded in the competitive research environment of former Yugoslavia; many researchers at that time were also able to collaborate with colleagues in Western countries; in many fields the state universities are able to provide students with the essential blend of training and research.

In spite of these positive elements there are a number of outstanding problems and issues for the system as a whole:

- Except in SEEU there appears to be a relative dearth of innovative approaches to course design and delivery. The prevailing pedagogical approach in the state universities is the old “ex cathedra” method whereby the students tend to be passive learners, recapitulating knowledge for regurgitation in formal examinations; interactive methods that involve considerable work from students throughout the semester have not yet been widely introduced.
- Much education and research infrastructure is physically old and frequently outdated.
- Library resources and scientific information systems generally fall well below basic international standards (within its resources, SEEU operates a modern library and information system).
- The new accreditation system is based on mostly formal criteria: availability of physical infrastructure, number of qualified teachers, library services, etc.; insufficient attention is being paid to evaluating the quality and effectiveness of training, learning outcomes and assessment methods commonly in use.
- No clear procedures have been established to coordinate the priorities of the different Government agencies and the universities in the planning of student enrolment; the enrolment quotas do not appear to be linked to labour market needs.
- The funding of higher education from the state budget is low by international standards.
- The extreme autonomy accorded to individual faculties in the state universities hampers the development and implementation of coherent institutional policies and the introduction of interdisciplinary educational programs and cooperative research; the “faculty model” needs to be brought into line with contemporary international approaches, balancing individual faculty strength and freedom with institution-wide missions, structures and operations, and requiring strong overall leadership and co-ordination and strategic financial management.
- Access to higher education is still an outstanding issue in spite of the positive steps already implemented.

- Comprehensive, system-wide strategies are needed to promote innovation in teaching and learning, including a fully functioning credit and transfer process to stimulate cooperation among FYROM and regional higher education institutions. More intensive use of all available resources requires a readiness to change existing structures and practices.

Higher education has a crucial role to play in national economic development and in the reconstruction of civil society. A more comprehensive and definite reform momentum is needed. This is all the more obvious given current efforts to comply with the Bologna process and implementation of the Lisbon convention. Successful participation in European aid and partnership programmes and the desire to participate fully in the activities of the international higher education community require a more dynamic, responsive, flexible system, operating in full partnership with the major economic, social and cultural forces in the country. SEEU has played a key role in its international strategies and should be further supported both in its own international networks and in providing leadership within FYROM and in the region.

CHAPTER 4.

DEVELOPING SEEU: REVIEWING THE BUSINESS PLAN

4.1 Inception

Amendments to the draft law on higher education which the government of FYROM adopted in early 2000 permitted private higher education institutions to teach in the languages of ethnic communities, or in “world languages”, so long as the Macedonian language was studied also for at least two “courses”. Furthermore, private institutions should be able to gain recognition by the same criteria and processes as the state institutions. The Parliament passed the Law in July 2000 and it came into force the following month.

With these amendments accepted in principle, the OSCE High Commissioner on National Minorities pressed forward with the project he had conceived for a private institution in FYROM which would provide higher education in the Albanian language in an internationally oriented institution. This project was encapsulated in a descriptive and financial business plan which was prepared by May-Project Inc. in its first version in September 2000 and on the basis of which funding was sought from the international donor agencies. After further consultations with the Albanian community, the business plan was amended, and the version we have seen is dated 7 December 2000. This version (hereafter the “Business Plan”) sets out the project for which members of the international community pledged financial support. (A fuller account of the events leading up to the opening of SEEU is contained in SEEUFZ, *Annual Report 2001* [Zurich, 2002], pp.1-13.)

It was a truly remarkable achievement that SEEU commenced operations on a purpose-built, green-fields campus on the outskirts of Tetovo, with nearly 900 students in October 2001.

4.2 Mission

The SEEU’s statute of September 2002 states that SEEU will:

- pursue excellence in teaching and research;
- be open to all on the basis of equity and merit regardless of ethnicity;
- actively seek co-operation with other universities, both in the Former Yugoslav Republic of Macedonia and in South East Europe as a whole.

The university will have as its main aims:

- to contribute to the solution of the problem of Albanian language higher education;
- to promote inter-ethnic understanding;
- to ensure a multilingual and multicultural approach to teaching and research; and
- to develop its teaching programme in a broad international and European perspective.

4.3 The Business Plan: outcome compared with intention

The SEEU mission statement and set of aims establishes a firm balance of purposes and principles common to the international system of universities, and the particularities of ethnic issues specific to higher education in FYROM.

In this section we assess the extent to which that Business Plan of December 2000 has been fulfilled and review the divergences from it. In the following section and in Sections 5 and 6 we consider options for the future and make specific recommendations, in the light of changed circumstances.

4.3.1 Identification of academic programmes

Given the framework provided by the Law on Higher Education, the Business Plan opened by considering what should be the subjects of study offered by the proposed institution. It postulated that the value proposition of a higher education institution consists of its academic offerings and their costs to students, with the market value of a future degree being a decisive factor. Six criteria against which to assess possible offerings were set out:

- relevance to the actual and likely future development needs of FYROM in transition to a democratic, market-oriented, nation within a global environment
- relevance to the demonstrated needs of public and private sector employers for graduate-level employees
- consistency with the current and likely future success rate of graduate employment in different disciplines
- capacity for conduct within a coherent academic framework
- complementarity to existing higher education activity in FYROM
- significant contribution to the personal and social development of students.

These criteria, while affirming academic coherence and personal fulfilment, are closely related to the perceived evolution of the social, cultural, economic and educational context, and the “broad international and European perspective” subsequently defined as one of the University’s four main aims. This perspective informs each of the programme areas that have been adopted. The Business Plan applied these criteria first to the Humanities, the Natural Sciences and the Applied Sciences. The Humanities being rated most positively, the criteria were then applied to sub-sets of the Humanities: the socio-economic sciences, the cultural sciences and arts, and the classical humanities. The first of these being rated most positively, specified programmes of study were then proposed. This approach accorded priority to criterion 4, by directing the institution towards a group of cognate disciplines.

The proposed programmes, with their rationale, were:

- *Law*, training for which in FYROM and elsewhere in the region is not always compatible with European standards, particularly with regard to graduates’ basic and professional skills training and to their capacity to cope with increasingly internationally-orientated economic and legislative settings

- *Business Administration*, which is still often taught as part of general economics; a programme reflecting a high degree of international input in terms of teaching personnel and curriculum is seen as an important contribution to revitalising the country's economy
- *Public Administration*, training for which is increasingly available at higher education level in Western Europe and beyond, reflecting the professionalism now required of modern public management. Since ethnic Albanians are significantly under-represented in the civil service, the FYROM authorities are having to take extraordinary steps, with the support of the European Agency for Reconstruction, to improve the situation.
- *Communication Studies*, bridging the gap between Information Technology and professional communication skills, and so enhancing the country's access to the knowledge economy.
- The European Universities Association (EUA) will carry out an institutional evaluation commencing in February 2004.

Programmes in the first three of these fields have been launched. The fourth has been expanded into Communication Sciences and Technologies, with two streams in the third and fourth years, focussing on Communication and on Technologies.

There is a fifth programme, namely *Teacher Education*. The first version of the Business Plan included teacher training only in the form of a (traditional) one-year diploma in pedagogy, taken consecutively to a degree in the subject to be taught in school. The later version substituted concurrent teacher training in a range of subjects for general (gymnasium) secondary schools. It grouped the subjects as follows:

- the most relevant, which were consistent with the focus of the other programmes and might be offered at the outset: Languages, Sociology, Geography, History and Philosophy.
- particularly relevant to the culture of the non-Macedonian ethnic communities, but outside the institution's core focus; not to be offered from the outset, but possible additions on the basis of proposals from interested parties: Music, Visual Arts and Physical Education.
- outside the institution's scope, though students taking a recognised programme in these subjects could be added for training in pedagogic methodology: Biology, Chemistry, Physics, etc.

A Faculty of Teacher Training has been launched, to offer subject training in English, Albanian, Macedonian, German, French, History, Sociology and Geography. In 2003 only English, French, German and Sociology are being taught, as there is no demand as yet for History and Geography (despite places being advertised for 2003- 2004).

4.3.2 Language policy including English medium

The Business Plan proposed a language policy orientated towards a European and global perspective. SEEU has created a purpose built Language Centre headed by an internationally-recruited Director who has professorial status. The Centre provides all courses in English, French, German, Italian languages and linguistics. Every effort is made to provide a language

rich culture, including for students taking international subjects a good command of English by Year 3 and an understanding of the two official languages of FYROM by Year 2. The language policy is expensive but extremely important for maintaining the international character of the university. Among the specific features initially planned were:

- compulsory reading for each degree programme to include at least half the titles in English, with the remainder in any one or combination of languages in which the institution offers training or which students know
- at least one-third of students' written coursework to be in English
- teaching staff to have a passive knowledge of at least three European languages including English
- students to be permitted to use English in any university-related activity.

Elements of the original policy were effectively displaced by the following English-language requirements adopted in summer 2002:

- entering students to be assessed at one of four levels, I-IV, the top level, IV, equating to Teaching of English as a Foreign Language (TOEFL) scores of 500-525, sufficient to read university-level texts and to understand lectures in English with some assistance
- level I to take 10 hours a week of English as a Second Language (ESL) instruction during Year 1; level II, III and IV to take fewer hours, down to 4-6 hours at Level IV
- students in Business Administration to progress to content-based courses in Year 2, with a pass at level III, students in the other faculties to progress, with a pass at level II,
- ESL instruction beyond Year 1 to be considered English for Special Purposes.

4.3.3 Curricular structure and teaching methods

The Plan advocated the adoption of the European Credit Transfer System (ECTS), meaning that a full year of academic study is represented as 60 credits, and, consistent with the Bologna Declaration, the award of a bachelor's degree after four years' study (240 credits). SEEU has assigned each course a credit value within that annual total and also adopted the modern practice of examining each course at the end of the semester in which it is taught.

The Plan proposed common skills-based training including languages and computer literacy for all students in Year 1 of study, followed by subject/discipline training which concurrently included practical training and placements. It contained an indicative list of "core teaching contents" for each programme. This outline was developed by academic specialists, and management consultants who facilitated the technical and logistical framework. The "SEEU Catalogue" was produced for the academic years 2001/2 and 2002/3. It included the courses for Years 3 and 4 which would be taught for the first time in 2003/4 and 2004/5. The Catalogue has now been superseded by the SEEU Website. All curricula for Years 3 and 4 have been approved and sent to the Licensing and Accreditation Board, but there may yet be changes in Year 4 after review by the newly-recruited international staff. We have not been able to examine these, other than to note that the draft syllabus for training teachers for English has the theoretical courses on pedagogy spread across the programme

(which is welcome) but that the only exposure to children in the classroom comes only for six weeks in the final semester. This aspect of the programme, we understand, is under review.

