

9 Employment policy

Effective employment policies are crucial for forging a strong economy and fostering economic development and social inclusion. This chapter aims to assess the regulatory framework and policies governing employment, as well as the institutional capacity for implementation. The first sub-dimension focuses on inclusive labour market governance, specifically looking at the employment regulatory and policy framework, labour inspectorates, social dialogue and inclusive employment policies. The second sub-dimension, social protection and activation policies, analyses the public employment services, mutual obligations framework and active labour market programmes. The third sub-dimension, skills for adaptable labour markets, assesses the skills mismatches in the labour market and initiatives for developing digital and green skills. The fourth sub-dimension, expanding the skills pool, focuses on attracting highly skilled migrants and diaspora.

Key findings

Kosovo's overall score has significantly increased since the previous *Competitiveness Outlook*, although it still remains significantly below the regional average (Table 9.1). Most notably, the economy made advances in strengthening its legal framework for employment and bolstering the capacities of its Labour Inspectorate. Moreover, it outperforms the regional average in terms of its policies for expanding the skills pool. However, this progress was largely offset by Kosovo's weak performance in promoting the development of skills for the digital and green transitions.

Table 9.1. Kosovo's scores for employment policy

Dimension	Sub-dimension	2018 score	2021 score	2024 score	2024 WB6 average
Employment	8.1: Inclusive labour market governance			2.4	3.2
	8.2: Social protection and activation policies			2.0	3.1
	8.3: Skills for adaptable labour markets			1.2	2.6
	8.4: Expanding the skills pool			2.8	2.4
Kosovo's overall score		1.5	1.6	2.0	2.9

The **key findings** are:

- Recent initiatives, such as joining the European Network Education and Training in Occupational Safety and Health, increasing staff training opportunities, and doubling the number of inspectors, have significantly strengthened the capacity and efficacy of the Labour Inspectorate.
- Despite the government's focus on increasing women's workforce participation through specific measures in the new Employment and Labour Market Strategy 2023-28 and tailored active labour market programmes, women's employment rates remain low – they stand at only one-quarter of the levels seen in the EU (16.5% versus 63.3%, respectively).
- Significant strides have been made in reducing youth unemployment, which fell from 49.4% in 2019 to 21.6% in 2022. New measures, such as the Youth Guarantee Implementation Plan as well as the recent establishment of the government platform "Superpuna", share the explicit aim of helping youth not in education, employment or training (NEET) to integrate into the labour market.
- Kosovo's underdeveloped framework on mutual obligations represents a substantial challenge, particularly given that informality accounts for over one-third of both GDP and total employment in the economy. Namely, nonexistent unemployment benefits, compounded by limited social assistance, can potentially discourage employees from formalising their activities and instead choose informal work to supplement their income while retaining eligibility for social assistance.
- There is a pressing need for the government of Kosovo to establish a comprehensive policy framework to foster the development of skills for the green transition. With plans to phase out coal use by 2050, it is imperative that the government initiates and supports programmes, training initiatives, and employer incentives to alleviate the adverse employment impacts of this transition.
- While several initiatives aimed at bolstering diaspora engagement have been undertaken by both government and non-government stakeholders, such as the "Citizen Diplomacy" and "Engaging Diaspora Professionals" programmes, Kosovo still lacks an up-to-date, active policy framework guiding diaspora engagement.

State of play and key developments

The labour market in Kosovo is largely characterised by low activity and high unemployment rates, although there have been improvements in recent years. Similar to many economies globally, the COVID-19 pandemic adversely affected employment outcomes in Kosovo: between 2019 and 2021, the activity rate of the population fell by 1.1 percentage points, while the employment rate decreased by 1.6 percentage points (Vienna Institute for International Economic Studies, 2023^[1]). Although the economy has shown some slight improvements since then, with employment rates rising from 31.1% in 2021 to 33.8% in 2022, activity and employment rates in Kosovo remain the lowest among the Western Balkan economies and far below the EU averages (of 74.5% and 69.8%, respectively) (Eurostat, 2024^[2]). Of note, a significant proportion of households in Kosovo receive remittances (28% in 2021), which have been found to negatively impact activity rates, particularly among women (OECD, 2022^[3]). As such, this low participation rate observed in the economy might be partially attributed to these high levels of remittances.

Sub-dimension 8.1: Inclusive labour market governance

Kosovo has made some progress in improving its **legal framework for employment** since the previous assessment cycle. This framework is primarily defined by the Labour Law, which establishes minimum standards concerning working time, paid holidays, breaks and absences from work, and occupational safety and health (OSH). However, non-standard forms of employment – which include self-employed individuals, those on temporary contracts, and platform or gig workers – are only offered limited coverage under employment protection legislation,¹ while they are entirely excluded from the social protection framework.

