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KOSOVO EDUCATION AND EMPLOYMENT NETWORK

IMPLEMENTATION OF MLSW SECTORIAL STRATEGY IN 2018 AND 2019

ASSESSMENT REPORT

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Implementation of MLSW Sectorial Strategy in 2018 and 2019 – Mid-term Assessment Report

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List of Abbreviations

ALMM	Active Labour Market Measures
CSW	Centers for Social Work
EARK	Employment Agency of the Republic of Kosovo
ERA	European Reform Agenda
EU	European Union
GDP	Gross Domestic Product
KAS	Kosovo Agency of Statistics
KIESA	Kosovo Investment and Enterprise Support Agency
KPC	Kosovo Protection Corps
KSF	Kosovo Security Force
LFS	Labour Force Survey
LI	Labour Inspectorate
LSWS	Labour and Social Welfare Strategy
MCC	Millennium Challenge Corporation
MEST	Ministry of Education, Science and Technology
MICS	Multiple Indicator Cluster Survey
MLSW	Ministry of Labour and Social Welfare
NDS	National Development Strategy
NGO	Non-Governmental Organization
NPISAA	National Programme for Implementation of Stabilization and Association Agreement
OE	Office of Employment
PES	Public Employment Service
SAA	Stabilization and Association Agreement
SAA	Stabilization and Association Agreement
SEC	Social Economic Council
TAK	Tax Administration of Kosovo
UNDP	United Nations Development Program
VET	Vocational Education and Training
VETI	Vocational Education and Training Institutions
VTC	Vocational Training Centers
WB	World Bank

Executive Summary

Labour Market

- Unemployment and the high rate of inactivity remain one of the biggest challenges among women and young people in Kosovo. Data of the first quarter of 2019 indicate that the unemployment rate is 25.3%, and that is higher at women (32.7%) compared to men (22.8%). The unemployment rate is lower than in the same period 2018, by 4.3% (29.6%). The unemployment rate among young people aged 15-24 is 49%, decreased by 6% compared to the same period in 2018. Only 20% of working age women are active in the labor market, which marked a substantial increase compared to the same period in 2018 (12%). Unemployment is estimated to be very high among Roma, Ashkali and Egyptian communities too, mainly due to the limited opportunities for inclusion in education and discrimination in the labor market.
- During 2019, the Regulation no. 02/2014 on Determination of Conditions and Criteria for Certification and Licensing Persons and Institutions that Carry out Health and Safety at work Duties has been adopted. The Labour Law has not yet been amended and the Law on the Social Economic Council has not yet been amended either; Neither the SEC Strategy nor the Work Plan have been implemented.
- The level of implementation of these regulations, in general, and sub-legal acts related to employment and social welfare policies, in particular, is extremely low. In general, in 2019, there are no substantial changes in this field, compared to 2018. This is due to the insufficient budget, lack of proper planning and lack of human resources to carry out the activities and achieve the set objectives.
- MLSW Strategy for 2018-2022 foresees the increased number of unemployed registered in the Employment Agency, increased ALMM beneficiaries and increased number of unemployed intermediated to regular employment. From 2018 to 2019, the number of unemployed registered in EARK and the number of intermediated employed has declined, while the number of ALMM beneficiaries has increased.
- In 2018 the Assessment of ALMM's impact on employment 2016 was published. According to this report, 44% of participants in the Work Practice Program, 51% of participants in Wage Subsidy and 41% of participants in On-the-job Training are currently employed in 2018. Around 52%, 47%, and 56% of the employed are employed at the same employer.
- The MLSW Strategy 2018-2022 also foresees the increased number of trainees from Vocational Training Centers and the percentage of employees who benefited from these trainings. The number of training beneficiaries from 2018 to 2019 has been increased however yet lower than in 2017. VTCs have not been accredited yet for Recognition of Prior Learning.
- The Study on the Employment of Training Beneficiaries of 2016 and 2017 was published. According to this report, the employment rate is 33%, excluding the ones employed earlier however who were trained for certificate and new skills at workplace purposes.
- The skills gap remains one of the key problems for unemployment of young people. According to ALLED study, phase 2 and IESB Institute on the Skills Needed in the Labour Market, four sectors focusing on intervention in the 3 and 5 next years have bene identified: agriculture, food processing, production, energy and electricity. On the other hand, skills needed currently are: engineering skills, ICT, agriculture, and general skills, such as work in groups, communication skills and foreign languages. Cooperation between EARK, MEST, MLSW and private companies in Kosovo is needed to address the needs of the labor market.

- In addition to high unemployment, employees (29.8% of employment rate in the second quarter of 2019, for 1.8% higher than the same period in 2018) still face many problems, such as: lack of an employment contract, disregard of employment contract, overtime work without compensation, and lack of occupational safety and health. This is also due to the low number of inspectors and the lack of logistical capacities for the implementation of legal acts in the field of occupational safety and health. Even in 2019 there is no change in the increase of the number of inspectors and neither the Information Management System at the Labour Inspectorate was put into operation, which would facilitate the collection and exchange of information between key stakeholders in addressing occupational safety and health.
- The Law on Health Insurance has not yet started being implemented. At the end of 2016 it was decided that the collection of premiums would start on 1 January 2017, however this did not start in 2018 either. This process sis expected to be completed by the end of 2019.
- In addition to the low employment rate in Kosovo, in the second quarter of 2019, 18.2% of employed persons worked in unstable jobs, a figure that has decreased by 0.8% since 2018.
- Kosovo Agency of Statistics published a report on Non-observed Economy 2018/2019 for transportation, hotels, restaurants and construction sectors. According to this report and the businesses interviewed, 22% of businesses in the transportation sector stated that they employ at least one family member without payment, 80% of businesses in the restaurants sector stated that they employ at least one family member without payment. In the hoteliery and construction sector, businesses have an average one family member employed without payment. However, there is no report that measures informality in Kosovo yet; in other economic sectors in general.
- Social Dialogue takes place within the Social and Economic Council (SEC). In 2011, SEC approved the minimum wage of 130 euros for people up to 35 years old and 170 euros for people over 35 years old. In 2018/2019, SEC proposed a minimum wage raise of 250 euros, but that has not yet been approved by the Government of Kosovo.

Social Welfare

- In 2017, the poverty rate was 18%, while the extreme poverty rate was 5.1%. No report assessing the poverty rate in 2019 has been published yet. There is neither any strategy for combating poverty or true cooperation between Public Employment Services and Social and Family Services in place. The poverty line is 1.85 Euro per adult daily, whereas the extreme poverty line, 1.31 Euro per adult daily.
- In 2019, 23% of the total budget of Kosovo was targeted for social protection, or 453 million Euros. In 2018, this figure was 399.4 million Euros, thus indicating an increase of 13.4%, while compared to 2017 this was an increase by 23.3%. Moreover, the budget of Kosovo for this category is expected to be 461 million Euros by 2020.
- The social assistance scheme has been developed to combat poverty, but the amount of monthly compensation is quite low. Although from 2017 to 2018 there was a 20% increase in the amount of monthly social scheme compensations, this amount still fails to cover the needs of the poor families benefiting from this scheme.
- In 2019 the first draft of Concept Paper for Social Assistance Scheme was developed. The Concept Paper proposes drafting new Law on Social Scheme. The new draft Law is expected to have the following budget implications: 18 million Euros additional expenses annually for SAS payments, out of which 8 million Euros will be covered by SAS legal reforms, while 10 million Euros will be dedicated to children's allowances. Total annual expenses in the scheme are forecasted to be 50 million Euros, compared to 39 million Euros currently.

- Compared to October 2018, the annual inflation rate in October 2019 was 2.2%. This implies that a customer who buys food and beverages amounting 100 euros during this period of the year, buys the same things with a price of 2.2 Euro euros higher compared to 2018.
- Social services are provided by Centers for Social Work managed by municipalities. There is still no specific Social Services Grant, which plans to finance social services at the local level. Consequently, social services are still dependent on MLSW and their decentralization has not yet been completed.
- Social services are also provided in cooperation with NGOs licensed by MLSW. There is a total of 40 licensed NGOs, 14 of which were licensed in 2019. By 2020, according to the Strategy, 50 such NGOs will be licensed. The MLSW Strategy 2018-2022 also foresees the licensing of social enterprises providing social services. Moreover, there is still no legal basis for establishment of local partnerships (municipality -non-governmental sector-community) for the provision of social services.
- The Law on Social and Family Services has not been yet amended, and the Law on Elder Care has not yet been adopted.
- The MLSW Strategy 2018 and 2019 foresees the construction of residential and day care centers for the provision of social services. By November 2019, no day care center has been built and social services are provided by 5 day-care centers at the local level.
- There is still no assessment done on the impact of these NGOs and CSWs on the provision of social services. According to the report of the World Bank, CSW working conditions should be improved, data should be digitalized, and capacities of CSW staff to provide social services and monitor social services should be built. The software for updating social service information is not yet fully utilized and the list of licensed NGOs has not yet been included.

Pensions

- Pension Schemes in Kosovo are regulated by the Law on Pension Scheme Financed by the State. The Draft Law on Regulating and Managing the Field of Pensions and Benefits was adopted in September 2019. The respective sub-legal acts deriving from the Law on Regulating and Managing the Field of Pensions and Benefits are expected to be adopted by December 2019. There is still a lack of harmonization of social and pensions schemes.
- In 2019, about 69% of the budget for pension schemes is spent for basic age pensions and allowances, which indicates an increase of 5% compared to 2018; around 22% for war pensions and compensation, which indicates a decrease of 3% compared to 2018; and about 9% for social assistance, which indicates a decrease of 2% compared to 2018.
- In 2019, base pensions and compensation comprise 3.9% of GDP (compared to 2018, 3.51% of GDP), social assistance and services 0.5% of GDP (compares to 2018, 0.6% of GDP), and war pensions and compensation 1.25% of GDP (compared to 2018, 1.34% of GDP).
- By the end of 2018, there is no legal basis and no step has been taken to implement pension schemes, such as the Early Retirement for Kosovo Police and Early Retirement for the Kosovo Philharmony. By November 2019, 112 persons from the scheme of for former deputies of Kacanik have been compensated and the Law on the Status of Education Employees has been adopted and its implementation has started.
- War veteran pensions started being applied in 2016. In 2019 the total amount of veterans' pensions decreased by 1% compared to 2018. However, in 2018 the total amount of all veteran pensions was increased by 55% (58,750,000), compared to 2017 (38,000,000).
- In 2018, the payment of pensions for war victims of sexual violence started. The Commission Secretariat received 599 applications at the country level, out of which 218 applications have been reviewed. The status of war victims of sexual violence was recognized for 115 cases, 82 cases have been rejected and 21 cases are in the process. By November 2019, 436 persons have benefited from this pension.

- Inequality in social schemes remains one of the main problems of these schemes. Lack of a single basic, harmonized law regulating all pension schemes and benefits for all beneficiary categories, non-harmonization of benefit schemes, lack of a social insurance system - the Social Insurance Fund and inequality in disability pension schemes are some of the problems that deepen inequality.
- A connection between employment services and social and pension schemes is needed in order to reduce the informal economy and encourage the beneficiaries of these schemes to participate in the labor market.

1. Introduction

The Labour and Social Welfare Strategy (LSWS) is a sector strategy that sets out concrete steps for implementation in the period 2018-2022 by state institutions in the field of employment and social welfare. The LSWS was adopted in February 2018. This strategy is part of the work plan and objectives of the Ministry of Labor and Social Welfare (MLSW) and is an integral part of Kosovo's strategic documents based on the National Development Strategy (NDS) 2016- 2021.