Neither the Plan nor the catalogue discussed teaching methods, but much greater emphasis, than is customary in the region is in practice being placed on active and self-directed learning. Much teaching is in groups of no more than 30, and it is clear that SEEU has set itself against traditional *ex cathedra* expository teaching, with some teaching in smaller student groups in Years 3 and 4. Teachers are expected to know their students individually, to encourage interaction in class between teacher and learners, to set work for private study and completion for later classes and to be available to students outside classes. These demonstrate the university's commitment to student-centred learning and the development of understanding in a context of inquiry and informed discussion. How far it will be possible as the university expands and cost issues have to be faced to maintain this style of teaching is open to question.

4.3.4 Governance and management structures

In September 2002, the SEEUFZ, as the “founder” of the University, in agreement with the SEEU Foundation Tetovo (hereafter SEEUFT), approved the University's statute. The effect was to transfer governance of the institution from the Joint Boards representing both Foundations to the Board of the University and other bodies and offices constituted under the statute. This structure is similar to that outlined in the Business Plan, with strong central authority. The University Board comprises five international members and five FYROM members, none being staff or students, each group appointing its successors; its Bureau comprises three members: two international and one FYROM. The Rectorate (Rector, Vice-Rector if appointed and Secretary General) are responsible for the management of the University within the Board's policies. The (large) Senate of academic staff and students is advisory to the Board through the Rectorate, except for having responsibility for the assessment of academic performance and implementing academic quality assurance. The (smaller) Council is the executive committee of the Senate. For each faculty, there is a Faculty Council chaired by the relevant dean.

With the creation of a fully articulated structure for self-governance and management by the University, the formal role of the SEEUFZ has been reduced to the management of the bank accounts held there for international donations. The separate Foundation established in Tetovo under FYROM law survives formally only as a vehicle for local fund-raising. The University is now being governed and managed through a structure fully comparable to that found in the most advanced systems, internationally.

4.3.5 Academic staffing and qualifications

The Plan postulated an establishment of academic staff by faculty and grade, on the assumption of a staff: student ratio of 1:23 for 2800 students. The current ratio is roughly that. Required qualifications are stated as conformity to “European standards” and include a good knowledge of English and at least one other European foreign language [presumably meaning, in addition to languages of ethnic communities in FYROM, thereby meeting the specification in the Plan for “a passive knowledge of at least three European languages including English”]. The actual numbers, qualifications and recruitment of academic staff are considered below (section 4.4.7).

4.3.6 *Quality assurance*

The Business Plan proposed that SEEU should maintain “international standards of quality” and underlines the need for systems for self-evaluation and control. The SEEU statute makes one of the Board’s responsibilities: “establishing procedures for assuring academic quality, including, on the advice of the Senate, the appointment of an Evaluation Commission and the adoption of evaluation guidelines in accordance with Article 31 of the Law on Higher Education”. Such procedures have not yet been systematically instituted, in part because there is as yet no decision of the Inter-University Conference on evaluation guidelines. However:

- the Senate has formed a working group to frame proposals for institutional self-evaluation, reporting in April 2003 ;and in March an international member of the Board ran a workshop on quality management.
- in the first semester of 2002/03 SEEU has launched a revised on-line system for students’ evaluation of courses and for surveys on their use of services, etc, a pilot having been tested in 2002.
- all Faculties have benefited from visiting academics, under the USAID Indiana programme, who have commented extensively on the curriculum and teaching; revisions of the curricula for Years 3 and 4, as given in the initial Catalogue, are in preparation.
- The intention signalled in the Catalogue that all teaching materials would be reviewed by international experts is being implemented to the extent of an international member of the Board reviewing the revised curricula in his field (or, in one case, arranging review).
- The European Universities Association (EUA) will carry out an institutional evaluation commencing in February 2004.

A crucial question is whether examining standards are consistent with contemporary “international standards”. During the past decade concern has been expressed in several countries about examination procedures and standards and, as a result, institutions are giving attention to these aspects of quality assurance. It is obviously important for all universities in FYROM to be fully abreast of these developments and to ensure that the standards attained by students match those in other countries and especially members of the European Union. Indiana programme staff have been closely involved with the delivery and assessment of the Basic Academic Skills courses. Employment of academic staff with substantive appointments in the Universities of Skopje, Prishtina and Tirana means that, so far as courses are comparable, examining standards are likely to be benchmarked against those institutions.

While it is reported that, initially, there was a degree of resistance among some local staff toward the adoption of the more time intensive and challenging teaching and assessment methods adopted by the University, this is not an issue at SEEU and appears to be fading away nationally, through the efforts of the state universities, the Ministry of Education and Science, and the adoption of modern quality assurance procedures. The distribution of grades awarded in each course is scrutinised in the Rectorate which investigates any apparent anomalies, which are brought to the attention of the Council where remedial measures are agreed. Implementation of co-operative agreements with other universities, including staff

interchanges, participation by staff in inter-university projects and advanced training programs, will be an important means of assessing and affirming standards and of benchmarking.

4.3.7 *Student access and financial support*

The Plan said little about student numbers but builds the financial projections on an all-years population of 2 800 - representing, say, a steady intake of 750 from which there is wastage of about 10% by Year 4. The references to advice and counselling to intending applicants and to encouragement of “self-evaluation” imply that the size of the intake would be controlled, but that the need for selection by the institution would be minimised by making the pool of applicants as self-selected as possible.

The intake of students in the first two years, 2001 and 2002, was deliberately not controlled by a planned ceiling (in consequence of the continuing uncertainty about TU). All students who applied and were minimally qualified (by holding a secondary school diploma) were accepted, without competition. The result has been a first-year intake of 887 in 2001 and of 1 416 in 2002. After some attrition in these intakes but including some 180 students transferring from TU with advanced standing, the student population in the first semester of 2002/03 was some 2 450, rather than the 1 500 postulated by the Business Plan. It grew to about 3 850 in the first semester of 2003/04.

The Business Plan recognised that SEEU would depend on tuition fees and proposed that, to ensure equal access and equity, student loans should be available on the basis of need. SEEU’s endowment would be collateral for a bank loan from which loans would be made to registered students; interest on the endowment would subsidise the interest charged to the students. Upon leaving the University, the student’s debt would be refinanced by the bank at market rates and become the student’s liability.

The loan scheme as envisaged has not been implemented, due to lack of interest among students. However, with the assistance of USAID a pilot scheme with a Macedonian bank is underway. Interest earned on the endowment (that is, the uncommitted funds of the Zurich Foundation) has been used to subsidise all students’ tuition equally, without regard to need. From 2003/04, no such interest has been available. Any subsidy to individual students is by means of scholarships funded by international donors and possibly others.

4.3.8 *Finances and physical facilities*

The Business Plan gave a total (in USD) equivalent to some EUR 18.6 million as the set-up cost of SEEU, to cover construction, infrastructure, one-off costs and contingency - plus EUR 5.7 million for endowment as collateral for student loans. The total of EUR 24.3 million was the sum proposed to be financed by international donors. In the event, the sums pledged and received came to more, at EUR 32.1 million (2001 Annual report), due to an unexpected additional USD 10 million from USAID. By March 2002 the actual set-up costs (excluding endowment) had risen from EUR 16.6 million to EUR 26 million.

The greater part of those costs comprise the construction and equipping of the campus and buildings at Tetovo on land granted by the Government of FYROM. Aside from accommodation for 450 students, the buildings were stated to have the capacity for teaching about 3 000 full-time students, consistent with the Plan’s steady-state population already

quoted of 2 800. In practice, owing to curriculum changes (notably the adoption of a core first semester for most students) it was necessary to construct a second, larger, lecture hall in 2002.

The endowment has reached as high as EUR 6 million, though (as just explained) has not been used as collateral for loans to students. It has been used to construct new buildings to more cost-effective standards to cope with the planned increase to 5 000 students and to provide a purpose-built language centre (see Section 4.4.13 below and Chapter 6).

4.3.9 *Some observations on implementation of the Business Plan*

The focus of the proposed university in the first version of the Business Plan was on providing, for the ethnic Albanian community, qualifications with a high rate of return to students, who would have access to employment both in FYROM and internationally and who would therefore be willing to take out loans for repayment from future earnings. While it is too soon to assess employment outcomes, what SEEU has achieved to date is different in several respects which impact significantly on its character and future development: the emphasis on universal competence in English language has been reduced by the adoption of a more differentiated language policy; the engagement in training teachers - whose earning capacity is low - has been extended; open-access admissions have taken student numbers well beyond the projection for which the campus has been built; and the loan scheme has not materialised. The proportion of both non-Albanian ethnic students and non-Albanian ethnic staff has been lower than anticipated. However, it is increasing. Given the disturbance and the security situation in the Tetovo region at the time of the establishment of SEEU, the overwhelming preponderance of Albanian students should cause no surprise. The situation is changing: of approximately 1 850 applicants for places in the academic year 2003/04, 31% are non-Albanians, most of them ethnic Macedonians.

4.4 Short-term planning

4.4.1 *SEEU's distinctiveness*

The deviations identified above have served to reduce in some respects SEEU's distinctiveness from the state universities. Nevertheless the following characteristics mark it out:

- the very high proportion of students from the Albanian community of FYROM
- teaching in the Albanian language outside of teacher training
- some English language competence required of all students, except those pursuing teacher training in French or German
- some measure of tri-lingual learning in all programmes
- small group teaching such that teachers are expected to engage with students individually
- encouragement of active learning, retention and completion of studies in the minimum specified time
- state of the art infrastructure for teaching, learning and administration

- flexible pathways for students
- curricula and assessment practices which are innovative for FYROM, informed in varying degree by good practice in western Europe and North America
- good IT facilities and teaching spaces
- a governance and management structure and organisation of faculties which corresponds closely to advanced international practice
- an attractive, new, green-field campus with distinctive buildings of contemporary design and construction.

4.4.2 Student profile

To foster access and demonstrate its commitment to more equitable educational opportunity for the under-represented communities, in 2001 and 2002 SEEU accepted any student who applied and who was minimally qualified by a secondary school diploma. SEEU has not analysed students' previous educational background, but it is believed that predominantly they have progressed directly from general secondary schools (gymnasium), with few coming from the vocational schools. The only general exception is that some 180 students have been admitted with advance standing, on the strength of courses mainly taken at TU; they are not included in the statistics below - which are for the first semester of 2002/03 (Table 5). The policy of open admissions has now been terminated and replaced by university entrance examinations. This reflects high levels of student demand and the need for fair screening procedures.

The students are registered in the University, for programmes in one or other of the five faculties:

- Law
- Business Administration (BA)
- Public Administration (PA)
- Communication Sciences and Technologies (CST)
- Teacher Training (TT)

At relevant points, students may change the direction of their chosen field of study.

The following tables illustrate the growth of enrolments, and features of the ethnic distribution and gender balance (Tables 5 – 9).