In addition to the Labour Law, the Draft Programme of Health and Safety at Work, which is currently under review by the Cabinet of Ministers, will serve as an Action Plan for implementing health and safety regulations in the workplace. Moreover, the government has recently implemented a new regulation² that defines the conditions, criteria and procedures for the training of individuals responsible for safety and health at work. It also establishes certification processes for OSH experts and licences for entities providing OSH services. Beyond this new and upcoming legislation, additional progress in bolstering OSH was made through the completion of two new studies on working conditions in Kosovo and compensation for accidents at work and occupational diseases. Yet, one notable gap in this regulatory framework is the absence of a national compensation system. Implementing a comprehensive, transparent system that considers factors such as job responsibilities, qualifications, and market standards could enhance fairness and ensure employees receive appropriate remuneration.

The **policy framework for employment** is largely defined by the National Strategy for Development 2030. The strategy's section on employment delineates several key objectives for addressing labour market challenges and improving outcomes. For example, one goal is to strengthen workplace safety through evidence-based policy making supported by enhanced, continuous data collection on injuries, illnesses, and deaths. At the time of writing, the Ministry of Finance, Labour and Transfers had also started the process of drafting the new Employment and Labour Market Strategy 2023-28, which seeks to address various employment-related issues. In designing these policies, the ministry consults a myriad of actors, including other ministries and state agencies, social partners, NGOs, and civil society.³

A key ongoing initiative is the government's efforts to finalise its Strategy on Combating the Informal Economy, which is presently under discussion within a dedicated working group. Additionally, in March 2023, the Ministry of Finance published its annual report (for the period 2021-22) on the implementation of its National Strategy for the Prevention and Combating of Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes (2019-23). While this development represents a significant stride forward, it is crucial that the strategy is implemented promptly, given the significant scale of Kosovo's informal

economy. Although official statistics are not available from the government, estimates suggest that the informal sector accounts for more than one-third of total employment (IMF, 2022^[4]).

Significant advances were achieved in enhancing the efficiency and capacities of the **Labour Inspectorate** in Kosovo since the last assessment cycle. The Labour Inspectorate operates within a clear framework with fixed, measurable objectives. It also recently approved a new Strategy of the Labour Inspectorate 2023-27, to be complemented by an annual work plan. The new strategy includes several objectives, including the reforming of the structure of the Labour Inspectorate, digitalising processes through the creation of the Labour Inspectorate Information System, bolstering capacity building and evidence-based planning, raising awareness, and improving the entity's physical infrastructure. The work of the Labour Inspectorate was most recently assessed in an audit completed in May 2023, although the organisation would benefit from more regular monitoring of its inputs and outputs.

Progress in strengthening the capabilities of Labour Inspectorate is evident across various fronts. In terms of co-operation and co-ordination, the Labour Inspectorate has strengthened its efforts to participate in more intense co-ordination with other local stakeholders, such as state institutions, trade unions, NGOs, and the media. Moreover, in November 2022, the Labour Inspectorate became part of the European Network Education and Training in Occupational Safety and Health (ENETOSH), signaling its commitment to exchanging knowledge and experience in the field of OSH. In terms of building capacity, the Labour Inspectorate has benefited from the increased organisation of training for workers, averaging 264 training sessions per month in 2022 (Government of Kosovo, 2023^[5]). Part of this focus on training stemmed from a new collaboration with the ILO to offer continuous training to 100 young labour inspectors. Furthermore, strides have been made in expanding the workforce, with an additional 100 new inspectors budgeted in 2023, supplementing the existing staff of 64 in 2022. This concerted effort led to a notable improvement in the Labour Inspectorate's ability to conduct inspections, meeting the targets set by the European Reform Agenda during the second half of 2022.

The system guiding **collective bargaining** and social dialogue is still largely under development; while well-defined legislation exists,⁴ awareness and use of these systems remain limited. Unions are actively involved in policy-making processes and participate in working groups. Collective bargaining between these unions and employers is intended to promote better working conditions and standards for employees, covering issues such as salaries, working hours, access to training, and employment in non-standard forms. Moreover, several measures have been implemented recently to strengthen collective bargaining and social dialogue, most notably the drafting of new guidelines to govern collective negotiations.