LSWS ADDRESSES THREE KEY AREAS TO IMPROVE EMPLOYMENT AND SOCIAL WELFARE:

1. Employment - which aims to increase employment in Kosovo by addressing the challenges of workforce skills and the discrepancy between market and supply demands through two strategic objectives:
    - 1.1 Reduce inactivity, increase employment, develop skills in line with labor market demand and better administration of labor market.
    - 1.2 Improve working conditions and reduce informal employment by strengthening supervisory mechanisms and social dialogue.
2. Social Welfare - aims to reduce poverty, increase the coverage of vulnerable groups in social schemes and provide integrated social and employment services through the strategic objective:
    - 2.1 Improve social welfare through expanding and enhancing the quality of protection and social and family services, with particular focus on vulnerable groups and gender equality.
3. Pensions - aimed to realize the rights of pensioners and war categories, improve the management of schemes and increase the equality between various categories of beneficiaries through the strategic objective:
    - 3.1 Realization of rights to benefits for pensioners and war categories through the development of a sustainable pension system, harmonization of the legal framework and increase of institutional, human and technological capacities.

The report's objective is the midterm assessment of Sectorial Strategy for 2018. Furthermore, the report aims to provide an overview of the steps taken to carry out the activities and provide information on the so far changes in the above-mentioned areas.

In the field of employment, the report analyzes the labor market and public employment services, informality and job inspections, such as working conditions, occupational safety and employees' rights. In the area of social welfare, the report analyzes and provides information on poverty rate, coverage of poor families, social services and the link of social services with social schemes. In the area of pensions, the report focuses on pension schemes, equality in these schemes, and the link of employment with social schemes.

The data collection for the compilation of the report was based on the monitoring framework of MLSW Sectorial Strategy for 2018-2022. Quantitative data were collected through quantitative questionnaires with the Ministry of Labor and Social Welfare and the responsible departments within this ministry. Quantity data have been requested for 2017, 2018 and 2019 in order to compare and measure the achievement of the Strategy objectives. In addition to the assessment of the Strategy's objectives, strategic documents, legal acts and additional information from reports published by state institutions, non-governmental organizations, EU and World Bank reports on employment, social welfare and pensions have also been reviewed in this assessment.

2. Current Context

About 66% of Kosovo's population is of working age and the average age of the population is 27 years old. Only 8% of the population is over 65 years old. From 2015 to 2019, Kosovo has had an annual economic growth of an average of 4%. Since to generate employment and find solutions to the economic problems of Kosovo, the economic growth must be higher than 7%, the growth of 4% is considered insufficient for employment generation. Furthermore, GDP per capita has decreased significantly from 2015 (5.25%) to 2016 (3.2%) and continues to be at the levels of 2016, which indicates a decrease in the overall welfare of Kosovo.[1]

UNEMPLOYMENT REMAINS A MAJOR PROBLEM IN KOSOVO: According to the Labour Force Survey published by the Kosovo Agency of Statistics, the unemployment rate in Kosovo, in the second quarter of 2019, was 25.3%, lower than 2018, compared to the same period last year by 4.3% (29.6%). Among the workforce, the unemployment rate is higher for women (32.7%) compared to men (22.8%). The unemployment rate of women has been increased compared to 2018, while for men has been decreased. The unemployment rate for young people is 49%, which has been decreased for 6% compared to the same period of 2018. Around 32% of young people are not employed, neither participating in trainings nor education. The inactivity rate in this quarter is 60.1%. About 79.6% of women and 40.6% of men of working age are inactive in the labor market. According to the MCC report[2] the inactivity rate for women and men is lower than the one reported in LFS 67.8% and 32 respectively. Inactivity rate is the lowest in Gjakova region (45%) and the highest in Ferizaj region (56.5%). According to this report, the reasons behind the inactivity are education or training, childcare, and despair of not having job.

THERE IS STILL A HIGH DIFFERENCE BETWEEN THE SKILLS ACQUIRED IN EDUCATION AND THE SKILLS REQUIRED IN THE LABOR MARKET: Lack of professional skills of graduates hinders their employment and increases the cost of additional trainings for the employer to open new jobs. Vocational education and training have been considered an opportunity to address this issue. Therefore, National Program for Implementation of the Stabilization and Association Agreement (NPISAA) and the European Reform Agenda (ERA) set out short-term and mid-term priorities for vocational education policies.

LEVEL OF INFORMALITY AND QUALITY OF WORK REMAIN AN ISSUE FOR KOSOVO: According to the Labour Force Survey, around 10.5% of employees do not possess an employment contract. This percentage has been decreased from 2018 (13%). Even out of the ones who possess employment contracts, only 38.4% of employed persons have permanent employment contracts, which marks a significant increase compared to the data pf the same period last year (20%). Among other persons who do not have a permanent contract, but have

1 Data from World Bank
2 MCC Kosovo LFTUS. https://millenniumkosovo.org/ëp-content/uploads/2018/11/MCC-Kosovo-Labor-Force-and-Time-Use-Study-Final-Research-Report.pdf

a temporary employment contract, the reason for the latter is that there was no other type of contract available. Only 8.6% of employees have the right to benefit from the social insurance scheme at work. About 18% of employed persons work in unstable jobs.

POVERTY REMAINS AT A HIGH LEVEL: According to the Agency of Statistics, in 2017, about 18% of Kosovo population live with less than 1.85€ per day, which is also the absolute poverty line, while about 5.1% live in extreme poverty with less than 1.31€ per day. Poverty line has been decreased from 2014 to 2016, and marked an increase from 2016 to 2017. There are n updated data on poverty in Kosovo. Food, beverages and housing comprise about 70% of consumption of Kosovo households. Gender coefficient, which measures inequality in the distribution of income within the country can be from 0 to 100, where 0 implies a total equality, where each person has equal income and 100 implies a total inequality where a person has all the income. From 2016 to 2017, Gender coefficient has been increased in Kosovo, from 23 to 25.5, respectively.[3]

THERE IS A LACK OF HARMONIZATION BETWEEN PENSION SCHEMES AND EQUALITY IN THESE SCHEMES: As in 2018, in 2019, there is still a discrepancy between pension schemes, which also creates inequalities in the pension system in terms of the amount of compensation and criteria for application for different pension schemes. The Pension System is organized into three main pillars: the first includes the basic age pension, the second includes mandatory pension savings on individual accounts in the Kosovo Pension Fund, and the third includes voluntary supplementary savings.

3 Consumption poverty survey. Kosovo Agency of Statistics. May 2019

3. Labour and Employment

Table 1 **Improvement of working conditions and decrease of informal employment through strengthened supervisory mechanisms and strengthened social dialogue – indicators**

SPECIFIC OBJECTIVE	INDICATORS	BASE INDICATOR	TARGET INDICATOR 2020	SITUATION IN NOVEMBER 2019
Improve the rights of employees and ensure the minimum standards of occupational safety and health, in accordance with international standards through the advancement of the legal framework	Number of laws and by-laws adopted	2 **LAWS** partially aligned with EU legislation (Labor Law and Law on Occupational Safety and Health);	Draft new Labor Law fully aligned with EU legislation;	The draft new Labor Law has not yet been aligned. This activity also appears in the NPISAA 2018 and 2019.
		7 **OCCUPATIONAL** safety and health regulations approved	9 **RREGULATIONS** in the field of occupational safety and health	Regulation No. 02/2014 on Determination of Conditions and Criteria for Certification and Licensing Persons and Institutions that Carry out Duties from Health and Safety at Work; the way, conditions and program for passing the professional exam has been adopted (amended and supplemented).
	Number of EU directives transposed	7 **DIRECTIVES** fully transposed	12 **DIRECTIVES** fully transposed;	By now 15 EU directives in two draft laws were transposed, i.e. draft Labour Law and law on maternity and parental leave. There are no changes in 2019.

Among the Strategy's activities planned to be carried out by the end of is drafting and amendment of laws and sub-legal acts in the field of employment. These activities do not clearly specify the number of laws drafted/ adopted and the bylaws amended by the end of 2019, nor the specific field of employment. However, this Strategy was implemented in accordance with the National Programme for Implementation of the SAA 2017, 2018 and 2019[4], measures related to Chapter 19 of the Acquis ("Social Policies and Employment"). According to NPISAA, the Law on Labor has not yet been amended; neither the Law on the Social Economic Council (activities foreseen for 2017) has been amended. Three of the regulations drafted in the end of 2018 were scheduled for 2017. There are serious delays in drafting also the Draft Law on Maternity and Paternity, which has been planned to be completed in the first quarter of 2019 and has not been yet drafted. Two of the activities foreseen for the fourth quarter of 2019 have not yet been carried out.

Table 2 **Actions foreseen in the field of social policies and employment according to NPISAA 2018 and 2019**

Deadline	National acts to be harmonized	Accomplish-ment 2018	Accomplish-ment 2019
2017	Law No. 03/L-212 on Labour (amendment)	✗	✗
2017	Regulation on minimum criteria to improve the safety, protection and heath of employees working on the surface and underground mineral extraction industry	✗	✓ Partially
2017	Regulation on minimum requirements of health and safety related to the exposure of employees to physical agent related risks (electromagnetic field)	✓	
2017	Regulation on minimum requirements of health and safety related to the exposure of employees to physical agent related risks (artificial optical radiation)	✓	
2017	Administrative Instruction on the manner, procedures and deadlines for the monthly payment of employers who do not meet the obligations under Law No. 05/L -078 on Amending and Supplementing the Law No. 03/L -019 on Vocational Training and Retraining and Employment of Persons with disabilities, approved	✗	✓ Partially

4 Link: http://mei-ks.net/repository/docs/pkzmsa20172021shq.pdf

Deadline	National acts to be harmonized	Accomplish-ment 2018	Accomplish-ment 2019
2017	Law No. 04/L-008 on Social Economic Council, adopted (amendment)	✗	✓ Partially (Draft Law on SEC partially drafted)
2018	Regulation no.02/2014 on determining the conditions and criteria for certification and licensing people and institutions performing works related to occupational safety and health, the manner, conditions and the programme for passing the professional exam (amendment)	✗	✓
2019	Draft Law on Maternity and Paternity, adopted	✗	✗
2019	Draft Regulation on amending and supplementing Regulation no. 04/2014 on Minimum Safety and Health Requirements for the Workplace, adopted	✗	✗
2019	Draft Regulation on amending and supplementing Regulation no. 05.2014 on Minimum Safety and Health Requirements for the Use of Work Equipment by workers, adopted.	✗	✗

It is of importance to pay attention to legislation, namely the Labour Law and Law on Social and Economic Council, a target that could not be fulfilled since 2017. In addition to drafting the laws and regulations in the field of employment and social welfare, a challenge remains the adoption and monitoring of these laws by state institutions and their implementation by employers.