Table 5: Students, SEEU, 2002/3

Registered students, 2002/03, semester 1, by faculty and gender				
	2001 intake, semester 3		2002 intake, semester 1	
		% female		% female
Law	219	36	348	40
BA	308	27	414	24
PA	67	52	192	53
CST	142	9	259	22
TT	129	50	175	50
Total	865	32	1388	35
Original intake	887		1416	

Table 6: New students, SEEU, 2003/04 by faculty

Faculty		F	
		Year	Adv
BA		478	24
CST	COMM	65	3
	COMP	280	7
Law		342	14
PA		294	16
TT	Alb	19	0
	De	28	1
	Eng	119	2
	Fr	18	2
	Geo	0	1
	Soc	28	0
HS	CC	1	0
	ELC	12	0
Total		1684	70

Source: SEEU, Chief Academic Planning Officer

Table 7: New students, SEEU, 2003/04: gender balance

		Gender		F	M
BA		68	181	321	
CST	COMM	287	31	37	
	COMP	356	46	241	
Law		310	150	206	
PA		19	118	192	
TT	Alb	29	16	3	
	De	121	14	15	
	Eng	20	88	33	
	Fr	1	8	12	
	Geo	28	1	0	
	Soc	1	12	16	
HS	CC	12	0	1	
	ELC	1754	4	8	
Total		3006	669	1085	

Source: SEEU, Chief Academic Planning Officer

Table 8: New students, SEEU, 2003/04: ethnic origin

Nationality		Alb	Bos	Cro	Gre	Mac	Rom	SMN	Tur	VII	
BA		350	2	0	0	139	0	2	9	0	502
CST	COMM	30	0	1	0	33	2	0	2	0	68
	COMP	176	2	0	1	94	3	0	11	0	287
Law		261	2	0	0	85	0	0	8	0	356
PA		257	4	0	0	41	0	0	8	0	310
TT	Alb	18	0	0	0	1	0	0	0	0	19
	De	22	0	0	0	7	0	0	0	0	29
	Eng	83	1	0	0	28	0	1	7	1	121
	Fr	9	0	0	0	11	0	0	0	0	20
	Geo	1	0	0	0	0	0	0	0	0	1
	Soc	17	0	0	0	9	0	0	2	0	28
HS	CC	0	0	0	0	1	0	0	0	0	1
	ELC	6	0	0	0	5	0	0	0	1	12
Total		1230	11	1	1	454	5	3	47	2	1754

Source: SEEU, Chief Academic Planning Officer

Table 9: Student numbers 2001/04

Faculty	Law	BA	PA	CST	TT	Total
No. of stud. 2001/2002	219	308	67	142	129	865
No. of stud. 2002/2003	348	414	192	259	175	1388
No. of stud. 2003/2004	356	502	310	355	218	1741
Total No. of students	923	1224	569	756	522	3994

Source: SEEU, Chief Academic Planning Officer

The increase in admissions to Public Administration is notable, reflecting the planned decentralisation of government functions and the resulting opportunities for graduates from the communities other than the Macedonian. The 2001 Teacher Training intake has split into their teaching subjects: about 100 in English, and 10 each in French, German and Sociology. The sub-optimal groups in French and German are supported by funding from the respective governments. It is said that the career goal of many students taking English is not secondary school teaching, but interpreting and translating. The proportion of women is significant, given the traditional cultural obstacles within the Albanian community to their education.

4.4.3 SEEU as part of FYROM higher education

SEEU's intake in 2001 can be collated with the statistics for the intakes to the state universities and TU in the same year (Table 10) - but note the caveats beneath the table. This table presents a snapshot of the enrolments for the system as a whole, showing ethnic distribution by fields of study.

Subject to these caveats, SEEU has greatly increased the participation of the Albanian community in higher education in FYROM, in those fields of study which it offers. To achieve better ethnic balance across other fields of study the state universities would have to place much more emphasis in recruitment strategies on ethnic targets (see Chapters 2 & 3 above).

Table 10: Students enrolled for the first time in the first year, 2001/2: fields of study and ethnic affiliation

		total	Macedonians	Albanians	Turks	Roma	Other	from abroad	Other affiliations as % of total
Science & engineering	State univs	3 444	3 223	51	17	11	137	5	6
Science & engineering SEEU (half of CST)		71	2	68	1				97
Science & engineering	TU	150		150					100
Health	State univs	889	737	47	10	7	60	28	17
Health	TU	270		270					100
Biosciences & agriculture	State univs	1 000	953	0	2	0	44	1	5
Social sciences	State univs	3 684	3 308	134	55	17	169	1	10
Social sciences SEEU		665	6	635	23	1			99
Social sciences	TU	633		633					100
Humanities	State univs	1 683	1 437	90	44	13	93	6	15
Humanities SEEU		129	1	123	5	0			99
Humanities	TU	316		316					100
Education	State univs	1 572	1 223	194	41	8	103	3	22
Education	TU	274		274					100
Fine arts & music	State univs	150	144	1	3	1	1	0	4
Fine arts & music	TU	45		45					100
Totals	State univs	12 422	11 025	517	172	57	607	44	
	SEEU	794	7	758	28	1	0		incl. to left
	TU	1 688	0	1 688	0	0	0		incl. to left
	all univs	14 904	11 032	2 963	200	58	607	44	
All years of study	State univs	44 575	39 765	2 192	546	126	1 946		
Intake as % of all years	State univs	27.9	7.7	23.6	31.5	45.2	31.2		
2001 high school graduates		22 724	17 817	3 539	399	142	827		
Intake as % of high school graduates	all univs	66	62	84	50	41	73		

Source for state universities: Former Yugoslav Republic of Macedonia, State Statistical Office, *Enrolled students at higher schools and faculties in the Former Yugoslav Republic of Macedonia in the 2001/02 school year*, Statistical Review 2.4.1.10/412 (Skopje, 2002), pp. 67-8; and high school graduates: *Primary, lower secondary and upper secondary schools in the Former Yugoslav Republic of Macedonia at the end of 2000/01 school year*, Statistical Review 2.4.2.07/407 (Skopje, 2002), pp. 39-40. Data from SEEU and TU.

Caveats to the table:

1. SEEU's teaching training has been classified as it would be in the state statistics, as in a faculty of philology.
2. Some Macedonian candidates for the faculties' entrance examinations are alleged to declare themselves to be Albanian or other ethnic minority in order to gain admission to a state-funded place.
3. The line "Intake as % of all years" suggests that the intake of Albanians to the state universities was lower than it would have been if previous trends had continued - though that could have been because of the political situation that year, rather than the opening of SEEU (the figure for Social sciences is the same as for all subjects).
4. The TU numbers, which the team was unable to verify, are entered as all Albanians from FYROM, in the absence of further analysis, but it is known that they include students from other ethnic communities and Albanians from Kosovo and Albania. The effect is to exaggerate the "intake as % of high school graduates" for Albanians, though even so it supports the claim that TU admits students without a high school diploma.

4.4.4 Student numbers

SEEU wishes to maintain the size of intake which it achieved in 2002 and set a target of 1 400-1 500 for 2003. This has been exceeded (Table 9).

Subject to experience from the 2003 round, SEEU wants to have a similar sized intake in 2004. That would take the total student population to around 5 000.

4.4.5 Student progression

Open-access admissions increase the proportion of students who may not be fully prepared for study at university level. SEEU puts considerable effort in trying to retain students, but the end of Year 2 will be the point at which some students may be required to leave on account of insufficient academic progress. As of March 2003, 252 of 2 253 students were on academic probation and therefore at risk. Figures on attrition by the end of academic year 2002/03 were 157 (see table below).

TABLE 11 : Generation 2002/3 number of students entering in 2002/03 who withdrew at the end of their first or third semester

	1 st SEMESTER	3 rd SEMESTER
LAW	10	26
BA	7	54
PA	0	0
CST	8	14
TT	11	27
TOTAL	36	121

4.4.6 Tuition fees

The level of annual tuition fee which would have covered recurrent costs in the first two years is quoted as EUR 1 200, but was reduced to EUR 875 in 2001/02 and EUR 950 in 2002/03 by subsidy from the endowment (on broad equity grounds, which do not, however, differentiate individual capacity to pay). The Secretary-General's outline budget for 2003/04 assumes EUR 1 000, since confirmed.

These figures compare with a flat rate fee for all students in a faculty at the BU of up to EUR 250; EUR 100 to 150 for state-funded students and EUR 400 to 500 for self-financing students in non-laboratory subjects at SU; and EUR 300 for those subjects at TU. However, students may not make a simple comparison of the annual fees, but also consider the enhanced likelihood of graduating, and graduating on time, from SEEU. Our guess from the data immediately available is that one half or less of the students entering the state faculties graduate (the figure of 38% has been quoted, but we do not know its derivation). Of those students who graduated in 2001, only 15% did so in due time (Former Yugoslav Republic of

Macedonia, State Statistical Office, *Graduating students at the higher education schools and faculties in the Former Yugoslav Republic of Macedonia in 2001*, Statistical Review 2.4.2.06/405 [Skopje, 2002], 30). With the sharp rise in admissions in recent years, without proportionate increases in resources and changes in approaches to teaching and learning, we predict that the efficiency of the public system will deteriorate further. While an unfortunate development which should be avoided, this would be likely to enhance the competitiveness of SEEU.

There is little evidence on which to assess the elasticity of demand for admission at any given level of fee. Demand is also affected by the competition. Some indication of the economic status of SEEU students' families is offered by the following. In the first two years, fees were payable in four instalments but this system gave rise to serious cash flow problems and debt management and was abandoned for the third year. Students now pay the first semester fee in full on registration with late payment charges. No serious problems in paying these fees have been encountered, although a number of students expect to qualify for scholarships. A work-study programme operates with about 100 places. In addition some full time vacation work has been made available.

SEEU can no longer subsidise tuition fees from the Foundation's endowment. Funds provided by donors, for scholarships at an assumed average of EUR 400 a year for all four years of a student's programme, would assist:

- about 100 current students in PA and TT
- 100 current students who transferred from TU
- 500 of the entrants to PA, TT and CST (Communications) in each of 2003 and 2004
- 80 women entering Law and PA in each of 2003 and 2004.

4.4.7 Academic staffing

The readily available statistics on the academic staff classify them by the highest degree held, rather than by grade. However, PhD holders can be equated to Professor (of whom there are very few) and Docent, MA to Assistant and BA to Junior Assistant, and Table 11 can serve to illustrate some important points.

For staff to hold substantive academic posts (i.e. PhDs), SEEU is heavily reliant on part-timers. Almost all these part-timers hold "full-time" appointments at the universities in Skopje, Prishtina or Tirana, where the (minimum) teaching obligations for a "full-time" salary can be discharged in one day a week or less, although the Law on Amendments to the Law on Higher Education (July 2003) provides for an increase in the hours of full time staff in the state universities and provides a formula by which SEEU has established a new remuneration policy. In those universities staff may undertake two or more "full-time" teaching loads in return for extra pay. At SEEU, full-time employment entails being available throughout the working week and precludes other employment unless approved by the Board; pay is two to three times more than for a single "full-time" load in the state universities. The average part-time contract is for 55-60% of full-time, with those based in Skopje tending to have a higher fraction and those more distant a lower fraction. All staff, both full- and part-time, are at present engaged for no more than one year at a time, and are formally evaluated, with external

reviewers, for promotion to professor, although this will change during 2003-2004. For its staff, the SU is the primary employer which pays the social security etc. contributions, at a considerable saving to SEEU.