However, there remains significant room for enhancing collective bargaining and social dialogue in Kosovo. While collective bargaining is in principle intended to take place at both the company and sectoral levels, in practice only two sectoral agreements (in the fields of education and health) have been established, and they have lapsed. Additionally, there is currently only one active collective agreement at the company level (Radio Television of Kosovo). Compounding this issue, the mandate of the Social and Economic Council – which consisted of trade unions, employer associations, and independent experts – expired in April 2023. The Council played an important role in facilitating social dialogue among various stakeholders, and the absence of clear plans for reinstating this body presents a serious obstacle to further strengthening collective bargaining, particularly as private sector representation in these processes is perceived as inadequate by government stakeholders.⁵ Awareness of these bargaining and social dialogue systems is relatively limited. However, to counter this, the Ministry of Finance, Labour and Transfers launched a comprehensive awareness campaign in December 2022 to raise awareness of workers' rights, including the right to decent working conditions.

Although there have been some efforts to enhance **inclusive labour policies**, these policies have yet to yield significantly improved outcomes. One of key aims of the new Employment and Labour Market Strategy 2023-28 is to better target women, young people not in education, employment or training, and

vulnerable groups, including Roma and other ethnic minorities, persons with disabilities, and people living in extreme poverty. While the prioritisation allocated by this new strategy represents an important stride toward improving inclusivity – particularly through improved gender equality – it has not been matched with sufficient additional measures. Awareness campaigns with the aim of reducing gender discrimination are not conducted. Besides the absence of policies, financial and institutional support is constrained, as the government has neither allocated gender budgeting nor established a co-ordination body for addressing gender inequalities. There is no policy framework to promote entrepreneurship among women.

Implementing a new strategy with renewed focus on augmenting the inclusivity of the labour market in Kosovo is vital – particularly for women, who have extremely low participation and employment rates. While the female labour participation rate has been slowly increasing, it only reached 22% in 2021 – roughly one-third of the rate of the EU Member States (68.5%) (Vienna Institute for International Economic Studies, 2023^[11]) (Eurostat, 2024^[2]). A similar trend is observed for employment rates: in 2021, the employment rate of women in Kosovo was a mere 16.5% in 2021 – a staggering 46.8 percentage points lower than the EU average (63.3%). Some of the primary barriers to employment for women in Kosovo include low salaries, insufficient job flexibility, the prevalence of short-term contracts, and inadequate benefits (Democratic Institute of Kosovo, 2017^[6]). With respect to the last reason, there are plans to revise maternity and paternity leave, with the government embracing a larger burden in compensating women on maternity leave. Currently, the law stipulates that the first six months of maternity leave (of twelve months total) are paid by the employer for a total of 70% of the base salary; this burden on the employer has resulted in some companies, particularly those in the private sector, avoiding hiring young women who are of childbearing age (KOHA, 2023^[7]).

Sub-dimension 8.2: Social protection and activation policies

The unemployment rate in Kosovo has dramatically fallen in recent years, decreasing from 25.1% in 2019 to 12.1% in 2022 (World Bank, 2024^[8]). Given the stagnant employment and activity rates in the population, this reduction is likely a result of increased exits from the labour market due to higher levels of emigration – a phenomenon expected to continue given the introduction of the visa-free regime with the EU in January 2024. In fact, a recent study revealed that more than one-quarter of Kosovar adults were contemplating emigrating during the first half of 2024, spurred by this recent visa liberalisation (GAP Institute, 2024^[9]). Moreover, as stated above, high remittance flows can discourage people from actively seeking employment, leading them to not being counted as unemployed. Despite the overall decline, the unemployment rate remains essentially double that of the EU (6.0%) (Eurostat, 2024^[10]). Within the unemployed population of Kosovo, a significant share (70.7% in 2021) is considered to be long-term unemployed, meaning that they have been actively seeking employment for more than one year (Vienna Institute for International Economic Studies, 2023^[11]). This high rate of long-term unemployment is likely indicative of a structural challenge, suggesting that the skills possessed by these individuals are not in demand by the labour market.

The **public employment service** (PES) in Kosovo, called the Employment Agency, offers a standard range of services to jobseekers and employers. These responsibilities range from the basic registration of job vacancies and unemployed persons to more advanced obligations, such as offering counselling and referrals to active labour market programmes for jobseekers or supporting job fairs and employers' recruitment services. These services are widely used by the population: indeed, despite a fall in the number of unemployed persons from 125 000 in 2019 to 100 000 in 2021, the number of jobseekers registered with the PES increased by 15.9%, rising from 70 790 to 82 042 (ILOSTAT, 2024^[11]). This increased workload has not been met with corresponding increases to staff numbers or institutional capacity, which has resulted in a caseload of 755 cases per counsellor. Not only is this ratio the highest in the region, but it is also far above the ILO recommendation of 100 unemployed individuals per staff member (Kuddo, 2012^[12]).