3.1. Public Employment Services

Table 3 Decrease of inactivity, increase of employment, skill building in compliance with the labour market demands and better administration of the labour market - Indicators

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Strengthening the capacities of Public Employment Services	Number of OE and VTC facilities renovated and built	NA	6	**Built in 2017:** 1. OE Junik **Renovated in 2017 and 2018** 1. VTC Prizren 2. VTC Ferizaj 3. VTC Prishtine **Planned but not built:** 1. OE Fushe Kosove 2. OE Kacanik No change from 2019
	Number of legal acts regulating employment and vocational training drafted and amended or supplemented	NA	5	**Laws during 2017-2019:** • 1 drafted • 3 supplemented/ amended **Regulations:** • 1 drafted • 2 amended/ supplemented **Administrative instructions:** • 3 drafted • 2 amended/ supplemented

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Enhancing employment services and ALMMs, and increasing their efficiency and quality	Employment rate	28%	31.6%	29.8%
	Number of registered unemployed who benefit from the career counseling	/	20000	2019: 7,854 persons 2018: 17,251 persons 2017: 12,787 persons.
	Number of registered unemployed people, who participate in ALMM (in addition to vocational training)	2732 (948 F, 1784 M)	8000 (3200, F 4800 M)	2018: 3,000 (F: 1,195 dhe M: 1,805) 2019: 3,680 (F:1,715 dhe M:1,965)
	Number of registered persons mediated for regular employment	4022 (1550 F, 2742 M)	4164 (1643 F, 2521 M)	2018: 3,764 (F: 1,571 dhe M: 2,193) 2019: 2,296 (F:947 dhe M:1,349)
	Percentage of ALMM beneficiaries employed 6 months after completing the participation in active labour market measures	/	Base (2017) + 5 %	2018: 5%[5] 2019: SP (F: 40%, M: 57%) PP (F: 40%, M: 50%) TP (F:33%, M: 48%)[6]
Providing quality vocational training services in compliance with labour market demands	Percentage of unemployed and jobseekers trained in VTCs	6.6% (6,736)	10%	2018: 5.8% [7] 2019: 3.9% (until July 2019)
	Percentage of beneficiaries of combined training, VTC and company	1.4%	5%	2.3% [8]
	Percentage of trained in VTC who got employed three months after completing the training; in the profession they have been trained for	/	10%	33%

5 According to EARK data, there is a total of 5,146 ALMM beneficiaries for 2017 and 2018. Within these 2 years, 269 persons were employed after the completion of ALMM and they are regular taxpayers.

6 During 2018-2019, the assessment of ALMM of 2016 has been conducted. The results come from the preliminary assessment. These results are not 6 months after the completion of the scheme, but from the time when the assessment was conducted.

7 During January-September 2018, a total of 5,497 jobseekers registered in EARK were referred for trainings. During 2018, 95,000 jobseekers have been registered in EARK. During January-July 2019, 4,053 jobseekers registered in EARK were referred for trainings. In 2019, 102,251 jobseekers have bene registered.

8 In 2018, 193 candidates participated in trainings, and in 2019 about 192 participated in trainings.

Activities foreseen to be carried out by the end of 2019

Table 4 **Decrease of inactivity, increase of employment, skill building in compliance with the labour market demands and better administration of the labour market – Activities for 2018 and 2019**

Objective	Activity	Deadline	Progress (2019)
Enhancing employment services and ALMMs and increasing their efficiency and quality	Conduct the analysis on the labout market needs	Q3 2018 – 2020	Yes (From ALLED2, ADA, IESB Institute)
	Promote the VTC and OE work by addressing the inclusion of women and professional segregation by gender	Q3 2018 – 2020	Materials are being prepared. VTC promotion materials have not been printed yet.
	Monitor non-public licensed providers to promote the employment services	Q4 2018 - Q4 2020	No
	Licensing and monitoring social enterprises	Q4 2018 - Q4 2020	Jo (Additional explanation – Currently MLSW completed the process of public consultations through the online platform and is preparing the explanation memo related to the process of licensing Socially Owned Enterprises)
	Monitoring and evaluation of ALMM effects (including vocational training) on sustainable employment	Q1 2019	Yes
	Establish cooperation with public institutions and non-public providers on vocational training and promotion of employment (including contracting)	Q1 2019 – Q4 2020	No
	Funksionalizimi i SITP	TM4 2018 – TM1 2019	Po

Objective	Activity	Deadline	Progress (2019)
Providing quality vocational training services in compliance with the labour market demands	Analysis of the VTC utilization for each profession including a cost-benefit analysis for the vocations provided (annually, a great range of vocations)	Q3 2018	No
	Conduct feasibility studies on the development of public-private partnerships in provision of vocational training	Q3 2018	No
	Accreditation of VTCs on the recognition of prior learning (RPL)	Q1 2018 - Q4 2019	No (additional explanation - AKK has selected institutions that will be piloted for recognition of prior learning and from Vocational Training Centers VTC-Gjilan has been selected for Welding Qualification/ Skills)
	Development of professional standards (based on the learning results) for professions required in the labour market	Q2 2019 – 2022	Not his year
	Drafting curricula for new professions in accordance with professional standards and update of current curricula, using the learning result-based approach	Q4 2018 Q1 2019-2022	Not his year
	Piloting 2 models based on the feasibility study recommendations	Q1 2019	No
	Supply of VTC workshops with equipment and tools: for new and existing vocations – Assessment report	Q4 2018 Q1 2019-2022	No
	Compensate expenses for safety at workplace in the company for VTC trained persons – approved legal basis	Q1 2019 Q2 2019-2022	No
	Strengthen cooperation of VEC with companies, high vocational schools, Competency centers and NGOs, and continue cooperation with correction centers – Published reports	Q1 2019 Q2 2019	No
	Create conditions to increase own resources for VTC	Q1 2019 Q3 2019	No
	Organize awareness campaigns on the trainings provided by VTC, addressing professional segregation by gender	Q1 2019	No

3.1.1. Employment Agency of the Republic of Kosovo

Unemployment remains one of the key challenges that hinder the development of Kosovo and consequently it is one of the main issues addressed in the European Agenda for Reform[9] and NPISAA with concrete steps towards improving the situation in the next five years. One of the solutions foreseen for employment is the improvement of public services through the establishment of Employment Agency of the Republic of Kosovo (EARK) and the advancement of vocational education and training.

Public Employment Services are provided by EARK, which is comprised of the Labor Market Department, responsible for employment policies and implementation of Active Labor Market Measures, and Vocational Training Department, responsible for the work plan of vocational training and management of Vocational Training Centers.

Public employment services include:

- Registration of unemployed and jobseekers
- Career Counseling
- Mediation in employment, within and outside Kosovo

According to the Law on the Employment Agency of the Republic of Kosovo, EARK is obliged to draft an annual work plan for the implementation of employment policies and propose the budget for their realization in MLSW. MLSW is responsible for the approval of the plan and monitoring its implementation. EARK establishes close cooperation relationship with MEST to set these policies in order to provide support to young people for transition from studies to the labor market.[10] Currently, EARK has published the Labour and Employment Report for 2018. The Regulation on the Advisory Board of the Employment Agency was also drafted[11], and board members were appointed in accordance with the Law on the Employment Agency.

The budget for EARK is determined by the Ministry of Finance. The Government budget allocated for EARK is small compared to international norms (0.13% of GDP (7.9 billion Euro), compared to the OECD average of 0.56%). Budget for EARK has been significantly increased compared to 2017 and 2018, however it is still under the levels of OECD countries.

9 http://mei-ks.net/repository/docs/raporti_mbi_zbatimin_e_era_1_11_2016-_30_11_2018.pdf
10 Law No. 04/l-205 On the Employment Agency of the Republic of Kosovo
11 Word doc: Draft Rules of Procedure of the EARK Advisory Board

Table 5 Kosovo budget or EARK.

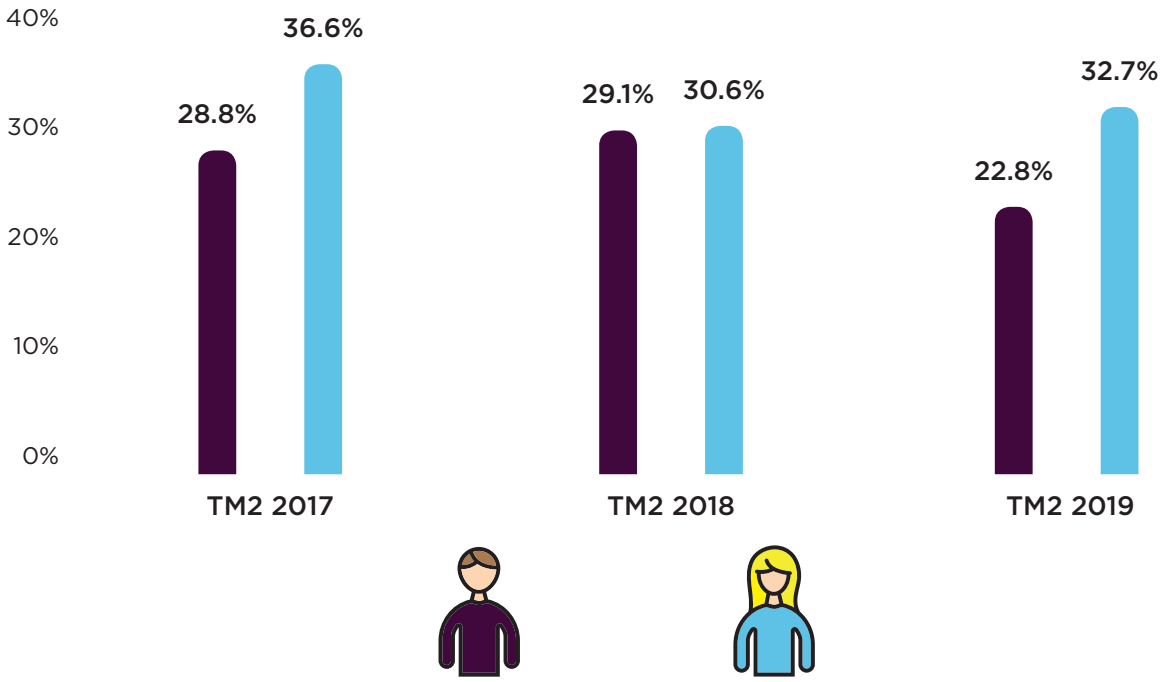
BUDGET OF 2019

Division	2018	2019	Estimate 2020	Estimate 2021
Employment services	5,198,479	9,371,009	9,391,009	9,536,009
Vocational training services	1,132,287	1,183,206	1,148,206	1,158,206
Total	**6,330,766**	**10,554,215**	**10,539, 215**	**10,649,215**

SOURCE: KOSOVO BUDGET

According to the Kosovo Agency of Statistics, compared to the second quarter of 2018, unemployment rate in Kosovo in 2019 has declined slightly for 4%, to 25.3%. as shown in Figure 1, compared to 2017, the unemployment rate in 2019 declined for both sexes.

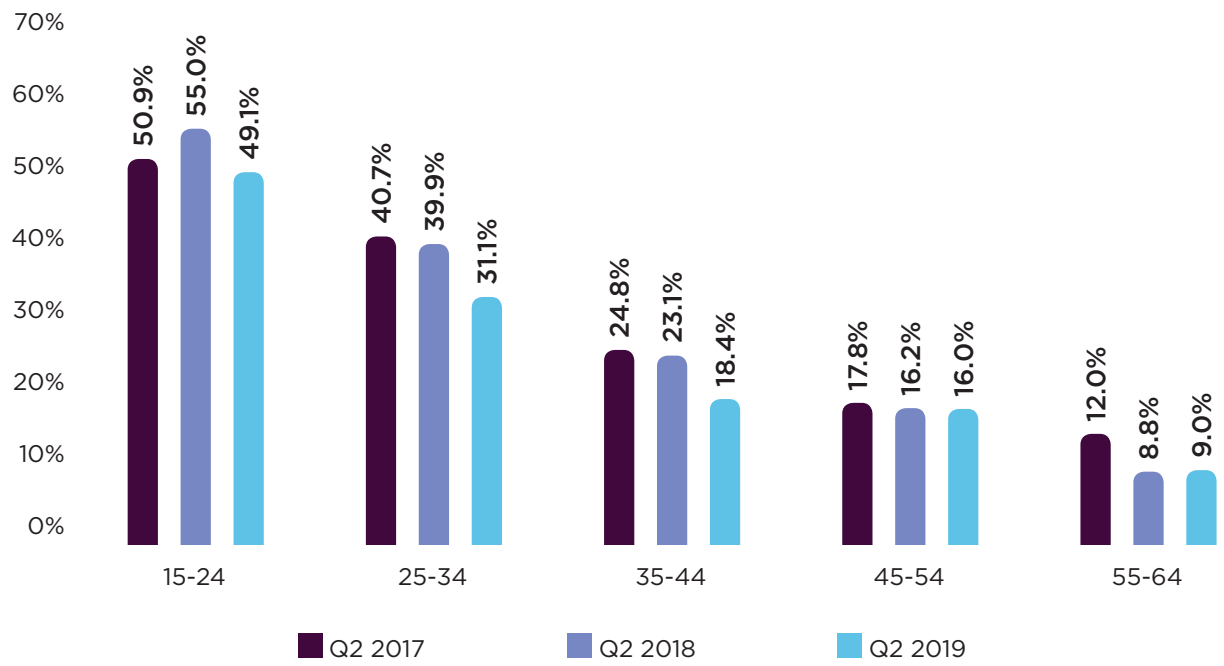
Figure 1 Unemployment by gender



SOURCE: LABOUR FORCE SURVEY (Q2 2019)

By age group, unemployment rate of young people continues to be higher compared to other groups. In 2019, the unemployment rate of young people aged 15-24 has been decreased compared to 2017 and 2018, and the same applies for other age groups.