Table 12: SEEU academic staff by faculty or centre, by highest degree and by mode of employment, 2003/4

<i>Full-time numbers refer only to academic staff whose primary and only employment is with SEEU</i>									
degree:	PhD		MA		BA		Total		
mode:	full	part	full	part	full	part	full	part	All
Faculty:									
Law	3	10	3	1	5	1	11	12	23
Public admin	5	9	3	6	2	1	10	16	26
Business admin	3	11	3	2	9	3	15	16	31
Communication	2	6	4	1	8	2	14	9	23
Pedagogy	9	11	4	4	12	5	25	20	45
Centre:									
Language	1	0	0	0	36	4	37	4	41
Computing	1	0	0	0	5	9	6	9	15
Total	24	47	17	14	72	25	118	86	204

Source: SEEU, Head of Human Resources, March 2004

As students enter Year 4 in 2004/05, SEEU's need for established academics will increase. So the PhD part-time numbers may increase disproportionately. There has been no need to increase staff numbers greatly for Year 3, for two reasons (i) staff numbers are adequate for teaching courses in Year 3, with staff last year occupied on preparing the Year 3 courses; (ii) the recruitment of additional international staff. SEEU has planned to increase its proportion of staff holding Master's degrees by sending a total of ten staff to the US and UK during academic year 2003/04. It is anticipated that some will continue to doctoral degrees in SEEU thereafter. In addition a number of staff are in the process of completing doctoral degrees in FYROM and Kosovo.

Several points follow from this staffing profile:

- SEEU is exploiting slack which the state systems of higher education in the region allow to exist; it is not *prima facie* causing "brain drain", as the part-timers might well have otherwise turned to non-academic second jobs. But the slack must be finite; it may diminish as and when the economy improves - and as the state universities modernise their own staffing structures in accordance with the Law on Amendments to the Law on Higher Education 2003;

- some part-timers may not readily divorce themselves from the familiar practices of their other institution or easily adapt to SEEU's different expectations, particularly as they have no security of tenure beyond the current year;
- conversely, they may carry back to the other institution some of the thinking and practices to which they are exposed at SEEU; they also play a role in benchmarking standards at the regional level;
- SEEU can assess their suitability before offering long-term appointments;
- part-time staff usually want to bunch their teaching within the week and may not be on campus and available to students in proportion to their notional f.t.e. (though assistant staff should be available);
- some part-time staff are teaching in Macedonian, and the standard of English is sometimes below that indicated in the general specification for academic staff's qualifications;
- part-time staff cannot be the basis for the development of research at SEEU alone, although they may (and in fact in a few cases already do) provide the basis for collaborative research programmes;
- the building of an academic community, committed to SEEU's long-term development, is impeded.

The SEEU Board acknowledges that this profile is not delivering the academic leadership and innovation which is required. Accordingly, nine additional academics and practitioners, all with at least a PhD degree have been recruited internationally as full time teachers for the year 2003/04.

Seminars and workshops are held to introduce and explain SEEU's expectations and requirements, though the implementation of these relies heavily on line management by the Deans. Due to the abandonment of the programme designed to be implemented in August-September 2001 and subsequent lack of time to develop new programmes, the main systematic staff development has been through the Indiana programme, in training the language and computing staff for the basic skills teaching and in funding six assistants to take Master's degrees in the USA from 2003-2005. In addition the University has funded three staff to obtain Master's degrees in relevant subjects in the UK and one member of staff has been awarded a UK government scholarship to obtain a Master's degree also in the UK. Therefore a total of ten staff are being trained in English-speaking programmes abroad. The newly recruited and trained staff must be offered more secure employment and also some prospect of being able to obtain doctorates, so that they qualify for career academic posts. Even if they do, they will have only a small numerical impact on SEEU's staffing requirements. The way ahead may in part lie in collaborative arrangements with universities in other countries with internationally acknowledged standards for doctoral degrees, which would award the degrees but allow limited attendance and/or joint local supervision. Distance education is an option to explore, not only for higher education degrees but for continuing professional development by staff. Over time, SEEU should be able to develop in-house staff training programmes and partnerships with other FYROM, regional and European universities for staff professional development. It should be noted that while this is the international trend, systematic, career-long staff development is still lacking in many universities.

4.4.8 *Learning resources*

The provision of printed learning materials is proceeding but remains problematic. The Library has 11 000 volumes (6 000 titles) volumes on the shelves with more being catalogued. Of this (quite small) collection, a large number are modern texts in English (and some in French or German) selected by international consultants with a limited input from local staff, who have little experience in this field. Many of the volumes donated from foundations in the US and Canada are not wanted or are of limited use, being multiple copies of publisher's remainders. There is little academic literature in local languages appropriate to curricula of international standard, although staff regularly visit Book Fairs in the region and purchase newly-translated work. The traditional practice of the teacher compiling a textbook which he sells to the students who regurgitate it in the examinations is clearly not acceptable and has been prohibited by SEEU, although still in use in other universities. Publishing textbooks in Albanian and Macedonian for general use is an obvious area for collaboration with other universities in the region and some discussions are in train. A programme initiated by the French Embassy will provide Albanian and Macedonian texts of a number of French university manuals in all subjects from 2003/04 onwards. Provision has also been made for translation of a number of other texts and staff are encouraged to produce manuals and glossaries which enable students to understand European terminology. Print materials held by SEEU itself are essential but staff and students have access to other sources both within FYROM and through international contacts. Increasingly, the new information technologies are of major significance for teaching and learning. Although stock has been adjusted to ensure that relevant material for Year 3 is available, Year 4 will present new challenges which must be swiftly addressed. Library resources, beyond these immediate needs, are inadequate and provide no basis for advanced level teaching and scholarship.

The IT provision at SEEU is excellent by the standards of the region, with 292 internet-enabled terminals for students (1:8.5; 106 in five teaching rooms and 186 open access). This helps to compensate for the limited printed materials but requires command of world languages to use internet resources. The University joined the Electronic Information For Libraries project in FYROM, funded by the Soros Foundation, in 2002. In 2003, the University paid the subscription for the whole Macedonian community, funded by a grant from the Royal Norwegian Embassy. This provides on-line access to 5000 periodicals at a cost of about EUR 20 000 per annum. Local networking of resources is growing, including material placed by staff in public folders and opportunities for students, on specific courses to interact with staff by e-mail.

4.4.9 *Partnerships and collaborations*

SEEU officers are putting considerable effort into forging links with universities in the immediate region and in Western Europe, mainly in the context of FYROM's accession to the Bologna Process, membership of the European Higher Education Area, and of TEMPUS funding for projects with EU countries.

These agreements vary in scope but all have considerable potential if fully implemented. Under the Agreement with the University of Angers, for example, French staff are teaching at SEEU during the current academic year, and an undergraduate course in Applied Languages will be developed, complementing the existing postgraduate programme taught at the SU.

The University has signed cooperation agreements with the following universities: Prishtina, Tirana, Angers, Nantes, St Gallen, Vienna, Gazi, Rennes I and The Maastricht School of Management (Netherlands).

SEEU was associated with four TEMPUS bids in 2002 and will at least match this in 2003/04.

4.4.10 SPACE

Until recently, the stock of teaching rooms comprised:

- raked lecture theatres: 1x200 seats, 1x400
- seminar rooms with loose seats: 24x30 seats, 6x60, 7x20.

These are centrally timetabled for eight hours a day (0800-1600) and five days a week (Monday-Friday). In the current semester 80-85% of the available slots in seminar rooms are scheduled for classes, with the typical peak demand for mid-week (exacerbated by the high proportion of part-time staff) and trough for Friday afternoon. Some teaching is now scheduled in for 1600-1800, but these hours are as yet little used. There are no statistics on planned seat occupancy (i.e. the nominal group size against capacity), but the teaching in Years 1 and 2 being largely of the faculty's entire year group in parallel sections planned occupancy is likely to be high. A system has recently been instituted of checking whether rooms are actually in use and by how many students.

The teaching rooms added in 2003 make the stock sufficient for a 5 000 student population in 2004/05. Extensions to the computer suites and social facilities will be required, although a start has been made by extending the existing cafeteria by about 150 seats in September 2003. It is expected that a donation will enable the Library to expand by 200 seats and more computer terminals during 2003/04. Two existing buildings have been converted into dedicated computer facilities for advanced work in the Faculty of CST, again through a donation. Work is progressing on loan-financed extensions to housing and restaurant facilities.

At the request of the architects, SEEU has established a Commission on the Master Plan. The Commission is chaired by the Secretary-General with membership from Faculties as well as relevant sections of the Administration. The Master Plan will zone areas of the campus for future development. Infrastructure for the new buildings has been designed with a provisional Master Plan in mind, for cost-effectiveness.

The teaching rooms added in 2003 may make the stock sufficient for 2004, but by then other types of accommodation will be insufficient: library, computer suites, social facilities. For future development of the University along the educational lines defined in its mission and general aims, these accommodation needs will have to be addressed in the next phase of institutional planning. On the basis of known and anticipated revenue sources, it seems inevitable that some of the "other options" mentioned above will have to be brought into the policy mix. This puts a premium on further innovative thinking and planning for addressing future development needs.

4.4.11 Management processes and succession

The governance structure in SEEU's statute has run through a two year cycle, and its operations are to be reviewed in 2003/04, with a discussion paper going to the Board in May 2004. Attention should be given now to systematising processes to flow through it. A start has been made on quality assurance. A (strategic) planning process is under way. It should be linked to budgeting and to quality assurance.

A sound administrative structure is in place with, under the Secretary-General, departments for academic planning (i.e. academic administration and student affairs), finance, human resources and facilities.

There are several issues of concern relating to succession to the first senior officers of the University. *First*, the Rector has been appointed to the end of the 2004/05 session. Under the SEEU Statute, he may serve a second term but may choose not to seek it. The procedure for appointment limits candidates to professors of the University, nominated by the Senate to the Board. The professors are a handful in number at present; none has tenure beyond the current year; all or most are part-time. Although this follows practice in state universities in the region, it has not in those institutions produced the strong leadership which a private institution requires. Consideration should be given to an appointment procedure which is not restricted to Senate nominations and for which there are well tried procedures in other countries including public universities. *Second*, the Foundation Board failed to find a local candidate for the post of Secretary-General and appointed one of its international members - who has performed the role with a scope and authority well beyond that customary in the region, being (in US terms) a combination of Provost and Vice-President (Administration). Difficulty in finding a suitably experienced local successor has already caused his appointment to be extended to (at least) August 2004. *Third*, the Chief Academic Planning Officer is also expatriate, having worked as a consultant on the Business Plan and subsequent start-up. *Fourth*, the SEEU Board should give consideration to the stabilizing and leadership roles of the Rector during this period of change. These four leadership issues require close and immediate attention by the Board and the Senate to ensure smooth transitions and carefully planned continuity of roles and responsibilities.

4.4.12 Academic developments

The following are the academic developments which we understand SEEU to have planned or under consideration.