Efforts to digitalise selected services and processes are ongoing, with the introduction of online registration within the PES. For example, the development of the Open Data module for Labour Market Information was recently inaugurated, and the Information System for Employment Management was being tested at the time of writing. Moreover, two new platforms have been created – “Superpuna”⁶ (launched in February 2023) and “Kosovo Generation Unlimited”⁷ (launched in December 2020) – that seek to match employers with young individuals searching for job, internship, or training opportunities. Ongoing efforts have further strengthened these platforms: for example, in February 2024, the government of Kosovo expanded the age group of the Superpuna platform’s beneficiaries from 18-25 years old to 18-29 years old, with the aim of reducing youth unemployment. Youth who find opportunities on this platform are employed for six months and are paid by the government a monthly salary of EUR 264 (Isufi, 2023^[13]). However, the efficacy of these initiatives is constrained by the limited use of digital services among certain groups of jobseekers that do not have access to the Internet, or lack sufficient digital skills.

Unlike the other Western Balkan economies, Kosovo has not yet developed an **unemployment benefit scheme**, nor are there any planned reforms to introduce such a system. However, while there is no framework for receiving unemployment benefits, there is one governing the eligibility and job search conditions for beneficiaries of social assistance. Social assistance benefits, defined under the Social Assistance Scheme (SAS), are low, with these benefits placing both single and family recipients under their respective poverty-at-risk thresholds. To qualify for social assistance, potential beneficiaries must prove that they meet one of two conditions. The first, known as Category I, requires that all household members are incapable of working or not of working age. The second criterion, Category II, stipulated that only one family member is able to work and registered as unemployed; the other members are dependent; and the family has at least one child under 5 years of age or an orphan under the age of 15 under permanent care (Gashi, 2021^[14]). The programme is not well targeted, as its stringent criteria exclude many poor families. Therefore, while a majority of beneficiaries of the SAS are from the poorest quintile of society, this is primarily due to widespread poverty and a limited pool of beneficiaries, rather than the precise targeting of those in need.

Social assistance recipients face sanctions if they cannot prove that they are actively looking for work or if they do not accept any suitable job offer. Moreover, if an unemployed recipient refuses a job more than twice, they are removed from the Employment Agency’s unemployment register. Recipients must also agree to participate in public works programmes. Ultimately, most jobseekers do not benefit from any type of welfare benefits. No provisions currently exist to offer exemptions on social security contributions for low-income earners, nor are there any tax credits tailored to benefit these individuals.

This underdeveloped framework on mutual obligations can be particularly problematic in terms of the economy’s high level of informality. The absence of unemployment benefits, compounded by limited social assistance, can potentially discourage employees from formalising their activities. Additionally, because social assistance is only available for those without an income-generating job, many individuals might elect to engage in informal work rather than enter the formal market in order to bolster their income but still maintain this social assistance.

Even though **active labour market programmes** (ALMPs) serve as the main form of support to jobseekers in Kosovo, no progress has been observed in strengthening these programmes through increased funding or refining targeted measures. Target groups include youth not in education, employment or training (NEET), women, people with disabilities, ethnic minorities, and the long-term unemployed, representing a wide coverage of the most vulnerable groups in terms of access to the labour market.

Of these groups, the most significant advances have been made to support unemployed youth. While those unemployment rates have dramatically declined, falling steeply from 49.4% in 2019 to 21.6% in 2022, this proportion is still above the EU average (16.3%) (ILOSTAT, 2023^[15]; World Bank, 2024^[16]). Moreover, while youth unemployment rates have plummeted, the NEET rate remains extremely high, amounting to 32.9% in 2022 – more than three times EU levels (9.6%) (World Bank, 2024^[17]; Eurostat,

2023_[18]). As such, one recent development targeting NEET youth has been the ongoing efforts to restructure the Employment Agency to ensure the government can properly carry out the Youth Guarantee implementation plan (European Commission, 2023_[19]). As of 2023, authorities are working to ensure the necessary conditions are in place to then pilot the Youth Guarantee in two municipalities. Accompanying this programme have been additional efforts, including new research initiatives to gather data on the youth NEET to then ensure the Youth Guarantee addresses this population's specific needs. Another development was the establishment of the National Working Group for Youth Guarantee Deployment (Connecting Youth, 2023_[20]).

Strategies guiding ALMPs are supported by a separate budget. Spending on ALMPs is far below that of the EU, constituting only 0.03% of GDP compared to 0.39% of EU levels (European Commission, 2024_[21]). The government's spending on ALMPs more than doubled in 2020 and 2021 as a response to the COVID-19 pandemic. Key monitoring data on participants in ALMPs by socio-demographic characteristics (including age, gender, and skill level) are collected and published regularly. However, there are no data on the results of ALMPs after the end of their implementation, and even the results of impact evaluations have not yet been used to revise these programmes.