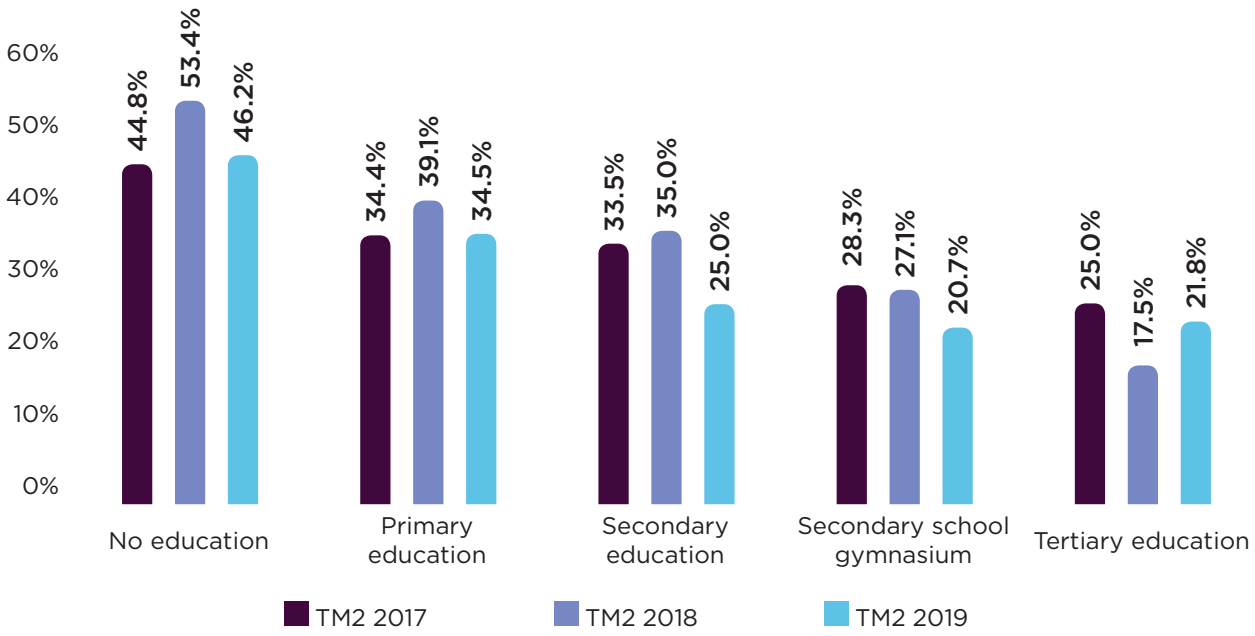
Figure 2 Unemployment by age-group



SOURCE: LABOUR FORCE SURVEY (Q2 2019)

Regarding the unemployment rate by education level, the highest unemployment rate is among non-educated people, and in 2019 this rate was increased compared to 2017 however decreased significantly compared to 2018. The unemployment rate for people with primary and vocational secondary education has been decreased from 2017 to 2019. This because of the focus and inclusion of vocational education in professional strategic documents provided by donors and local level on development of vocation education and internationally known certification. The unemployment rate for people with tertiary education increased from 2018.

Figure 3 **Unemployment by education.**



SOURCE: LABOUR FORCE SURVEY (Q2 2019)

Vocational Education and Training (VET) is of a great importance because of its direct connection to employment and social welfare. Quality assurance and reforming vocational education includes various public institutions, such as MLSW, MEST, EARK, VETI, KAS and international donors that are focused on development of vocational training, such as GIZ, EU, and HELVETAS. Law no. 04 /L-138 on Vocational Education and Training, Law no. 04/L-143 on Adult Education and Training in the Republic of Kosovo and the Law no. 03/L-060 on National Qualifications comprise the main legal framework for regulation of adult vocational education and training in Kosovo[12]. Moreover, VET is an important topic in the Stabilization and Association Agreement. To implement reforms and obligations that come out of SAA, the Government of Kosovo drafted NPISAA 2018-2022 which sets out midterm priorities and ERA which sets out short-term priorities for VET. VET related measures and actions determined in these two documents are presented below:

12 Law no. 04/L-138 on APP https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=8676

Table 6 Measures set out in NPISAA and ERA

Measure/Action	Deadline	Implementation
NPISAA		
Drafting and adoption of the Administrative Instruction on conditions and criteria that regulate the establishment of dual forms of vocational education and training, where previous training and experience are provided at the workplace (in the company)	2018	✓ The administrative instruction was drafted in the beginning of 2019 however not yet adopted
Harmonize labour market supply and demand through drafting vocation standards and review of curricula – VET curricula for 20 profiles reviewed and 40 trainers teachers trained based on the core curriculum	Q3 2018	✗
Harmonize labour market supply and demand through drafting vocation standards and review of curricula - 25 vocation standards verified by AKK drafted	Q3 2018	✗
ERA		
Assessment of Labour Market needs	2018	✓
Improve the quality of vocational training system through harmonization of VET with labour market needs by reviewing problems raised in VET schools and their approximation with the labour market needs assessment. Drafting core curricula for VET and start the pilot phase	2018	✗ (being implemented)
Provide funds needed for VET Centers	2018	✗ (being implemented)
Improve education results and support schools in the transfer to the labour market by providing practices with teachers, extended and included in the study programs	2018	✗ (being implemented)

VET development is closely linked to the cooperation of VETI with businesses in Kosovo. According to the Administrative Instruction No. 7/2014 on Advancement, Autonomy and Functioning of VET, VETI should make cooperation agreements with businesses in Kosovo for practical learning and generation of own incomes. Until November 2019 no concrete step was made I this field.

By November 2019, about 104,872 active jobseekers were registered in the Employment Agency, which is a small increase from 2017 (93,866) and 2018 (95,890)[13]. Although the number of jobseekers in EARK has been increased, there is still room to more effectively target unemployed. Based on the report of Perceptions on Public Employment Services 2018[14], jobseekers are not informed on the employment services and do not trust that public employment services can find a solution to them. Lack of information on the services provided by EARK and the lack of information on EARK's success and number of employees are also the main reasons for the low number of people registered in EARK. According to this report, EARK should provide more information on services they provide, job openings and organize more cooperation with businesses.

With the EARK's functionalization, online registration of jobseekers on the EARK platform started. Jobseekers appearing in employment offices are registered in Employment Management Information System (EMIS) and they are profiled into one of the three sub-groups: low (low risk of becoming long-term unemployed), medium (medium risk of becoming long-term unemployed) and high (high risk of becoming long-term unemployed).

The largest number of jobseekers registered at EARK are aged 25-39 (48,372). Only in 2019, 5,062 jobseekers aged 25-39 were registered at EARK, which is lower than of 2018.

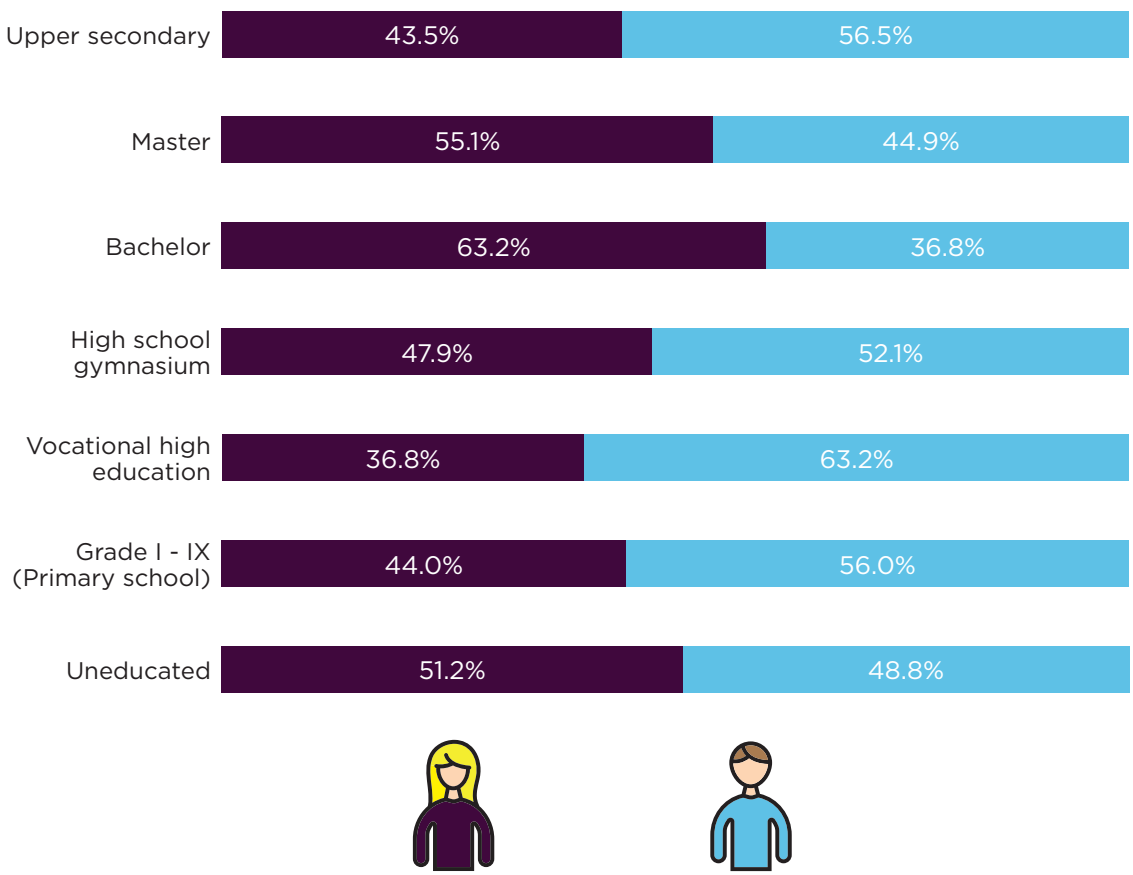
Table 7 Number of jobseekers registered in EARK by age group. Source: EARK

Age group	Total 2019	Total 2018	Difference between 2018-2019 (Total)	Only in 2018	Only in 2019	Difference 2018-2019
15 - 24	20223	18741	3.00%	5361	4584	-14.5%
25 - 39	54045	48372	2.40%	6217	5062	-18.6%
40 - 54	23405	22177	-0.50%	2283	1844	-19.2%
55+	7199	6600	7.40%	855	619	-27.6%
Total	**104872**	**95890**	**2.20%**	**14716**	**12109**	**-17.7%**

In general, the majority of registered jobseekers have high vocational education (34,120), low elementary education (26,167) and without education (22,488).

13 Administrative data from EARK
14 Internal report, HELVETAS – EYE: Public Employment Services 2018

Figure 4 Number of jobseekers registered in EARK by education.