Higher Schools

Under the 2000 Law of Higher Education, a university, whether state or private, must comprise at least five faculties and two higher schools (now amended to five accredited faculties and higher vocational schools of which at least three must be faculties). SEEU has met the requirements of the 2000 Law from 2003/04 by offering credit-bearing modular courses in computing and in languages (initially English). These will be taught outside the hours for full-time students and charged per credit (EUR 16, which is pro rata to the full-time fee).

Continuing education

The Faculty of Business Administration will launch some self-financing short courses in 2003/04, in the area of business start-up, SMEs, etc. The Faculty of Teacher Training is also considering short courses, but funding is more problematic. The scope for summer schools is no longer constrained by SEEU's buildings not being air conditioned. For the future there may be need to upgrade the University's electrical system. Future planning should encompass the revenue earning potential of and forms of continuing education and other suitable activities making use of the university's facilities and human resources.

New Faculties: Art, Music, Science

From an early stage in SEEU's evolution there have been suggestions of further faculties, for Art and Music and for Natural or Life Sciences. In 2001 external consultants prepared a "Feasibility assessment on introducing Art and Music at SEEU" as full degree programmes. It was based on annual intakes of 15 to 20 students a year in each field - say 70 per field in all years of study. The capital and start up costs, excluding additions to endowment to subsidise fees or loans, are EUR 1.3 million and EUR 2.7 million, or some EUR 18 600 per place (all years) in Art and EUR 38 900 in Music, compared with EUR 7 700 per place (including housing) in the initial phase of SEEU's campus. The annual recurrent costs quoted equate to some EUR 2 800 (Art) and EUR 3 600 (Music). The Rectorate has reviewed the plans and takes the view that most of the costings are considerably over-stated, as they are based on the use of prefabricated buildings. They believe the cost of Life Sciences is similarly also overstated. We have not seen the parallel assessment for Natural or Life Sciences, but a request was made to donors for EUR 19.1 million, as the start-up cost, possibly for a student population of about 300. We are not in a position to verify figures, but our understanding is that costings for these academically attractive developments may also have been overstated (see below).

These subjects are mentioned in the Business Plan only under Teacher Training as, for the first, possible additions to the teaching subjects and, for the second, as being outside the proposed institution's scope. More recently, in March 2003, the Board has endorsed the Rectorate's proposal that the latter should explore the possibility of offering Art and Music from 2003 as electives in the PMT Faculty, that is as subjects trainee teachers might choose to take, but not thereby gaining qualification to teach them in schools. In fact one Art course has been offered in CST Faculty as a start.

We can see the strong case for teaching in these subjects, particularly in a comparative or multi-cultural frame of reference, because of the arts' significance to the identity of the several ethnic communities. There would be a case for such electives being open to all students, or as recreational activities, alongside sports.

As regards the core sciences of physics, chemistry and biology, the University Board remains of the view that even commencing studies in the PMT Faculty would require funding well beyond resources likely to be available. But development in the area of Environmental Science is seen as a more realistic possibility (see Section 5), taking into account the proposed establishment of a Natural Sciences Faculty at the third state university in Tetovo.

4.4.13 Summary of current challenges

The next two years pose almost as much challenge for SEEU as its first two years. If we take as given that it would be politically untenable to reduce the annual intake below that of 2002, SEEU is on a trajectory towards a student population of about 5 000 in the academic year 2004/05 - when its business plan envisaged 2 800. If it is to maintain, for FYROM, the distinctive and innovative character of its learning and teaching, it must, among many other tasks:

- acquire the requisite facilities, equipment and materials for teaching and learning
- keep curricula for the more specialised courses in Years 3 and 4 of its programmes under active review, with assurance that they, like all other elements of the study programme, are to 'international' standards
- recruit academic staff with appropriate subject knowledge and pedagogic skills, including senior academics to fill academic leadership roles across the faculties
- devise staff development programmes which will nurture an academic community committed to SEEU's values and mission
- locate itself firmly within a web of active partnerships with other institutions of higher learning, principally in the Balkans and in the European Union
- introduce credible internal quality management systems and the means of assurance that the degrees awarded in 2005 will be internationally recognised
- develop a Strategic Plan for the whole university and have in place systems of strategic and operational planning and review to function through the new governance structure
- resolve issues of management succession.

As a member of the European and international university system, SEEU will need to take active steps to establish higher degree programmes and research. This is a serious issue since such developments could be costly and it is not evident that funds will be available for these purposes in the near future. Although self-funding is an option for post-graduate study, over time, there are, inevitably, start up costs and programmes and facilities must be competitive. We return to this issue in chapter 6.

Clearly, hard choices face SEEU. Not all of the above challenges can be met simultaneously, and there may be compromises, as indicated above, over the very high standards SEEU has set itself. These points reinforce the need for firm, clear-sighted leadership and an acceptance by the academic community that SEEU's distinctiveness must include sufficient authority for senior officers, both academic and administrative, to exercise initiative in meeting these challenges. Local staff must be ready to accept cultural change that is an inevitable concomitant of significant innovation.

CHAPTER 5.

TOWARD A MORE EQUITABLE AND EFFICIENT SYSTEM. OPTIONS AND CONCLUSIONS

5.1 State support for minority ethnic communities

The Ohrid Agreement, Section six, “Education and the Uses of Languages,” stipulates that “state funding will be provided for university level education in languages spoken by at least 20% of the population of the Former Yugoslav Republic of Macedonia, on the basis of specific agreements” (section 6.2). Furthermore, “the principle of positive discrimination will be applied in the enrolment in state universities of candidates belonging to communities not in the majority in the population of the Former Yugoslav Republic of Macedonia until the enrolment reflects equitably the composition of the population of the Former Yugoslav Republic of Macedonia” (section 6.3). Other legislation, including the Higher Education Law, underlines the equity commitment and further evidence of action to implement it. The 2003 amendments to the Law open the door to targeted state funding of private universities, thus carrying the Ohrid Agreement a step forward.

SEEU is making a highly significant, and commendable contribution toward raising the participation rates of the Albanian community in universities. Nonetheless, there remains a significant gap not only for the Albanian community but for other ethnic communities as well. Each of the country’s universities has a responsibility. There are several options to consider.

5.2 Expanding and diversifying the state universities.

- *Expand the capacities, capabilities and programmes at the two existing state universities.*

This would entail expanded numbers of state funded student places and hiring of additional academic staff across most or selected faculties, capable of teaching in languages as required under the Ohrid Agreement.

Scale economy is an important issue in the practicality of this option. With relatively small Albanian and other ethnic communities enrolled at SU and BU, providing instruction in multiple languages across a wide range of disciplines is expensive and could be quite inefficient. Only large student populations of speakers of different languages allow for acceptable scale economies. Unless SU can attract significantly larger numbers of Albanian speakers, this option appears to be undesirable in terms of cost effectiveness.

A variant, however, may be feasible: to add to the number of courses which are at present taught in Albanian and other languages spoken in FYROM, thus enabling students to build into their (predominantly Macedonian language) programmes units taught in the mother tongue. The Ministry is currently considering ways in which this kind of “transition” strategy might work at the two state universities.

The two public universities are on track to implement the basic ECTS Transfer System by 2004. A far more sophisticated and difficult credit accumulation and transfer system is also under development in some faculties and, when completed, will provide a vehicle for students to be granted credit for courses taken in other languages – including those available by distance education and in other institutions.

- *SEEU could play an important role in developing study programme agreements with SU and BU that would enable their students to transfer to a wider range of majors or study programmes.*

This option, however, will take time and will require a shift in the dominant philosophy at SU and BU of students taking all their classes within a single study programme. While this option could open up significant opportunities and flexibility for SEEU students to transfer to SU and BU and the reverse, it appears to be more of a medium- to long-range option. The Deans of SEEU's faculties should begin working with their counterparts at SU and BU on institutional and study programme agreements for transferability. Such agreements could be developed within the framework of ECTS and then be refined as a more fully developed credit and transfer system is designed and implemented at the two state universities. The meetings held by Professor Gaborov in a follow-up visits to SU indicated a readiness by the science faculty to enter into negotiations with SEEU on joint activity. It appears, however, that the initiative will have to be taken by SEEU. We comment further on this option below.

- *The new state university in Tetovo may provide some opportunities.*

On the face of it, the establishment of four faculties would add very significantly to the number and proportion of Albanian speaking students in universities. Assuming that the costs are kept to modest levels and comparable with existing state universities, this would contribute to expanding present provision.

5.3 Expanding SEEU's mission

SEEU has begun planning collaborative strategies with SU and BU. In its current configuration, SEEU has a relatively narrow range of disciplines with only five faculties. In order to offer programmes in its own right that would provide equitable access across a full range of disciplines for minority language communities, SEEU would have to add faculties in natural sciences, medicine, dentistry, pharmacy, fine arts, social sciences, philosophy, philology, various engineering and technical fields, music, dramatic arts, and expand significantly the narrow base of its pedagogical faculty. Such expansion would involve very substantial capital inputs and increases in recurrent costs which would have to be borne in large measure through government funding. There is no prospect of such expansion at this juncture and it could not be supported on efficiency grounds. There are, nevertheless, further opportunities for SEEU to explore by extending and expanding partnerships.

The most important step SEEU can take in the short term to expand its range of offerings is to introduce a programme of science education for future teachers in Albanian and other minority languages. There is an insufficient number of Albanian speaking and other minority science students and teachers in high schools. SEEU, in partnership with SU (possibly also BU) and the third state university in Tetovo could use its present course structure, including pedagogy, to increase the supply of secondary school science teachers. As indicated above, SU has shown a readiness to work with SEEU on this possibility, but may not take the initiative.

From preliminary discussions between SU and SEEU, it appears that the focus should initially be life sciences although technical subjects related to engineering could also be considered. There is spare capacity in the state universities in science and engineering and opportunity for a productive partnership with SEEU. This might include:

- Joint work on course design and curriculum development; exchanges of staff, and student mobility;
- Over time, the introduction of joint programmes and degrees, and
- Development of the Macedonian Academic Research Network (MARNET), including the sharing of data bases and electronic library resources.

Several benefits can be expected to flow from even limited initial cooperation: in joint teaching and research; in secondary school science, mathematics and technical subjects; in the intensive use of resources; in the enlargement of the SEEU profile; and in inter-ethnic cooperation. Over time, cooperation should extend also to other areas which might include nursing and service professions broadly related to health and education.

5.4 Regional co-operation agreements

The government and individual universities could vigorously pursue a strategy of regional cooperation that might send some students in selected programmes to universities in neighbouring countries. For example, instead of establishing another medical school, the government could fund a number of medical school places at the University of Prishtina in Kosovo, assuming such places are or could be made available. Reforms in medical education could allow for institutions within FYROM, SEEU included, to undertake some parts of the study programme. Similarly, a number of places in technical fields could be negotiated and funded at the University of Tirana in Albania. As a variant, through a wider regional development programme, and using the facilities of all existing universities in FYROM, together with well-established distance education strategies, a structure of courses could be developed with increased study opportunities and wider choices for students. Such a development need not – indeed should not – be confined to the at present under-represented single language communities.