Sub-dimension 8.3: Skills for adaptable labour markets

In Kosovo, there is a stark difference in the employment rates among workers with different skill levels. Namely, in 2021, the employment rate of low-skilled workers was 10.8% – one-third the rate of medium-skilled workers (35.5%) and nearly one-sixth the rate of highly skilled workers (62.7%) (Vienna Institute for International Economic Studies, 2023_[1]).⁸ Similar to the pattern observed in the EU, skills mismatch in Kosovo is mainly characterised by overqualification, with 26% of adult employees reporting that they had a higher education than what their position requires (compared to 10% of employees who have a lower education level) (ETF, 2023_[22]). Moreover, the participation levels of adult employees in an education or training activity to learn new job-related skills are below the EU average (53% versus 62%, respectively).

Efforts to address **skills mismatch** within the economy are supported by a robust policy framework, but programmes supporting these policies are relatively limited in scope, particularly those aligning skills production with short- and long-term labour demand. The National Development Strategy 2030 seeks to narrow the skills gap in the labour market by enhancing collaboration between the private sector and the education sector, while also establishing mechanisms for long-term planning to guide the direction of the labour market. Under the framework provided by this strategy, the government plans to conduct a labour market analysis as well as skills forecasting to support improvement of the skills development of its workforce. Similarly, the new Employment Strategy 2023-28⁹ aims to reduce this gap by promoting the cultivation of skills and competencies among the labour force through a wide variety of mechanisms, ranging from offering incentives to businesses to provide training, to offering adult training courses and strengthened career and entrepreneurship education and guidance.

Several policies and programmes are currently in place to support specific aspects of skills mismatch, namely through modernising vocational and educational training courses and promoting workplace-based learning through a dual vocational training system. However, this leaves substantial scope to broaden the available offerings, particularly by introducing policies that expand education and vocational training or better foster adult learning, which is currently limited. Moreover, even in the areas where there are policies, they could be further enhanced. For instance, while career guidance is offered in both vocational schools and higher education institutions, it is not fully utilised to address the mismatch between a large supply of social science graduates and a significant demand for STEM graduates. As such, improved guidance could play a crucial role in directing students who are passionate and/or talented in STEM fields toward pursuing related careers.

Skills for the digital transition are not sufficiently developed or supported, despite their importance to the current and future labour market. Indeed, according to the 2023 European Survey on Jobs and Skills, more than half of Kosovar respondents indicated that they will need to moderately or greatly develop their digital skills to do their jobs (ETF, 2023^[22]). Yet, despite this recognised need, there is no policy framework with a specific focus placed on digital skills. Moreover, there is little evidence of any activities developed by the government to encourage employers to upskill their workers' digital capacities. One small-scale programme titled “Digital Skills for All” was launched in 2023; it aimed to cultivate digital skills among young jobseekers (Box 9.1). Other efforts have been less organised, but there has been progress toward expanding the training of digital skills available to small and medium-sized enterprises (SMEs), such as online training that is partially financially covered by the Ministry of Innovation and Entrepreneurship (Andjelkovic et al., 2021^[23]). Yet, these programmes suffer from a lack of co-ordination and limited funding.

Box 9.1. Promoting digital skills in Kosovo through the “Digital Skills for All” programme

The “Digital Skills for All” programme in Kosovo, launched in April 2023, aimed to equip young jobseekers aged 18-29 with essential digital skills in order to bolster their employability within the private sector. It was developed by the United Nations Development Programme (UNDP), Kosovo's Ministry of Government and Local Administration and the university RIT Kosovo, and benefited from financial support from Italy's Ministry of Foreign Affairs and International Cooperation.

Following the initial call for applications, interested candidates completed an entrance exam, after which 180 individuals were selected for participation. Priority was given to youth from ethnic minority groups, women, individuals from rural areas, persons with disabilities, and recent university graduates. Selected candidates then participated in intensive training through six “boot camps,” which covered various topics ranging from data engineering and web development to digital marketing and design. The cost of the programme was fully financed for each participant. As the programme concluded in December 2023, it is still premature to attempt to assess its impact on employment outcomes; however, it is expected that participants will have an easier time entering the job market.

Ultimately, the “Digital Skills for All” programme represents a significant stride toward addressing the evolving demands of the labour market, particularly that of a digital economy. By equipping candidates with in-demand knowledge and skills, the programme not only sought to improve these individuals' competitiveness but also to bridge skill gaps by aligning the capabilities of the target population with market needs.

Source: Embassy of Italy in Pristina (2023^[24]).