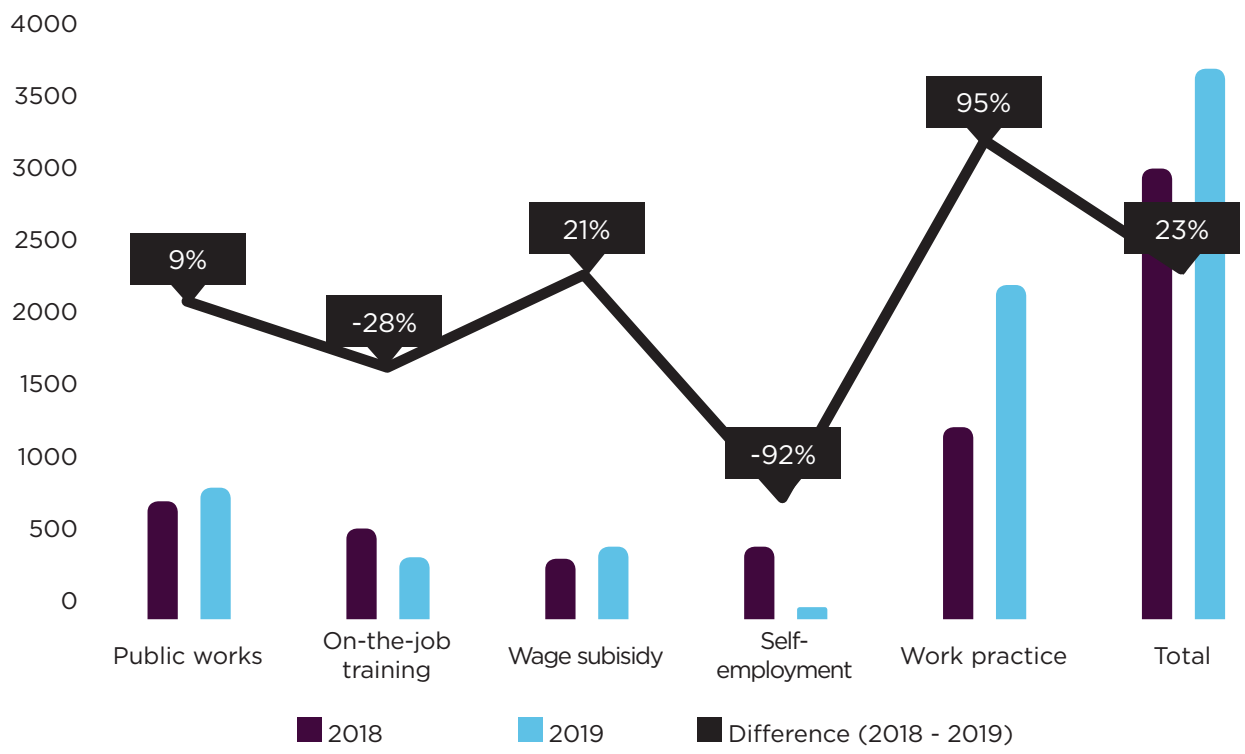


SOURCE: EARK

In addition to registering jobseekers, one of the EARK's tasks is employment mediation and career counseling. According to EARK data, the number of unemployed people who have been directly mediated to employment decreased in 2019 (2,296) compared to 2018 (3,764 persona). On the other hand, career counseling is provided based on the personal characteristics, experience or interest of the individual for profession as well as the individual's skills. By November 2019, 7,854 persons have received career counseling, which is a lower number compared to 2018 (17,251 persons) and 2017 (12,787 persons). There is still no study that evaluates the effectiveness of this counseling.

EARK is also responsible for the implementation of Active Labor Market Measures. The number of beneficiaries from 2018 to 2019 has been increased by 23%. It must be emphasized that the number of beneficiaries in self-employment has been drastically declined compared to the previous year.

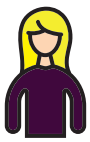
Figure 5 Beneficiaries of Active measures in EARK (2018 and 2019).



SOURCE: DATA FROM EARK

The participation of women is higher in on-the-job practice, as a percentage of beneficiaries of this ALMM type (59%), in on-the-job training (54%) and wage subsidy (47%), while the lowest participation is in public work (8%) and self-employment (42%). Although low, the participation of women in public works has been increased by 50% since 2018, and in self-employment has been increased by 90% compared to 2018. More than 90% of beneficiaries of vocational trainings, wage subsidy, public works and internship are Albanian. Serbs are the highest beneficiaries of on-the-job training, while members of the Roma, Ashkali and Egyptian communities are the highest beneficiaries of internship. Compared to last year, when the self-employment was the program that Roma, Ashkali and Egyptian communities benefited from, this year only 1 person from Roma community benefited from this program. The following table presents the percentage of beneficiaries as a percentage within the group (column).

Table 8 Representation of different groups in EARK and participation in different ALMM (2019)

	Participation in ALMM	Participation in vocational training	Participation in wage subsidy	Participation in self-employment	Participation in public works	Participation in internship
	46.6%	54.0%	47%	42%	8%	59%
Communities						
Albanian	90%	72.2%	83.8%	97%	87.8%	95%
Serb	6.2%	22.3%	10.5%	-	8.5%	2.1%
Roma, Ashkali, Egyptians	2%	4%	2.4%	3%	2.8%	1.2%
Other (Turks, Montenegrins, Bosnians etc.)	1.8%	1.5%	3.3%	-	0.9%	1.7%

According to age group, persons aged 25-39 years are the biggest beneficiaries of ALMM (56%), followed by aged 15-24 (31%). The number of jobs registered in the Employment Office in 2019 (January-November 2019) is a total of 8,204, which represents a decline of 14% from 2018, where about 9,576 jobs were available (for the same period).[15]

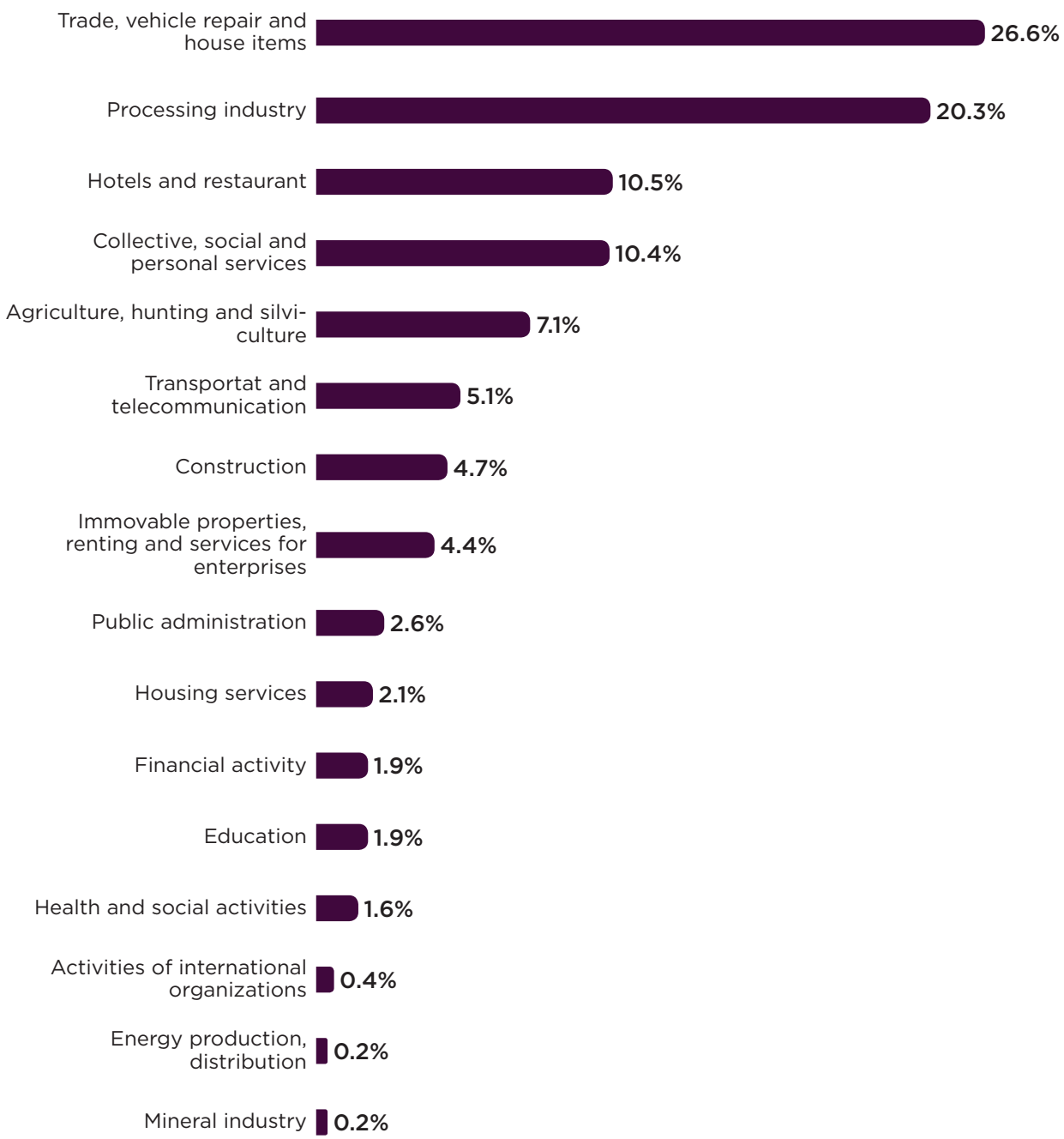
Table 9 Jobs by company's ownership. Source: EARK

Company's ownership	Total 2018 (January – November)	Total 2019 (January – November)	Difference
Private	8280	7696	-7.1%
Public	1296	508	-60.8%
Total	9576	8204	-14.3%

15 Administrative data from EARK

About 94% of these jobs are from private sector, whereas about 6% from the public sector. These jobs have been opened mainly for the trade and processing industry.

Figure 6 **Jobs by industry. Source: EARK**

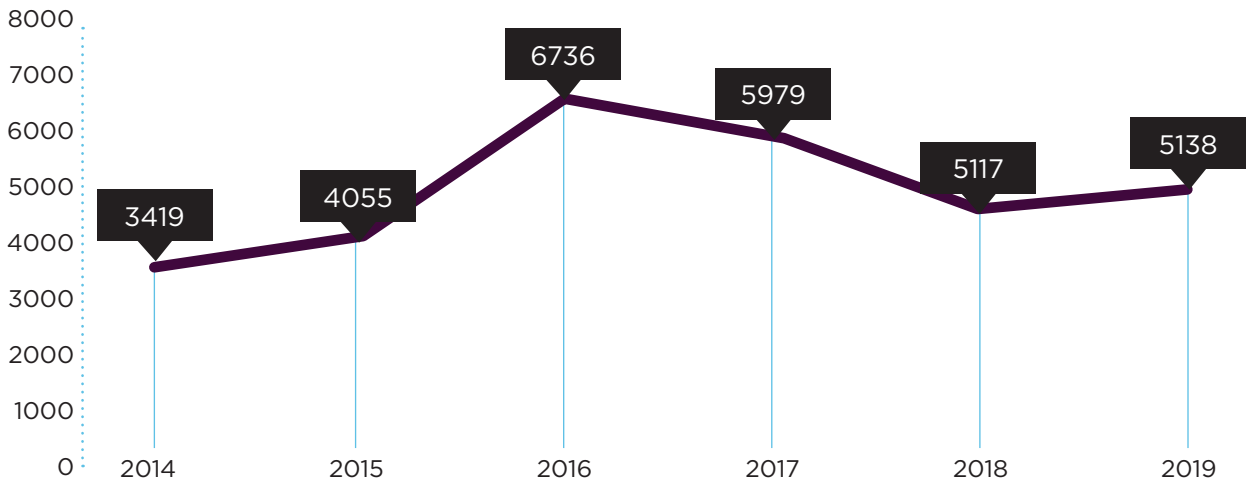


There is a lack of analysis of the employment programmes implemented by MLSW. The strategy determines the numbers to be achieved in some cases, but does not foresee specific objectives or targets for the quality of training, the direct impact of ALMMs in employment, or the implementation of laws and regulations applicable to employment. This is information of equal importance if not greater than the achievement of the determined figures.