Although the review team visited both Prishtina and Tirana universities on pre-arranged schedules, the heads of these institutions were unavailable and discussions, although fruitful, were necessarily limited and of a tentative nature. Nevertheless, from the various items of information available to it, the team believes that SEEU should clearly determine its objectives for regional agreements and continue taking the initiative in implementing formal agreements focused on specific areas of mutual interest where complementary roles can be played. These might include joint design and shared delivery of courses using ICT facilities, common purchasing policies, research staff and student exchange, collaboration over capital projects especially for costly equipment and common access to library resources.

In making these suggestions we are of course conscious of the very active and responsible roles already being played by SEEU in establishing linkages and partnership, and of the constraints on working agreements across national borders. We are also aware that cooperative agreements between universities, however well meant and designed, are often not very effective in practice. Universities are fond of citing agreements signed but the reality of many such agreements is that relatively few academic staff or students are involved. SEEU's agreement with the University of Prishtina is, by contrast, detailed and offers the definite prospect, for example, of exchanges of academic staff. Given the small populations of countries in the region and struggling economies of FYROM and many of its neighbours, with strong leadership extended regional cooperation is a serious and viable future strategy for both access to quality programmes and institutional development.

The internal as well as regional and international dimension to co-operation should be fully investigated. With the development of a third university (SEEU) and the impending establishment of a fourth there is both scope and a real need for closer partnerships and internal networking as part of a regional strategy. SEEU has already shown itself an active participant within FYROM, across the region and internationally in various co-operative endeavours. It is, for example, active in the Inter-University Council and in that body's efforts to support and provide guidance in the Bologna process. SEEU is also a member of MARNET although the lack of funding for MARNET has severely limited co-operative computing opportunities for the universities and Academy of Science. Ministry of Education leadership and support could foster closer collaboration and cooperative arrangements within higher education and in the wider region.

Full implementation of these kinds of regional and internal co-operation agreements requires resourcing. Public and donor funding for these purposes should be treated as an investment which if properly managed should lead to later savings, especially in the provision of more costly technical, scientific and professional study programmes, equipment and other resources. The review team is not in a position to estimate start up costs (which should be moderate), but recommends the establishment of working parties comprising institutions, governments and the donor community to develop and cost collaborative strategies, and operational linkages.

5.5 More actively recruiting under-represented groups.

A set of important access strategies that both the government and the universities should pursue immediately is the more active attracting and recruiting of students from under-represented ethnic communities. While the quota system enacted in the Higher Education Law was a step forward from historic practices that limited participation and an important statement to these underrepresented communities, the actual operation of this quota system appears to be rather passive. That is, from our observations, the state universities have thus far taken a relatively neutral stance with respect to participation, and performance entrance tests but doing little to actively recruit students from under-represented communities.

SEEU has taken the initiative and has demonstrated effective strategies for attracting and recruiting students from minority communities. A key factor is the design of high quality, innovative programmes in the context of targeted, future employment opportunities both national and international. Most important, however, is the declaration of and full commitment to equity policies.

CHAPTER 6.

CHARTING THE FUTURE DEVELOPMENT OF SEEU

6.1 A sound basis, but where next?

SEEU has very quickly established itself as a viable, forward looking, academically sound, modern higher education institution. It is now faced with crucial decisions about its future growth and development into a mature university, that is an institution operating at all levels from initial degree to doctorate degrees and active in research and high level scholarship as well as undergraduate teaching. While SEEU already has a firm position in higher education, three fundamental uncertainties permeate strategic thinking about the future development:

- Whether the Government will provide public funding for qualified students enrolling at SEEU.
- The extent to which the international donors that have so generously supported SEEU in its founding will continue to support the further development of higher education in FYROM and specifically SEEU and if so for how long.
- The establishment of the third state-accredited institution in Tetovo, the range of its accredited faculties, and opportunities for collaboration.

Taking the last question first, adoption by the government of the new law marks a potentially important change in the context of SEEU operations.

Difficult as the issues outlined earlier in this report and others may be, they cannot be ignored in current planning. The University's Strategic Plan, now in preparation, must look several years ahead, at least notionally, and take account of likely scenarios for the new state university, as for SU and BU.

Four faculties are proposed for the new university: natural and mathematical sciences; human science and art; law; economics. There will also be a polytechnic sector. Issues for SEEU include:

- Substantial prima facie commonality in present and planned fields of activity;
- Physical contiguity in the same city;
- A common interest in addressing access for Albanian speaking students;
- A common interest in procuring (scarce) public funding;
- And (some) shared staff.

As Minister Pollozhani reportedly stated, “the establishment of Tetovo University does not mean in any way the end of the existence of SEEU. The demands of the market will determine future developments”. In today's higher education market place, there is both competition and cooperation. SEEU needs to pursue both of these. Government support for the new university does not of course preclude funding of SEEU but it is only realistic to accept that in the highly constrained public funding environment in FYROM today, there will be acute competition for funds. SEEU has to present the best possible case and that includes not just the quality, relevance and cost effectiveness of its own programmes, but a

demonstrated readiness to co-operate as appropriate in programme planning and development with the other universities. We are well aware of the serious impediments at present to co-operative development and have unequivocally stated our view that this would be contingent on the new university meeting normal requirements for legitimation in the international community of universities. This is certainly a conceivable, as it would be a desirable, outcome of action now being taken to establish a functioning state university. Its implications should be carefully considered by SEEU in developing its Strategic Plan.

The funding issue raises complexities and challenges of a different order. Where private universities have been established in recent years in predominantly state funded systems of higher education, they have commonly – and prudently – opted for a limited range of (relatively) low cost programmes, concentrated on the undergraduate level, introduced masters' degrees in fields where (relatively) high fees are feasible and there is well attested demand in the economy, and largely steered clear of research and high level scholarship. SEEU has wider ambitions and is addressing distinctive needs which cannot be adequately met through the above limitations. Careful, detailed financial planning will have to be integral to the University's Strategic Plan. But there is also a more immediate need.

To continue along the trajectory of development already planned, and without large increases in fees (which would contradict the University's fundamental commitment to equity and educational quality) endowments need to be refinanced.

SEEU's current planning looks to further immediate donations from the international community, to fund expansion of facilities for up to 5 000 students in 2004/05. We strongly support such further donations since SEEU has demonstrated capability, is efficient, is meeting a high priority national need, and has fully costed, realistic plans to use additional resources to fund increased student numbers.

Since SEEUFZ has already expended its endowment funds, that is, the balance of the original funding from international donors it needs to secure not only the further EUR 2 million provisionally earmarked by the EC but additional funds up to at least EU 4 million. Given the difficulties that the government has had in making any significant capital investments in education and higher education generally, SEEU's current capital development plan is probably the only realistic way by which this capacity can be achieved. Nevertheless, we recommend that SEEU should make its case to government for targeted capital as well as recurrent funding. Neither EU nor state funding should preclude donations from individual member states to meet specific, high priority needs.

The difficulty presented by physical capacity expansion once start up costs have been met, i.e. the recurring operating costs of expansion, is the challenge of sustaining enrolments at the 5 000 level while maintaining the distinctive, high cost educational model that SEEU has adopted. Up to this point in time, donations and SEEUFZ subsidies have lowered the net price of tuition for all students and scholarship funds will lower the price for some students entering in 2003 and 2004. In the absence of these continuing subsidies, sustaining enrolment at this level may not be possible without substantial increases in tuition that in turn threaten access, or government subsidy – or commercially earned revenue. Indeed, what the University will need is a revenue strategy that draws together these various elements. We have listened to the argument that lateral thinking about revenue sources is needed, and we agree. A combination of donations, state grant, tuition fees and commercially earned revenue is attractive. But great effort will be needed to achieve it. We do not underestimate the

challenge this presents, one aspect of which is the permanent employment of specialist fundraisers, as is increasingly the case with established private universities around the world. Imaginative, innovative thinking will be required, not only about revenue raising, but about the design and delivery of high quality education. The present SEEU model is a good one, but there are other sound models of student learning as well. The Strategic Plan must marry resourcing and educational value, perhaps in new ways.

While on educational, social, cultural and economic grounds the case for substantial growth of SEEU into a university operating at all levels to Ph.D and with a strong research profile is very strong indeed, considerable challenges have to be addressed in meeting this goal. We believe that strategic planning by the university will be enhanced by a review of possible development scenarios, even if these are treated as hypothetical models.

6.2 SEEU development scenarios

From the spectrum of possibilities, we have given closer attention to **two diverging development paths for SEEU over the next three to seventeen years**. These development paths take into account opportunities for cooperation with other institutions within and beyond FYROM and the establishment of the country's third state university. Seventeen years is a distant planning horizon and many changes within, and impacting upon, SEEU can occur over that time scale. Planning is not, however, predicting the future but setting forth desirable and feasible pathways to help create the future.

The two development paths are summarized in Table 12 (with horizontal lines numbered as paths one and two) where the vertical columns identify three time periods (short, medium and long term) and, for each period, a different scenario. The scenarios are then discussed including implications for funding. Finally, in this chapter, a conclusion is reached for the optimal development path for SEEU. Scenarios extending seventeen years into the future will include many hypothetical elements; divergence can, over time, become convergence. SEEU development cannot take place independently of other institutions and a dynamic socio-economic environment. Nevertheless, for design purposes and to facilitate planning decisions, it is useful to project the university's development over such a time scale, if only to stimulate longer term strategic thinking about desirable futures and how to attain them.

Table 13: SEEU Development Scenarios

Short-Term (2003-2005)	Medium-Term (2005-2010)	Long-Term (2010-2020)
<p style="text-align: center;">PATH 1:</p> <p style="text-align: center;">TOWARD A LEADING EDGE REGIONALLY-ORIENTED UNIVERSITY</p> <ul style="list-style-type: none"> • SEEU builds out to full four year capacity • Priority on academic staff development programmes • Planning for medium term period—selected masters degrees; partnership with SU; strengthening ties to region; implementation of agreements with universities in W. Europe; EU and continuing donor support • Close cooperation with the state universities in programme planning and development • Exploratory discussions with the new state university 	<ul style="list-style-type: none"> • SEEU coordinates/distinguishes its scope & mission with reference to state university developments (a 'Zone of co-operation') • Strengthens its regional presence with a focus on its role in meeting national and regional needs especially for highly trained personnel from under-represented communities • develops a small number of selected masters & PhD degree programmes 	<ul style="list-style-type: none"> • SEEU as a distinctive fully-fledged university offering programmes which are attractive to students within FYROM and across the S.E. Europe region • Balance of ethnic & international language mix; emphasis on European languages, Albanian & Macedonian • Strong ties to other universities in FYROM, the region and EU • Selective disciplines only • Continuing, steady expansion of post-graduate degrees and research programmes
<p style="text-align: center;">PATH 2:</p> <p style="text-align: center;">TOWARD AN ULTIMATELY MERGED UNIVERSITY FOR THE ALBANIAN COMMUNITY OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA</p> <p style="text-align: center;">Same scenario as Path 1 above</p>	<ul style="list-style-type: none"> • SEEU continues current scope of faculties • Student enrolment level dependent upon government and donor funding • Develops selected masters programmes • Develops close working relationship with the new university including partial merger of activity, and with the other two state universities • SEEU and the new university together expand size and scope of programmes/ faculties (dependent on government, donor and private funds) • Regional programme focus on under-represented minorities 	<ul style="list-style-type: none"> • Close co-operation with new university including development of new programmes results in full merger with that university • SEEU together with the new university develops as FYROM's principal university for Albanian access to most academic programmes • Strong regional programme cooperation & rationing, with continuing focus on ethnic minorities in FYROM and the region

a) *The Short Term (2003-2005)*. SEEU faces major challenges, notably numerical expansion, staff development, and programme development. The cells in the first column in Table 12 (2003-2005) are the same reflecting our conclusion that SEEU will of necessity be preoccupied with this build out. *Continuing donor support is essential if the institution is to realise this build out, undertake realistic future planning and remain viable.*

Why should *consolidation and concentration* be the over-riding priority for the next two years? The points raised in chapter 4 section 4.4.13 provide the basis for this view. SEEU's distinctiveness as an institution depends heavily upon the quality of its academic staff, their ability to deliver a curriculum consistent with high European standards, and the system of teaching, assessment and student support which is a hallmark of the university's educational philosophy. With substantial assistance from donors such as U.S.A.I.D.'s contract with Indiana University and the significant programme of assistance mounted by the government of France, SEEU has given a high priority to both curriculum and academic staff development, i.e. to strengthening quality.