Kosovo lags behind the rest of the region in terms of promoting **skills for the green transition**, as it has not undertaken any significant efforts to assess or support the development of skills and jobs related to greening. Of the Western Balkan economies, Kosovo is the most dependent on coal for power generation (95% of its total power generation) (Ruiz Castello et al., 2021^[25]). Yet, as the economy endeavours to phase out coal by 2050 (as outlined in its Energy Strategy 2022-31¹⁰), the Employment Agency has not developed a specific approach regarding how to mitigate the negative effects of this reduction in coal mining on employment – despite the fact that the coal sector employs thousands of citizens. Moreover, neither the Climate Change Strategy 2019-28¹¹ nor the Circular Economy Roadmap of Kosovo of 2023¹² addresses employability and skills development issues for the green transition. There is no evidence of co-ordination or consultation with key stakeholders on skills for the green transition, nor has the government of Kosovo launched or supported any studies to identify relevant jobs and skillsets.

Sub-dimension 8.4: Expanding the skills pool

In terms of **making the most of foreign talents**, Kosovo has undertaken some initiatives to promote the inclusion and integration of immigrants, but this framework is not well supported by substantive co-ordination or co-operation mechanisms. The national Strategy on Migration (2021-25)¹³ identifies migration management as a key factor in the economy's socio-economic development and therefore aims to ensure a safe and advanced migration system that will attract and employ skilled immigrants. This strategy was previously supported by an Action Plan that lapsed in 2023, and there is no information available regarding progress toward developing a new plan. Additionally, the Law on Foreigners¹⁴ serves as the framework regulating the entry, movement, residence and employment of foreigners, although there is a crucial need to align this legislation with both the EU *acquis* and international standards.

Regarding the free movement of workers, EU nationals and their family members require work permits to work in Kosovo. In 2022, 202 short-term work permits were issued, of which 114 were for EU nationals (European Commission, 2023^[19]). The Law on Regulated Professions outlines requirements, but the list of regulated professions is not very comprehensive. Moreover, Kosovo has yet to join the European Network of Employment Services (EURES), which could support the economy's own efforts in assisting this movement of workers through the provision of information and employment support services. In October 2023, Kosovo signed a memorandum of understanding (MoU) with the other Western Balkan economies for the mutual recognition of professional qualifications; the agreement aims to improve professional mobility and align skills with labour market needs.

Migration management responsibilities are distributed among various ministries and are co-ordinated by a National Coordinator for Migration. In addition, the Government Authority on Migration acts as an inter-institutional body and is composed of all migration-related institutions and agencies. The Kosovo Agency of Statistics has published data on the number of immigrants and emigrants by region since 2017. The Agency has additionally undertaken efforts to facilitate comparative and regional analyses of migration trends. To support regional assessments, Kosovo is a participant in the Migration, Asylum, Refugees Regional Initiative (MARRI), which has established a permanent working group on migration statistics that collects, processes, and disseminates migration data through a regional platform for enhanced data exchange in the Western Balkans.

Several policies and programmes have been implemented in Kosovo with the aim of **attracting diaspora skills**. The most significant development was the institutional restructuring that merged the Ministry of Diaspora and Strategic Investments with the Ministry of Foreign Affairs, creating the Ministry of Foreign Affairs and Diaspora. This shift underscored the increased strategic importance conferred to diaspora matters, allowing for a more active role in protecting diaspora rights, enhancing consular services, and supporting diaspora organisations. However, continuous political changes have limited the government's ability to prioritise diaspora engagement, despite the fact that national estimates indicate that over 845 000 persons of Kosovar origin, including those born abroad, live outside the territory (Government of Kosovo, 2021^[26]). Of note, this figure will likely be updated after the conclusion of the upcoming census (scheduled to last from April to May 2024), which includes a separate registration of Kosovar diaspora, marking the economy's first attempt to formally register this population (Xharra and Zeqiri, 2024^[27]).

Efforts were made to draft a new National Strategy for Diaspora (2019-23), but political changes hindered government approval through parliamentary procedures (Qaisrani et al., 2023^[28]). Thus, even though the Ministry of Foreign Affairs and Diaspora is currently preparing to release a new strategy and law for public consultation, Kosovo has been without a well-defined, up-to-date policy framework guiding diaspora engagement for several years.

Both government and non-government stakeholders have actively supported several initiatives to attract diaspora skills. For example, the Citizen Diplomacy programme,¹⁵ introduced by the Ministry of Foreign Affairs and Diaspora, engages young professionals worldwide, bringing Kosovo citizens at the master's

level to contribute their expertise to Kosovo's institutions. In its second year, the programme offers a platform for knowledge exchange. The online platform "KosovoDiaspora.org", established by the non-governmental diaspora association Germin, connects Kosovo with its diaspora, using social and online media to showcase achievements. Another initiative of Germin is the "Engaging Diaspora Professionals" programme, which identifies and facilitates diaspora experts' engagement with public institutions in Kosovo and Albania, providing voluntary expertise for periods ranging from three weeks to six months, with living costs covered but no compensation for their work (OECD, 2022^[3]).