3.1.2. Vocational Training Centers

Vocational Training Centers play an important role in preparing jobseekers with the skills required in the labour market. The number of interns registered in VTC declined from 2017 to 2018, and increased from 2018 to 2019. However, the number of interns registered still remains low in 2019 compared to 2016 and 2017.

Figure 7 Beneficiaries of trainings in VTC



However, in VTC are referred also persons who know the vocation, who do not need any training, but who need certification for their current job or for employment out of country. In these cases, these persons attend the training for a shorter period or do not attend the training at the scheduled timing. These persons are included in the number of jobseekers referring to VTCs.

In addition to the trainings provided in VTC, the Department of Vocational Training also provides combined trainings between VTCs and private companies in Kosovo. These trainings are provided in cases when VTCs do not have certain conditions for a specific vocation, or when the company itself requires the provision of training for their staff. During the first half of 2018, in total 197 individual agreements were signed, while

during the same period of 2019, this figure is 193. A challenge remains the implementation of the agreements and the inclusion of a greater number of candidates in this scheme.

In total, by November 2019, 5138 persons were registered for different trainings for 12 months, while 3796 persons were certified. Compared to the same period of 2018, the number of persons certified was increased by 10%. According to the level of education, the highest number of certified persons are in vocational secondary education (2573) and primary education (1367). In total, 568 persons from special groups were registered to benefit from VTC trainings.

Table 10 Vocational education for special groups. Source: EARK

Special groups	Attendees registered during January - September 2019
Returned	393
Disabled persons	47
Minorities	128

The highest number of training beneficiaries is from Prizren region 22% of all beneficiaries or 1125) and Peja region (19% apo 985).

The objective of the VTC training is to prepare candidates for the labor market. According to the report "Analysis of the Impact of Vocational Training Centers' programmes in Employment in Kosovo", about 33% of training beneficiaries for 2016 and 2017 have been employed, while 13% of them were self-employed.[16]Only 17% of the employed persons stated that they had been recommended for work by the Office for Employment. Almost half of the interviewed in this study (48%) stated that they had not informed the Office for Employment within the Employment Agency that they had completed the training and were ready for work. The main reason mentioned by 88% of them is that they were not aware that they had to do so. This data indicates the need for a better cooperation between the Employment Department and Vocational Training department. This is confirmed also by the report on Public Employment Services, which specified that this cooperation is necessary to ensure a higher employment rate of the persons registered in EARK and to increase the self-esteem of the jobseekers in EARK. The interviewed unemployed persons recommended to have more information on the job opportunities by EARK and more information on the services provided by the Employment Agency. Furthermore, the interviewed businesses request that the Employment Agency should provide more information on their services and update the information on the labour market needs.[17]

16 Internal Report from EARK.
17 Public Employment Services. EYE-EARK. Internal Report

An important step is donor investment in providing information on the trainings provided by VTC. This information is important for both jobseekers and businesses. Businesses should be informed about free VTC trainings provided and operationalize the cooperation between businesses and VTCs so that trainings are focused on labor market needs. On the other hand, newly graduates with no information on trainings and their impact do not find the training attendance important.

3.1.3.Action Plan 2018-2020: Youth Employment

In addition to the Strategy, MLSW has also adopted the Action Plan for Increasing Youth Employment 2018-2020[18] which focuses on youth employment and the harmonization of vocational education and training with the labor market demands for pupils and students. One of the specific objectives of the Work Plan for Increasing Youth Employment is to increase the access of young people to the labor market through the provision of quality employment services and active employment measures. Other specific objectives are: increase employment through the development of entrepreneurship, harmonization of vocational education and training with labor market demands and provision of career guidance and counseling services, increase of the quality of practical teaching at school and professional practice outside the school. Specific targets for this strategic objective are that the employment rate for young people increases from 10.1 % (for women 4.4% and for men 15.2%) in the base year to 15% (for women 13% and for men 18%) by 2020; while the percentage of young people unemployed, as well as in education and training (NEET) decreases from 30.1% to 20% in 2020. The action plan foresees that by 2020, 3,000 young people (50% women and 50%men) through EARK mediation services, and 10,360 young people will participate in active labor market measures (50% women 50% men).

Based on data from KAS, in the second quarter of 2019, unemployment remains high among young people in Kosovo. In the second quarter of 2019, unemployment of young people was 49%. Although this level has been decreased compared to the same period of 2018 (55%), this remains still high. Thus, a young person in Kosovo is twice as likely to be unemployed compared to an adult in Kosovo. With the age increase, the number of unemployed increases for more than 12 months.[19] Between the age 20-35 years, more than half of men and women are unemployed for more than 12 months.

Employment among young people continues to be low even in 2019, with large gender differences. According to KAS, in the second quarter of 2019, about 18% of men and 6% of women aged 15-24 were employed. Large gender differences have been also noticed in the employment of men and women aged 25-34, where only 20% of women were employed compared to 52% of men. The below table summarizes some of the indicators for young people for the second quarter 2017, 2018 and 2019.

18 PDF file: ACTION PLAN: INCREASED EMPLOYMENT OF YOUTH 2018-2020
19 Labour force survey, Q1 2018. Source: http://KAS.rks-gov.net/media/4322/anketa-e-fuqis%C3%AB-pun%C3%ABtore-tm1-2018.pdf

Table 11 Situation of youth in Kosovo. Source: LFS

Young people in Kosovo	Q2 2017		Q2 2018		Q2 2019	
Percentage of unemployed young people from the overall unemployment rate	24.80%	33.70%	24.80%	40.90%	29.4%	39.5%
Percentage of unemployed young among the new population	47.10%	60.20%	51.80%	63.20%	42.9%	62.9%
Unemployment rate of young people from the unemployment of adults	1.8	2	2	2.8	2.2	2.5
Percentage of young people NEET among the new population (%)	22.60%	32%	30.70%	29.60%	29.7%	33.8%
Percentage of young people working without an employment contract	49%		34%		20.4%	

Given the high unemployment rate among young people, part of the EARK's objectives and Public Employment Services is to provide employment opportunities for them. Out of the total number of unemployed people registered in EARK, about 38% are aged 15-24. Compared to the registered people only in 2018 and 2019, there is a decline of about 14%.

Table 12 Young people registered in EARK

	Total 2018	Only in 2018	Total 2019	Only in 2019	Difference between 2018-2019
Men	10217	2774	10769	2381	-14%
Women	8851	2587	9454	2203	-15%
Total	19068	5361	20223	4584	-14%

Only in 2019, out of the total number of ALMM beneficiaries (3,680), 32% are aged 15-24. The gender ratio is 46% men and 54% women, within this age group.[20]

Although the indicators for the inclusion of young people in employment have been improved from 2018 to 2019, the percentage of unemployed of this age group is very high, therefore more efforts are needed in this direction. A study to identify the sectors with potential for employment of young people, an activity foreseen for Q1 2018, has not been conducted. The number of registered people in EARK and beneficiaries of VTC is high for young people of this age. However, the analysis of ALMMs on young people has not yet been drafted, which would pave the way for providing employment services to unemployed young people.

Discussions on seasonal employment of young people in European countries have taken place, where various donors invested, such as GIZ. The opportunity for legal employment in European countries provides to young people better employment opportunities and new experiences. However, this is a short-term solution that can reduce the unemployment rate of young people from year to year however does not provide a long-term solution for the employment of young people and neither provides new jobs within Kosovo.

The UNICEF Mission in Kosovo, together with MLSW, has created a platform for registration of new volunteers. In addition to the census, the platform brings together employer's requirements for volunteers and the supply of young people to participate in these volunteer works. The platform has become part of the MLSW and along with it the Labor Law on recognizing internship and volunteer work as a work experience has been supplemented. This platform and the supplemented Law on Volunteer Work are two important achievements towards youth engagement in Kosovo. A challenge remains the platform to be visited by young people and registration of the later for volunteer work. In this regard, other platforms and programmes that provide opportunities for engagement of young people in Kosovo, such as VTC trainings and liaison with the Employment Office, should be promoted.

Progress has been made in the provision of grants for start-up companies established by young people. In cooperation with international organizations and private companies in Kosovo, funds for establishment of small and medium enterprises by women and youth in Kosovo have been provided. One of the key functions of the Kosovo Investment and Enterprise Support Agency (KIESA) is to support investment through funds and also through advice and assistance in the operation of businesses. A research to identify training needs of young entrepreneurs was conducted. According to this analysis, young entrepreneurs, among others, need trainings on management, marketing, market assessment, and project management.[21] However, there is a lack of assessment of the status of SMEs supported and established by young people and an assessment of their basic needs that ensures long-term development and employment of young people.

The incompliance of labor market needs with the knowledge acquired in higher education has been identified as one of the main obstacles of job growth and economic development in the country. Two of the main issues related to the lack of skills is low cooperation between educational institutions and the business community, and the lack of career counseling and guidance services by education institutions. This challenge has a direct

20 Administrative data from EARK
21 KIESA: Analiza e Nevojave për Trajnime të NMV-ve në Kosovë. Burimi: https://kiesa.rks-gov.net/desk/inc/media/593C8D3D-E855-44E5-8D16-AA5D547C5ACB.pdf

impact on high youth unemployment rate, especially among newly graduated. To address this challenge, the Action Plan 2018 and 2019 foresees to carry out some of the following activities:

Table 13 Action Plan for Young People 2018-2020 – Activities

Activity	Deadline	Progress
Conduct of (three-year) sector studies on the relation between learning programmes and labour market needs	2018-2019	The study has not been yet published
Increase of cooperation between schools and businesses	2018-2019	30 partnerships between schools and businesses have not been yet made
Improve labour market information system to analyze and improve mechanisms for the skill needs identification and forecasting and planning in AAP system	2018-2019	The national system for skill needs forecasting has not been operationalized
Develop professional standards provided	2018-2019	30 profession standards have not been validated yet
Increase of the number of Career Counseling and Guidance Centers and implementation of the concepts according to the Core Curriculum	2018-2019	Career counselors in 30 schools have not been yet engaged

3.1.4. Skills Gap in the Labour Market

Skills gap is one of the main problems with which employers in Kosovo are facing. Economic Reform Programme in Kosovo confirmed that the skills provided in education, in both university level and vocational level, do not meet the labour market requirements, and which is a key factor to reduce unemployment and improve innovation. Moreover, this report indicates that in general Kosovo has made a little progress in addressing the skills gap in the labour market.[22] This year, ALLED project, phase 2, and IESB Institute conducted a study on the skills required in the labour market.[23] This is one of the most needed analyzes for policymakers in Kosovo. According to this report, four sectors with a focus for intervention in the next 3 and 5 years have been identified: agriculture, food processing, production, energy and electricity. On the other hand, the skills needed currently are: engineering skills, ICT, agricultural skills, and general skills, such as teamwork, communication skills and foreign language skills. In addition to policymakers, this report is of particular importance for prospective students who have to decide where to focus their careers in the next 3 and 5 years. Further

22 Economic Reform Programme 2019-2021, (https://mf.rks-gov.net/desk/inc/media/4FC- 9C8D0-8ADF-4DD1-97B8-BB2DD36150C3.pdf)
23 B. Krasniqi (2019) IESB Institute: Labour Market and Skills Needs Analysis; Perspective for the future. Kosovo: Publication of "Aligning Education and Training with Labour Market Needs 2" project. ISBN: 978-9951-8990-0-0

steps have been taken to inform students and policymakers about skills required by the labour market as well as other related information.