The quality of staff is of quite fundamental importance in establishing SEEU as a new kind of university. Through the USAID/Indiana staff development programme, for example, young academic staff are being sent to the U.S. for masters' degree training, coupled with another four trained in the UK using University and British Government funds. It is because there is a shortage of highly trained Albanian speaking academics in the region that this strategy of "growing your own" academic staff is needed. But the "grow your own" strategy will be slow in staffing a rapidly growing institution and will be a continuing cost. The programme, moreover, does not build academic staff at the middle level. SEEU needs to focus on recruiting mid-level academics who are already capable of delivering its innovative curricula in accordance with the University's philosophy or who can rapidly become so, through in-service training either within SEEU or by cooperative arrangements with universities elsewhere.

Since the U.S.A.I.D. contract expires in 2004 there is a question to be resolved now over future funding to continue the advanced education of young academic staff. The numerous contacts and relationships SEEU has with various European universities provide opportunities for the continuing development of its academic staff. Such agreements, however, generally do not carry funding. These efforts should be a high priority in both the short- and medium-term and the issue of funding for their effective implementation must be addressed. It is noted that international staff have initially been engaged for two years, partly to cover the further training of existing staff, and to bring fresh thinking to teaching and institutional life. But the University is right to recognise that these arrangements, valuable expedients though they be, are not a substitute for a core of full-time local staff. Recruiting a substantial core of high level staff and making adequate provision for continuing staff development will inevitably impose severe strains on resources. Without additional sources of funds, the quality of teaching, let alone future research, will inevitably suffer. That would threaten the distinctive and valuable contribution SEEU is making.

A closely related challenge and high priority is to reduce SEEU's reliance on part-time academic staff. While the practice of part-time teaching is common in the region and SEEU's reliance upon these part-time staff from Prishtina, Skopje and elsewhere is understandable, indeed unavoidable, movement toward a European standard of higher education will require a different staffing pattern. SEEU's staffing policy of hiring some short-term international academic staff has been an important element in curriculum development and teaching

methods. While this should continue it is not a substitute for a more substantial core of full time academics.

Curriculum development, staffing levels and quality of teachers and teaching are of critical importance over the next two years. The desire to expand the number of faculties, introduce postgraduate degrees, and research components in the short-term is strongly felt within the University but we believe it is essential to consolidate a sound base before seeking expansion in such directions. For the short term we have already examined the practicalities.

Our conclusions are: that meeting the challenges summarised above will fully stretch the capabilities of SEEU; that further broadening of the institution's profile, beyond the bare minimum indicated, is not immediately feasible; that continued, substantial donor support is essential to sustain what is already in place and to bring the University to a full four year level of operation for 5 000 students; and that the University should quickly bring forward a well-reasoned case for state subsidy.

b) The Medium Term (2005-2010) and the Long Term (2010-2020). The medium-term represents a critical period of *divergence* in possible SEEU's scenarios, hence the need to prepare for some fundamental decisions. For purposes of analysis we have sketched out two broad, feasible lines of institutional development in this period. They need not be seen – although they could be – as sharply diverging. Rather, they might be viewed at this stage as alternative perspectives, with some common elements, and the potential for more. Much depends on factors external to the University, including the direction taken by the new state university. The resolution of the TU issue in our opinion does have highly significant implications for SEEU. It cannot be treated as a marginal issue in any analysis of the access and equity issues in higher education in FYROM or a future higher education policy generally.

Path 1. A regionally-oriented university. The first line of development is depicted as Path 1 in Table 12. While in no way dependent on decisions affecting the existing state universities, it includes recognition that there will be a third public university and that some of its present faculties will be accredited. Development along these lines would be a further signal to SEEU to solidify its core development needs for a strong academic staff, to develop carefully selected areas of research and post-graduate study rather than attempt to expand horizontally (adding a broader range of faculties) and to strengthen its regional outlook and presence. While some horizontal expansion might occur under this scenario to round out curricula and introduce studies for which SEEU might seem to be favorably placed, SEEU's mission would continue to focus on a concentrated range of selected disciplines and fields of study both undergraduate and graduate, building cognate subjects on and into the present disciplinary framework and on highly selective themes for research. There would be initiatives toward collaboration with the new university, on the basis of shared fields of study but very different styles of teaching, governance and institutional management.

In this medium - and long-term line of development, SEEU would emerge as a distinctive South East European university that provides a window to Europe and education with a strong international flavour, fully on a par with European universities. It would continue to have a major role as a point of access to the various ethnic communities of FYROM but would also draw more than it does now from the Macedonian speaking majority and other ethnic communities who are interested in a multiethnic and multilingual environment, in the selected range of academic programs that SEEU offers, and in the window to a European education

that it provides. It would also attract students from other countries in the South East European region and strengthen its role as a regionally-oriented and not only a national university. SEEU's ties to various European universities would be fully developed and allow students to spend periods studying in exchange programs with these universities. More extensive use would be made of international languages in teaching, scholarship and research and English would become stronger and more pervasive as a language of instruction. To fulfil its commitment to access for under-represented minorities, SEEU would have to devote substantial resources to tutoring and mentoring including foundational language work. To perform this range of functions, SEEU would also enter into contractual arrangements – with governments, industry, foundations, research bodies and donors – to deliver specified academic outcomes.

Under this scenario, SEEU would, as a major but not exclusive element of its mission, continue to serve the public interest of FYROM in areas of critical importance to the country's economic, social and political development. It would thereby cement its claim for regular, core state funding, and for contract funding and, as well, provide the basis for a stronger regional and European orientation.

Path 2. Towards a (merged) university for the Albanian community of FYROM. SEEU would expand horizontally in the scope of its faculties in cooperation with the new university and with other partners. Under these conditions, SEEU in close association with that institute would begin to expand its enrolment capacity and development of its postgraduate programmes and research. This line of divergence begins to place greater emphasis on SEEU's primary role in providing opportunity for the Macedonian ethnic communities. Cost issues would arise since fees alone would not suffice to meet the expense of a very broad array of study programmes.

Cooperation with the new university could take different forms and might include specialisation by level, i.e. SEEU would develop more in its vertical (graduate and research) than its horizontal (expansion of faculties and enrolment) dimension.

This medium-term period, along with the short-term, is an important time for cooperation between SEEU and the new university. Cooperation will be important for assistance in accreditation, planning for programmes to avoid duplication, transfer of students between the two institutions, regional cooperative agreements, quality assurance, and a host of other issues. SEEU on this scenario has both an opportunity and a responsibility to show leadership. By demonstrating collegiality to the new university's academic community (students and academics alike) SEEU would demonstrate the kind of disinterested academic leadership that will be of benefit alike to the country and its own future prospects.

6.3 The preferred scenario

In assessing the feasibility and desirability of the scenarios, their intricacies as well as their uncertainties, our considered conclusion is that SEEU should seek actively to follow the first path of development (as shown in Table 12, SEEU Development Scenarios). With a distinctive mission which the government can support financially and, ultimately, a strong regional focus in keeping with its name and mission, SEEU should grow steadily into a regionally-oriented university, progressively expanding its present base and forming strategic alliances with other universities, both within FYROM and beyond its borders. In this way SEEU will contribute in significant and innovative ways to the modernisation of higher

education in the country. This type of regionally-oriented institution would, with government support including funding for Macedonian students pursuing education in fields deemed important to the nation's development, be a distinctive and sustainable private university with a strong regional profile.

This is the longer term outcome and it will be noticed that a close, working partnership with the state universities, is an integral part of it – SEEU should maintain its very strong defining commitment to access for under-represented minorities, but on a trajectory that is complementary with the new university, focused on its distinctiveness and identifying approaches to and levels of study (and research) which do not duplicate. For the new university, the message is the same: collaboration and complementarity, not wasteful duplication and non-cooperation.

As with all scenario-type analysis, there are uncertainties and imponderables. The point is to broaden the inquiry and to review options before defining the preferred direction for planned development. In indicating a preference, we are acknowledging that the present known levels of resources are highly constrained. They do not permit major growth for SEEU in any direction, other than a steady expansion of student numbers to the undergraduate target numbers for year 2005. While there is a very strong case for government funding, there can be no guarantee that it will be forthcoming or on a sufficient scale to meet requirements for broad-based growth both horizontal and vertical. Funds, if made available, are likely to be tagged according to government priorities and the Ministry's definition of "public interest". The international donor environment is volatile, but there is a readiness to support developments which have a high probability of contributing to economic growth, social cohesion and equity for under-represented groups, and to regional cooperation. There can be no guarantee of income from contracts, fees for service, large scale grants from foundations and other sources, although all such avenues must be pursued.

SEEU has real potential, a fine track record, demonstrated capacity to manage its affairs efficiently and prudently, organizational capability of a high order, and a clear practical plan for its development. Nevertheless, it must ensure that it will continue to have the human and financial capability to achieve its strategic goals.

For all of these reasons we strongly encourage SEEU to continue in its pursuit of what we have described in the first line of the two scenarios and we recommend continuing donor support accordingly.

6.4 Value Added by SEEU: The Case for Government Funding

The FYROM's Government has articulated four principles that bear importantly on the question of whether government funding should be provided to SEEU:

1. That the people of FYROM, regardless of ethnic background, will have equal access to education at all levels.
2. By virtue of the Ohrid Agreement, higher education programmes are to be available in the mother tongue of ethnic communities that constitute more than 20% of the population.

3. Future funding of higher education institutions will be in areas where their programmes and graduates contribute to meeting “the public interest.” (As the review team understands this policy direction, the government would consider funding those academic programmes that demonstrably contribute to social and economic growth of the country. There is, for example, clearly need to educate more people from under-represented ethnic communities for work in public administration; other areas of public interest include primary and secondary teachers and education for jobs that meet the needs of economic and social development).
4. The Ministry and the universities have become a signatory to the Bologna Agreements and are embarked upon a process of major reforms consistent with the modernising direction of European higher education and research.