Overview of implementation of Competitiveness Outlook 2021 recommendations

Kosovo's progress on implementing past CO Recommendations has been mixed: in some areas, such as strengthening the Labour Inspectorate's capacities or drafting a strategy for combating the informal economy, significant advances were achieved. Conversely, progress has remained limited in most other domains, namely introducing unemployment benefits or reducing the caseload of PES counsellors. Below, Table 9.2 shows the economy's progress on implementing past recommendations for employment policy.

Table 9.2. Kosovo's progress on past recommendations for employment policy

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Implement as a minimum the Strategic Development Plan for Labour Inspectorates 2017-21 and the National Strategy for the Prevention and Combating of Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2019-23	There is a new Action Plan and Strategy governing Labour Inspectorates for the period 2023-27. Several other advances were made, including the completion of an audit of Labour Inspectorates' activities in 2023 as well as the creation of an electronic inspection system. Labour Inspectorates organise campaigns and awareness-raising events and have improved co-operation with other stakeholders.	Strong
Use the whole education and training infrastructure in the economy, including VET institutions, to provide remedial education and vocational upskilling to adults	Workplace-based learning for adults is offered through active labour market programmes, and there is a system in place for the validation of prior learning. However, policies on remedial education and vocational upskilling for adults in the VET system have not improved.	Moderate
Scale up childcare facilities and support for elderly care	There is no evidence that the offer of or access to affordable quality care for children and the elderly have been significantly increased, although there are planned reviews of maternity and paternity leave.	Limited
Continue to enhance the number of job counsellors and significantly reduce their caseload	The caseload only slightly fell between 2021 and 2022, linked to a reduction in the number of registered unemployed persons. Moreover, there is no evidence that co-operation between employment and social services at the local level has improved. Local actors are still not consulted regarding changes in ALMPs.	Limited
Continue implementing the scheme to regularise informal employment and implement awareness-raising campaigns	Awareness-raising activities have been implemented, but no information is available about the implementation or evaluation of this specific scheme.	Limited
Introduce the planned comprehensive social protection system that includes an unemployment benefit scheme and a general healthcare scheme, and reform the social assistance scheme to better target the poor	Maternity leave benefits for unemployed women were introduced, and there is the possibility for social assistance recipients to top up incomes. However, an unemployment benefit scheme has still not been introduced, and no progress has been made to better target social assistance.	Limited
Use time-limited (e.g. six months) exemptions to social security contributions to transform temporary contracts into permanent ones, as in Portugal	There is no evidence that progress in transforming temporary contracts into permanent ones has been made. However, the Labour Law foresees the possibility of concluding a contract for special work that cannot be longer than 120 days within a year. In practice, this type of contract is used for non-standard forms of employment, such as seasonal workers.	Limited

The way forward for employment policy

Considering the level of the previous recommendations' implementation, there are still areas in which Kosovo could strengthen its employment policy framework and further address key challenges in this area. As such, policy makers may wish to:

- **Finalise the development of several key employment strategies**, including the Employment and Labour Market Strategy 2023-28 and the new strategy for combating the informal economy. Namely, the government of Kosovo should prioritise their finalisation and adoption as well as the ongoing monitoring of their implementation's progress. Specific attention should also be given to how these policies impact vulnerable groups within Kosovo's labour market.
- **Strengthen collective bargaining in the private and public sector**. Given the low level of development of the collective bargaining system in Kosovo, it is crucial that the government of Kosovo implement measures, such as renewing the mandate of the Economic and Social Council and negotiating new collective agreements. Moreover, the government could start assessing how to best augment private sector participation and representation to ensure that the economy's collective bargaining system is as representative as possible.
- **Implement and monitor the progress of policy measures aimed at increasing female employment**. Although the new Employment and Labour Market Strategy 2023-28 includes a very explicit focus on better targeting women in employment policies, there is significant scope to expand the measures designed to encourage women to enter the labour market. From an educational standpoint, such programmes might include awareness campaigns and expanded vocational guidance to encourage young women to study STEM. The government of Kosovo should also look at ensuring benefits and working conditions are sufficient enough to encourage mothers returning to the workplace (Box 9.2). A final area of focus should be ensuring the availability of affordable public childcare and after-school care through the introduction of means-tested fees to improve accessibility for poor families, or offering a childcare subsidy for all families making under a certain monthly income.