Busulla.com is the official platform of MEST for professional guidance, education and career counseling. This page provides information on different occupations in Kosovo, the demand for these occupations and the opportunities for compensation in different occupations. The Municipality of Pristina has also set up a Career Counseling Center which aims to connect businesses with vocational education and training schools in Kosovo.

On the other hand, the Kosovo Chamber of Commerce created a platform for professional practice that aims to help young people find a place for professional practice where they would like to be for their professional career.

Recently, Open Data Kosovo and the Kosovo Chamber of Commerce supported by MFK launched the Future Workplace platform, which aims to collect and analyze data in the ICT sector in order to improve the level of current information in the market for this sector and at the same time to use this information for other sectors.

The skills gap is also important for the provision of public employment services. Identifying business needs is necessary to develop training plans and provide different training programmes demanded by the labor market. Currently, VTC focuses on vocational trainings, however based on the European Reform Programme, soft skills trainings are equally important for employment. Furthermore, according to the study conducted by the Kosovo Chamber of Commerce, a very important barrier of doing business is finding suitable workers for the needs of businesses. About 80% of the interviewed companies rated recruitment at least as a difficult process.[24]

The skills gap reduces the competitiveness of businesses in Kosovo due to the loss of efficiency and increase of operative costs. Operative costs increase for two reasons; higher costs for appropriate workers and costs for the training of workers after their employment. For the services sector, about 72% of new employees need at least 3 months training to gain the skills needed for the job.[25] For the production sector, this figure is 63%, while for the trade sector 44%.

Skills gap is closely related to educational institutions and their inability to adequately prepare jobseekers. About 94% of businesses surveyed in the KCC study claim that the education system needs reforms that are adapted to the labour demands.[26] In general, businesses think that educational institutions can not manage catching up with the private sector step and neither providing professional preparation nor developing soft skills of jobseekers. As a common solution of the businesses is the establishment of a practice programme that would provide opportunities to students to see from close labour market demands and thus gain experience for their careers.

For this, cooperation between schools and businesses is foreseen regarding the practice programme and volunteer work. This activity has not yet started.

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24 Kosovo Chamber of Commerce. Lack of qualified labour force, a challenge for businesses. Source: https://www.oek-kcc.org/uploads/files/2018/January/26/Mungesa_e_fuqise_punetore_te_kualifikuar_-_sfide_per_bizneset1516952028.pdf
25 Ibid.
26 Ibid.

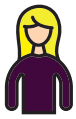
In addition, the connection of businesses and schools should also be reflected in the development of educational curricula not only for schools, but also for vocational training institutions. Consequently, businesses estimate that vocational education needs reforming. Due to the difficulties encountered in the recruitment process, Kosovo businesses that have participated in the gap analysis expressed their readiness to be involved in the development of the education programme and establishment of a partnership with the vocational education institutions on the provision of the practice. European Union funded a study on the cooperation of businesses with vocational schools, which aims to identify difficulties for cooperation and present recommendations for strengthened cooperation. The report will be completed in the beginning of 2020.

Drafting and approving occupational standards is considered another solution to addressing the skills gap. Occupational standards bring benefits to both parties, jobseekers and employers. To jobseekers, it enables certification and verification that the person in question possesses the skills for the specific profile of the company. On the other hand, the employer can recruit much easier because he has previous knowledge of employee skills thus reducing their cost for employee training and helping in the process of planning. None of the VTC professions have been accredited for Pre-Learning Recognition yet. This year AKK selected the institutions that will be piloted for recognition of Previous Learning, and from Vocational Training Centers VTC-Gjilani has been selected for welding qualification. VTC Gjilani made the request for accreditation in the format set by AKK and is waiting for the application assessment in order to start the process of accreditation. There is no information on other vocations..

3.1.5. Women in the Labour Market

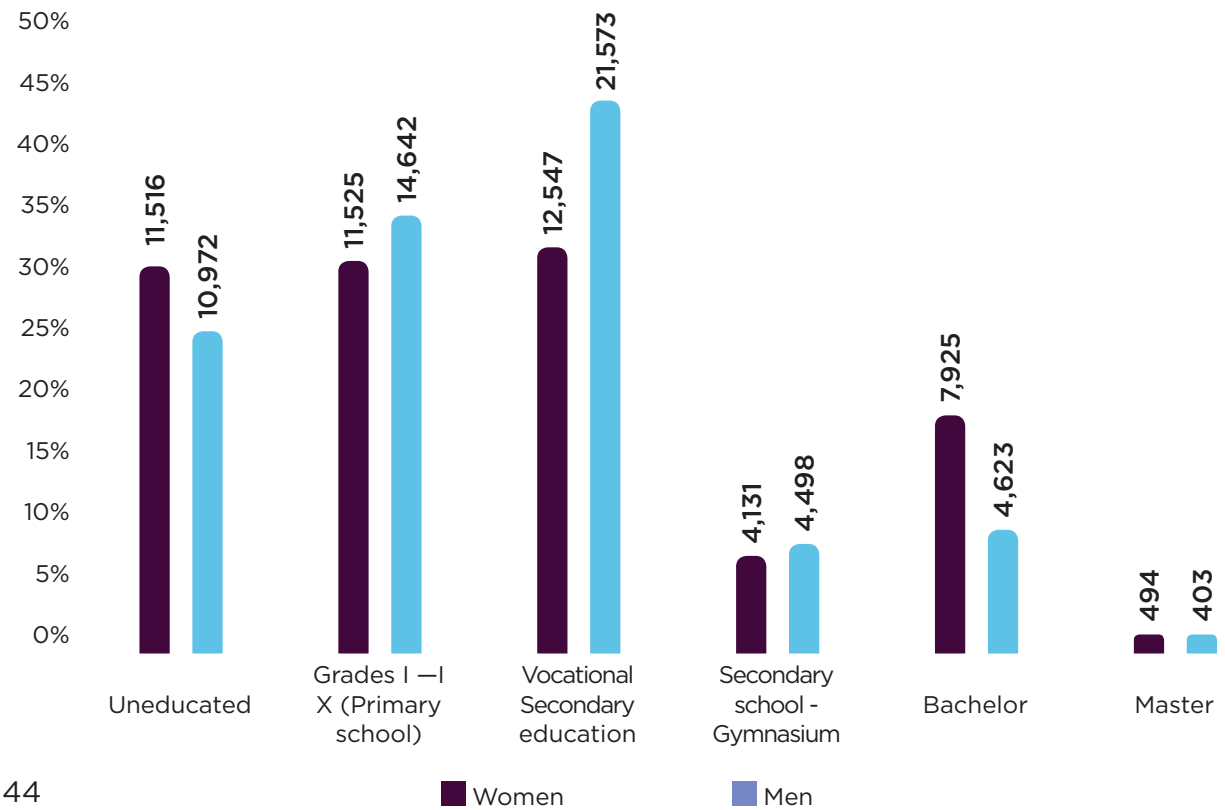
The percentage of women employed in the labor market in Kosovo is quite low. Therefore, Public Employment Services specifically aim at increasing the employment of women and their involvement in the labor market. By November 2019, in EARK a total of 56,724 men and 48,148 women were registered. In 2019, the number of women registered in EARK remained same as in 2018, as a percentage, where about 49% of the registered persons are women.

Table 14 The Registered jobseekers by gender in EARK

Jobseekers registered in EARK	Total	Only in 2018	Only in 2019
	56724	7519	6097
	48148	7197	6012
Total	**104872**	**14716**	**12109**

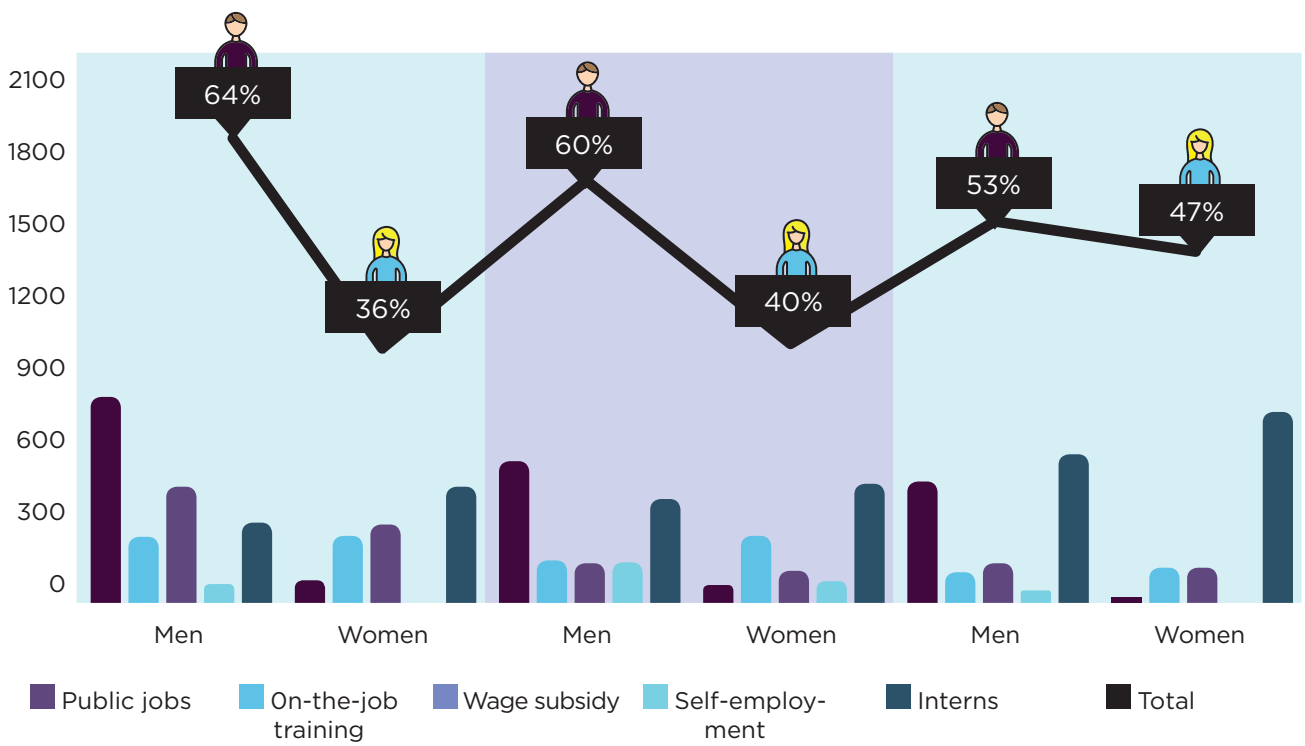
Regarding the level of education, a large number of registered jobseekers, for both genders, have completed secondary vocational education. An interesting difference is at bachelor education, where twice as many women with this level of education registered in EARK compared to men.

Figure 8 Jobseekers registered in EARK by gender an education level



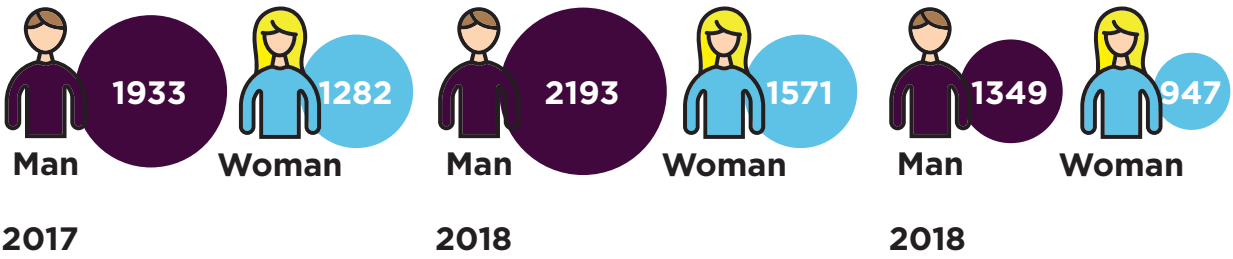
As for the active labor market measures, generally the number of beneficiaries has been increased from 2018(3000) to 2019 (3680). The number of women in ALMM has been increased (from 1,195 in 2018 to 1,715 in 2019), and as a percentage (from 40% in 2018 to 47% in 2019). The number of ALMM beneficiary men has been decreased in percentage (60% in 2018 and 53% in 2019) but has been increased as a number of overall beneficiaries (from 1805 in 2018 to 1965 in 2019).