In accordance with these principles and in line with the 2003 amendments to the 2000 Higher Education Law, the government could provide financial assistance to a private institution. The government could allow a private university to compete for public research funds on an equal basis with public universities. The government may fund or subsidise specific programmes which address stated public priorities and needs. In these and other ways, including capital projects necessary for teaching and research, the government could subsidise SEEU. “Could” is not, however, “would”.

Should SEEU receive state funding? In the 2003-04 academic year, SEEU has enrolled the largest number of Albanian community students (among the three state recognized universities). In 2002/03, SEEU enrolled 2 072 Albanian community students which is almost as many as enrolled in the two state universities combined (2 192 in 2001/02). If SEEU’s Albanian speaking students total 80% of its four-year build out, SEEU will enrol approximately 4 000 ethnic Albanians in the 2004/05 academic year, alongside, on present trends, some 500 per annum (i.e. 2 000 over four years of study) in the two state universities. *SEEU is the country’s major higher education contributor to national equity goals as they relate to the minority communities.* From 2004/05 on present expectations that level of contribution will be shared with the new university.

SEEU programmes have been designed according to high priority employment needs and specifically to enable the country to meet targets for increasing representation of minority communities in designated employment areas. SEEU has demonstrated its effectiveness in modernising higher education in FYROM and is a leader in establishing international links which would be of considerable benefit in bringing the country fully into line with international trends in higher education. SEEU has established a modern, efficient system of governance, management and resource utilisation. SEEU has the potential to move forward on all of these fronts, to expand its range of course offerings and to build a structure of advanced study, qualifications and research which will be of national benefit. *For these reasons we strongly recommend that the government respond positively to SEEU bids for support, for both capital expansion and to assist in meeting recurrent costs. We would be willing to provide further advice to the University and to the government on appropriate forms and levels of support, following preparation by the University of detailed costings.*

6.5 Competitive Analysis

SEEU's remarkable success during the first two years of operations is clearly an indication of its ability to address burgeoning demand, particularly among the Albanian community, for access to high quality university programmes in business, law, public administration, communication and technologies, and teacher education in English. Demand has been and continues strong despite relatively high levels of tuition. Based on our conversations with students and academic staff, this demand is due to the availability of programmes taught in Albanian, the opportunity to learn English and other European languages, and the distinctive teaching offered through SEEU. There is perhaps a novelty factor as well which, if not reinforced, could wear out over time. The distinctiveness and quality of SEEU's education is, not surprisingly, beginning to attract significant numbers of Macedonian-speaking students as well as students from elsewhere in the region. SEEU's distinctiveness as a European-type university and its growing reputation are major strengths and should be maintained.

In general, organizations in competitive markets tend to compete on either price or distinctiveness of their products. Universities certainly compete on these dimensions, but also on geographical proximity, i.e., students often attend a particular college or university based on their ability to live at home and thereby reduce living costs.

Demand for SEEU programmes in large measure results from their educational quality and distinctiveness—in terms of disciplines offered, teaching modes and institutional culture. Demand from the local Albanian community is also a result of the University's proximity to high concentrations of Albanians in the Tetovo area and surrounding region. Its competitiveness in this regard will be, in our opinion, affected by the establishment of the new university. SEEU has not attempted to compete on price, although some students who could have opted for education in higher priced private institutions in the region (Greece and Bulgaria for example) may have chosen SEEU in part for reasons of price.

As SEEU looks to the future, its competitive position within FYROM, the immediate region and the wider region will depend upon the development path it follows. If SEEU retains its selective focus of disciplines, relatively small size, distinctive teaching and institutional ethos, develops selected postgraduate programmes and further develops its regional profile (Path1), its primary competitors could be other Western European- and American- oriented private institutions such as those in Thessaloniki (Anatolia College and its American College of Thessaloniki division), the American University of Bulgaria, the American University of Kosovo as well as others that could be established in future. There will also be competing programmes rather than entire institutions such as the new Masters of Public Policy and Management offered in Skopje by the University of Pittsburgh and business programmes offered by other Western universities. Such developments may be highly competitive, but this does not rule out cooperation. For example, the Pittsburgh programme may be offered at SEEU. Distance education providers may possibly see opportunities in future for enrolling students in the region. SEEU's competitive advantage may well be a combination of both distinctive programmes (competing well with other Western-style programmes) and price (less expensive than many of its competitors). Price will be affected by the readiness of the government to provide funds. As suggested above, competitive advantage can include partnerships with actual or potential competitors.

If SEEU's development path were to take it more toward a comprehensive university and the principal portal for ethnic (especially Albanian) communities (Path 2), then it must be more concerned about its ability to compete on price. To maintain the more cost-intensive teaching distinctiveness it now possesses poses a price competitiveness problem relative to FYROM's public universities. It could only be competitive on price if government funding flowed to a full range of disciplines and if there were additional student financial aid available. Students with the ability and willingness to pay for a distinctive education would find SEEU attractive but students without that financial ability would have to be subsidised through government and donor resources. SEEU's distinctiveness advantage may erode over time as FYROM's state universities move beyond the structural dimensions of the Bologna process to more substantive domains of curriculum and teaching.

Our analysis of SEEU has included the possibility of ultimate merger with the new state university, notwithstanding the many attitudinal, structural and financial obstacles now so apparent. From experience of mergers in other countries, it could be surmised that there would be many difficulties to surmount even were the two institutions willing to consider this prospect. For example, duplication within the faculty structure of SEEU and that proposed for the new university is evident and would necessitate rationalisation; curricular changes and modification to teaching strategies would be required. Mergers are often top-down decisions and staff, not party to the decision, may possibly resist the policy decisions. The two institutions have been established and operate on different principles of authority, control and decision-making. And so on. This is not to say that merger would not occur, only that there are major attendant challenges and difficulties.

However, well short of anything resembling a merger, our analysis would be incomplete if we were to overlook the possibility and benefits of cooperation, a sharing of resources and collaborative development planning. Accordingly, in Table 12 there is a "zone of cooperation" that is indicated in the Medium Term column, Pathway 1 and it is a major element of Pathway 2. If the institutions were willing, with Ministry facilitation discussions should commence in the Short Term (2004 – 2005), and there would be quite significant implications for the Medium and Longer Term trajectories. Thus far, indications of such collaboration have not been positive. In raising it, we are identifying a topic for further exploration as and when appropriate, not proposing any departure from the prudent development trajectory we envisage for SEEU.

It is most important for SEEU to maintain its distinctiveness in the long-term by being a centre for innovative programmes and teaching. Nor should its fundamental contribution to equity be overlooked, in either of the scenarios. In short, we believe that the most attractive and sustainable future for SEEU is as a distinctive, "window to Western Europe" regionally-oriented institution grounded on principles of quality, relevance and equity.

6.6 SEEU's long-term financial sustainability

SEEU has been able to offer its distinctive education at a subsidised price due to generous donor support. As already discussed, SEEU's endowment has been used for capital expansion needs. It cannot be assumed that future donor support or endowment will contribute substantially to subsidising basic recurrent costs. *Donor support will, however, continue to be a critical resource for one-time capital expansion needs and could be sought for targeted programmes including staff development and scholarships based on need. Donors should consider carefully ways to sustain institutional viability and be ready to receive carefully prepared proposals vital to survival and steady growth during these formative years.*

If SEEU were to become the primary access point for the Albanian community, in concert with the new university, then the development costs over the medium term of adding faculties and expanding facilities would be substantial, requiring government funding for both recurrent and capital costs. If, on the other hand, SEEU's development path moves in the direction of a limited scope, private university with some government recurrent funding, its financial viability should be more assured. The discussion of financial sustainability below is based upon SEEU developing along the line of Path 1 in Table 12.

SEEU's Base Line Financial Sustainability. In Chapter 4 it was concluded that the tuition level needed to cover recurrent costs in 2003-04 is EUR 1 000. But this figure assumes donations to cover international faculty and it does not include any provision for depreciation of buildings. Substantial staff development funding for 2003/04 will still be provided for in the U.S. AID grant funds. Starting in the 2004/05 academic year, however, SEEU's budget planning needs to include provision for various staff development programmes. Some may be met by funds from international donors but in all probability some portion will have to be met through recurrent budget provisions covered by tuition.

In order for SEEU to develop further, costs of highly qualified staff and academic staff development needs will have to be taken into account in calculating sustainability. We do not have the data needed to calculate costs but these will not be inconsiderable. It is important to build toward a larger core of full-time academic staff. However, due to the shortage of well qualified Albanian-speaking academics, a continuing, long-term pattern for SEEU's academic staff will of necessity be a substantial proportion of part-time staff—drawn from SU, Prishtina University, Tirana University, and other universities in the region. SEEU should set targets for an increasing percentage of full-time academic staff.

In addition to the core of full-time academic staff and part-time itinerant teachers, a continuing staff development programme will be required - a continuation of some of the types of programmes that the existing contract with Indiana University has provided, i.e., curriculum development, academic staff training, and particularly the strategy of providing opportunities for young academic staff to pursue advanced degrees. The costs of minimal programme support levels in these areas have not been estimated as far as we are aware, but will need to be brought into the equation.

The final component, of critical importance in the past two years, but continuing into the medium-term planning period, is international staff. They have played a very important role in SEEU's first two years of development. Relatively expensive for SEEU, they are vital to fulfilment of its development path as a regional and European University. SEEU may be able to fund some or all of this important component through donations from the international community.

Development priority capital needs. Again, assuming that SEEU's development path takes the direction of Path 1, capital facility and equipment needs will be focused largely on qualitative improvements rather than substantial capacity expansion.

Scope and time limitations of our study have precluded any detailed analysis of capital expansion needs and costs, we concur with the Board's view that the highest capital expansion need is classroom space to accommodate student build out to 5 000 capacity. Beyond this need the other highest priority needs are expanded library capacity, additional computer laboratory facilities and student social space. These capital requirements appear to have been met for the immediate future. For the medium term there will be further demands and both financial and academic planning, in the context of the University's Strategic Plan will have to address them. If we appear to be unduly cautious in our signals about the potential for substantial growth, it is because we are not aware of assured, long-term sources of funding for major expansion.

6.7 Sustainability Summary

On the basis of data available to it, the review team has not been able to prepare a table of recurrent and capital costs along with revenues needed for SEEU's financial sustainability over the next four years.

The best we can suggest, without access to more detailed costings than have been provided is that, by international standards we believe both base recurrent and capital costs to be modest: SEEU can continue to develop for relatively modest outlays. However, SEEU Board and senior officers must continue to give high priority to detailed costing of all of its growth and development plans and to financial sustainability if the institution is not to lose its competitive edge and maintain the quality of education it now provides. In succession planning for all leadership positions including deanships, this requirement must be kept well to the fore. With further time, and provision of more detailed cost figures, the review team would be willing to offer specific advice on the financial sustainability of the University as it approaches its next major growth cycle. For the present, we must urge caution in taking the University much beyond the profile clearly anticipated for 2004/2005.

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