Box 9.2. Supporting working mothers: A good practice from Estonia

Estonia has demonstrated substantial progress in recent years toward promoting sufficient work-life balance and job flexibility among working mothers, leading to an increase in the employment rate of women with children under the age of 2. Examples of initiatives or policy measures include:

- *Generous maternity benefits* – Pregnant women in the workplace are entitled to start receiving their maternity benefits and leave starting 70 days before their baby's expected date of birth.
- *Generous parental leave* – In Estonia, maternity and paternity leave together total 605 days. There is also an option for shared parental benefits, meaning that parents can decide which one will receive and use the benefit. Moreover, fathers can start receiving this benefit once the child is one month old in order to encourage their greater involvement as childcare providers.
- *Supportive work conditions for breastfeeding mothers* – Mothers who return to work before their child is 1.5 years old are able to take additional breaks – lasting 30 minutes each and to be taken every three hours – for breastfeeding. These breaks are considered to be part of working hours. Many workplaces have also adopted provisions to facilitate the pumping and storage of breast milk.

Source: WHO (2023^[29]).

- **Reduce the caseload of PES counsellors.** There was only limited progress made on implementing this recommendation since the last assessment cycle, despite the high incidence of jobseekers facing long-term unemployment or multiple employment barriers. To better serve vulnerable groups and hard-to-place jobseekers, the Employment Agency would need to increase its number of counsellors eightfold. This would bring its caseload ratio more in line with countries like Germany or France, which have well-established PES. It also might be useful for job counsellors in the Employment Agency to co-operate with social and health services at the local level, a practice increasingly implemented across the EU¹⁶.
- **Introduce reforms to the mutual obligations framework,** namely through the establishment of an unemployment benefits scheme. Additionally, the government should prioritise adjustments to the existing social assistance scheme to enhance the targeting of poor individuals and families. This system should offer means-tested welfare benefits to supplement low incomes, which in turn could encourage workforce participation – a good practice implemented by many EU Member States.
- **Establish mechanisms promoting the development and adaptation of skills for the green transition.** As Kosovo prepares to phase out its use of coal for energy production, the economy must prepare for the impact of the energy transition's changes on employment by creating programmes aimed at mitigating these negative employment effects. Moreover, the government should seek to promote training– potentially provided through the Employment Agency – to help employees develop new skills (or adapt their existing ones) to thrive in this green transition.
- **Develop and implement a comprehensive national programme to encourage and facilitate diaspora engagement in Kosovo.** Such a system for engaging diaspora is crucial to enhance their contributions to the economy's development and foster increased trust between the state and the diaspora community.

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Notes

¹ This coverage is almost exclusively used for seasonal workers.

² This Regulation can be accessed here: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=37745>.

³ The International Labour Organization (ILO) has provided technical expertise during the drafting of this policy. After its finalisation, the strategy will be released for public consultation. In general, other government ministries and state agencies, civil society organisations and social partners participate in this consultation process, while local government entities and NGOs are less active.

⁴ The legal framework is defined by the Law on Trade Union Organisations and Administrative Instruction no. 04/2020.

⁵ Opinion of stakeholders in the Ministry of Finance, Labour and Transfers, as iterated in the CO 2024 questionnaire.

⁶ The “Superpuna” platform can be accessed here: <https://superpuna.rks-gov.net>.

⁷ The “K-GenU” platform can be accessed here: <https://kosovogenu.com>.

⁸ To determine skill level, the International Standard Classification of Education (ISCED) is used. Low-skilled workers fall between ISCED 0 and 2, obtaining a maximum of lower secondary education. Medium-skilled workers constitute those with a level of either ISCED 3 (upper secondary education) or ISCED 4 (post-secondary non-tertiary education). Finally, highly skilled workers must have completed either a short-cycle tertiary education (ISCED 5) or a bachelor’s degree or above. See: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_Standard_Classification_of_Education_\(ISCED\)#Implementation_of_ISCED_2011_.28levels_of_education.29](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_Standard_Classification_of_Education_(ISCED)#Implementation_of_ISCED_2011_.28levels_of_education.29).

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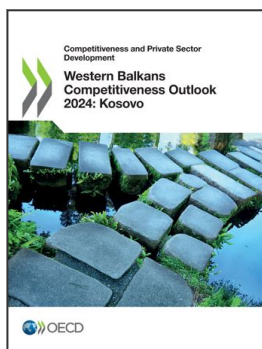
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¹³ The Strategy on Migration can be found here: <https://mpb.rks-gov.net/Uploads/Documents/Pdf/EN/378/Strategy-on-Migration-2021-2025-anglisht.pdf>.

¹⁴ The Law on Foreigners can be found here: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8876>.

¹⁵ More about this programme can be found here: https://mfa-ks.net/wp-content/uploads/2023/10/Lista-perfundimtare-Programi-CDF-2023_231023.pdf.

¹⁶ For more information, see Regina Konle-Seidl, *Activation of the Inactive: PES Initiative to Support the Activation of Inactive Groups*, (2020_[30])



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