Figure 9 **Number of ALMM beneficiaries by gender and year**



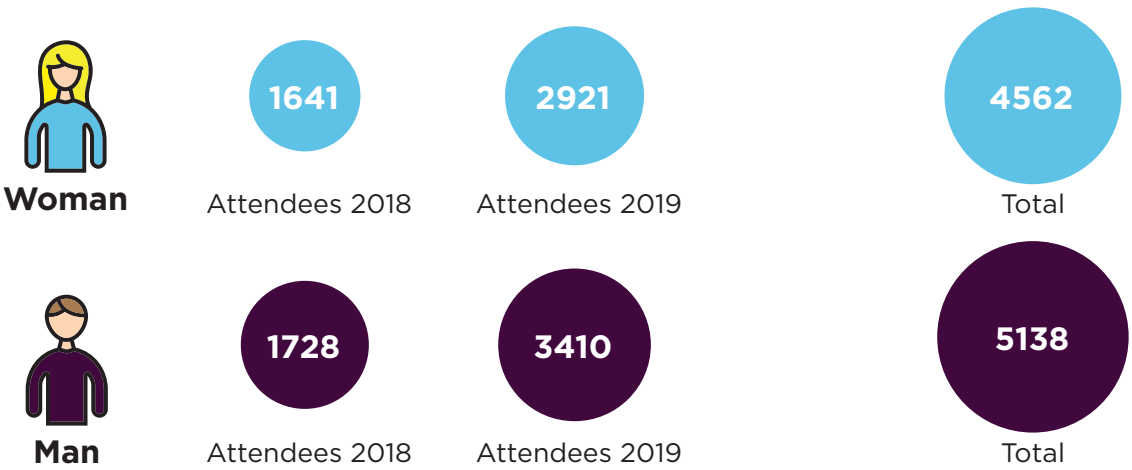
From 2017 to 2018, a lower number of women and men have been mediated in regular employment. In 2019, about 59% of mediated employed are men, and 41% women.

Figure 10 Mediation in regular employment by gender and year



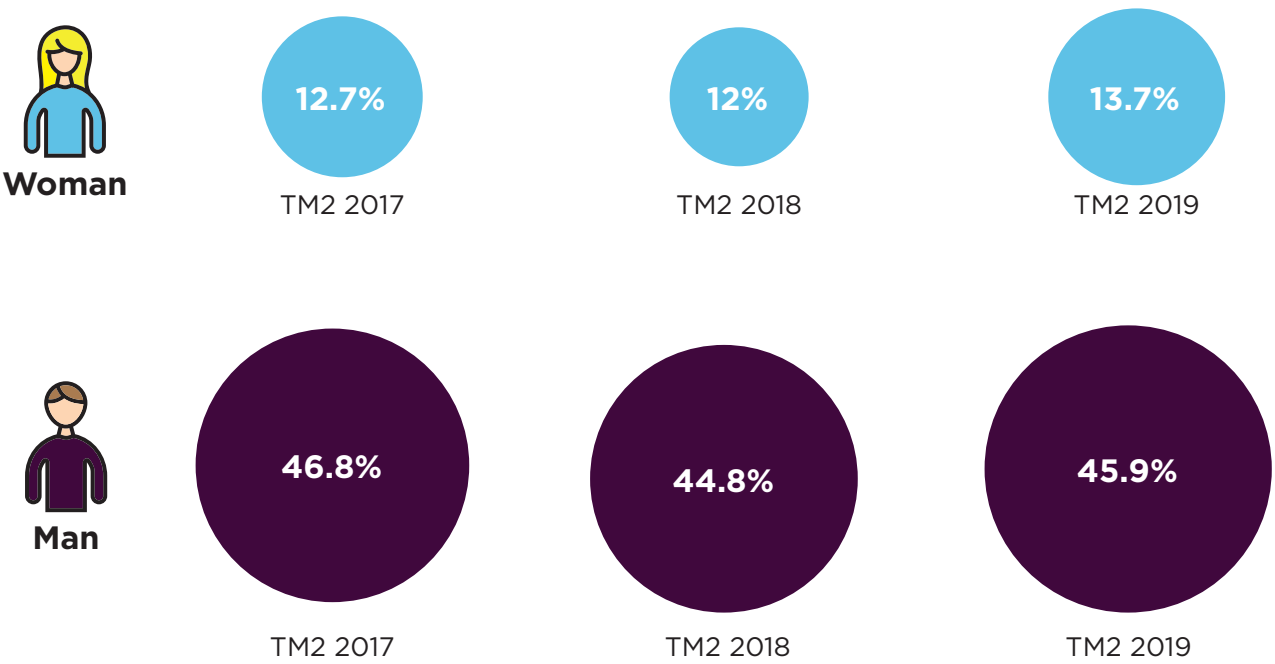
Regarding the trainings provided by the Vocational Training Centers, the majority of training beneficiaries are men, and only 34% of certified trainees are women, which in percentage is 2% less than in 2018, although as a figure it is higher.

Figure 11 Percentage of VTC training beneficiaries by gender



Compared to the second quarter of 2018, the employment rate in the second quarter of 2019 has been increased for both sexes, while compared to the same period of 2017, the employment rate declined for men and increased or women.

Figure 12 Employment rate by gender. Source: LFS Q2 2017, 2018, 2019



According to LFS, a higher percentage of women work part-time than men, and the reasons for this differ between men and women. According to D4D report[27], women mainly reported family or personal reasons while men could not find a full-time job.

The percentage of women of working age inactive in the labor market presents a problem for the economic development and their involvement in the labor market. About 79.6% of working age women are inactive in 2019, which is a lower figure than in 2018 for 3.4%. This increases the dependence of women on other family members, and as a consequence it has a negative impact on the process of development and support of women in Kosovo. Moreover, women in Kosovo choose to study social sciences, oriented more to health or education, and not to the service. On the other hand, the service sector is the sector that employs most workers, thus placing women at a disadvantage for employment.

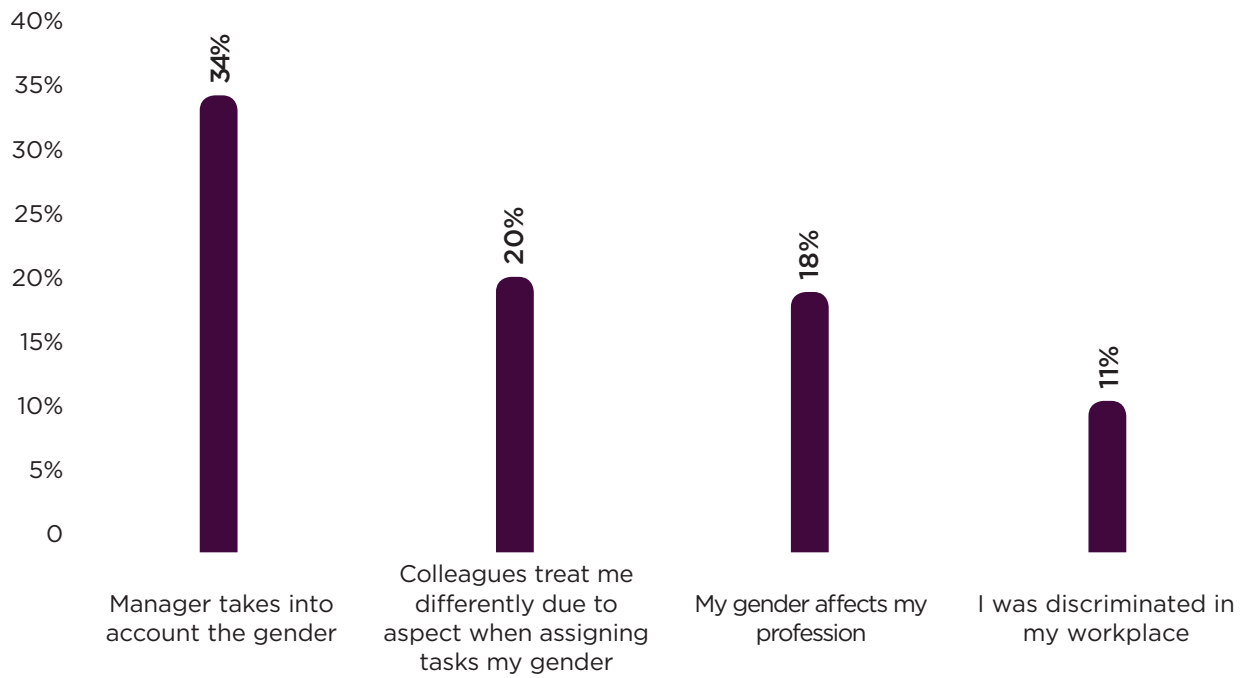
Based on the GAP Survey on Women in the Labor Market, around 38% of the employed women possess a bachelor's degree and around 13% possess a master's degree, however their average salary is 387 euros in the private sector and 443 euros in the public sector.[28] In general, only 0.2% of women interviewed in this survey managed finding jobs through the employment office. Given the objective of the MLSW Strategy and the investment in employment offices, there are still difficulties for the OE to link women to potential employers.

27 "Inactivity of women in the labour market" https://d4d-ks.org/wp-content/uploads/2017/12/D4D_PI_12_Ë4D_SHQ_ËEB.pdf
28 Women in the labour market, Riinvest Institute 2017. Source: http://www.riinvestinstitute.org/Al/publications/249/grate-ne-tregun-e-punes/

About two-thirds of the employed women are employed on the basis of friends and family recommendations. Although there is no data suggesting that this type of employment for women is based on formal networking, this fact leaves room for discussion of women's employment in the labor market, not through their professional background but connections.

One of the three women interviewed in this research did not have an employment contract, and about 20% of them stated that the employer did not pay their pension contribution.[29] Women still face with discrimination challenges in the workplace. More than one third of the interviewed women declared that their manager takes into account the gender when delegating work; and 20% of them claim to be treated differently due to gender.

Figure 13 **Gender discrimination at the workplace. Source: Riinvest Institute – Women in the workplace**



Furthermore, the percentage of women in high managerial positions within public institutions (ministries) ranges from 0 to 2%, while the percentage of women in other managing positions in these institutions varies from 3 to 39%.[30]

Regarding working hours, more than half of women claimed to work on weekends and more than one-third of them claimed to work during official holidays. In the employment of women, respecting working hours remains a challenge, where according to this study, 26% of women worked more than 10 hours a day without specifying any additional payment for the extended working hours.

29 Ibid.
30 GAP. Employment and Representation of Women in Kosovo, 2018.

The Government of Kosovo has been committed to publish a specific study on women's difficulties in the labor market and the recommendations and steps to be taken to reduce their difficulties. Except for Riinvest study on women in the workforce, no official study has been published on this so far. Also, the focus of the Strategy and MLSW is higher employment rate for women through VTCs and Employment Offices. From 2018 to 2019 an increased number of women registered in ALMM has been marked, which presents a step forward towards the implementation of the strategy, however still a lot of work is needed in this direction.

3.1.6. Roma, Ashkali and Egyptian Communities

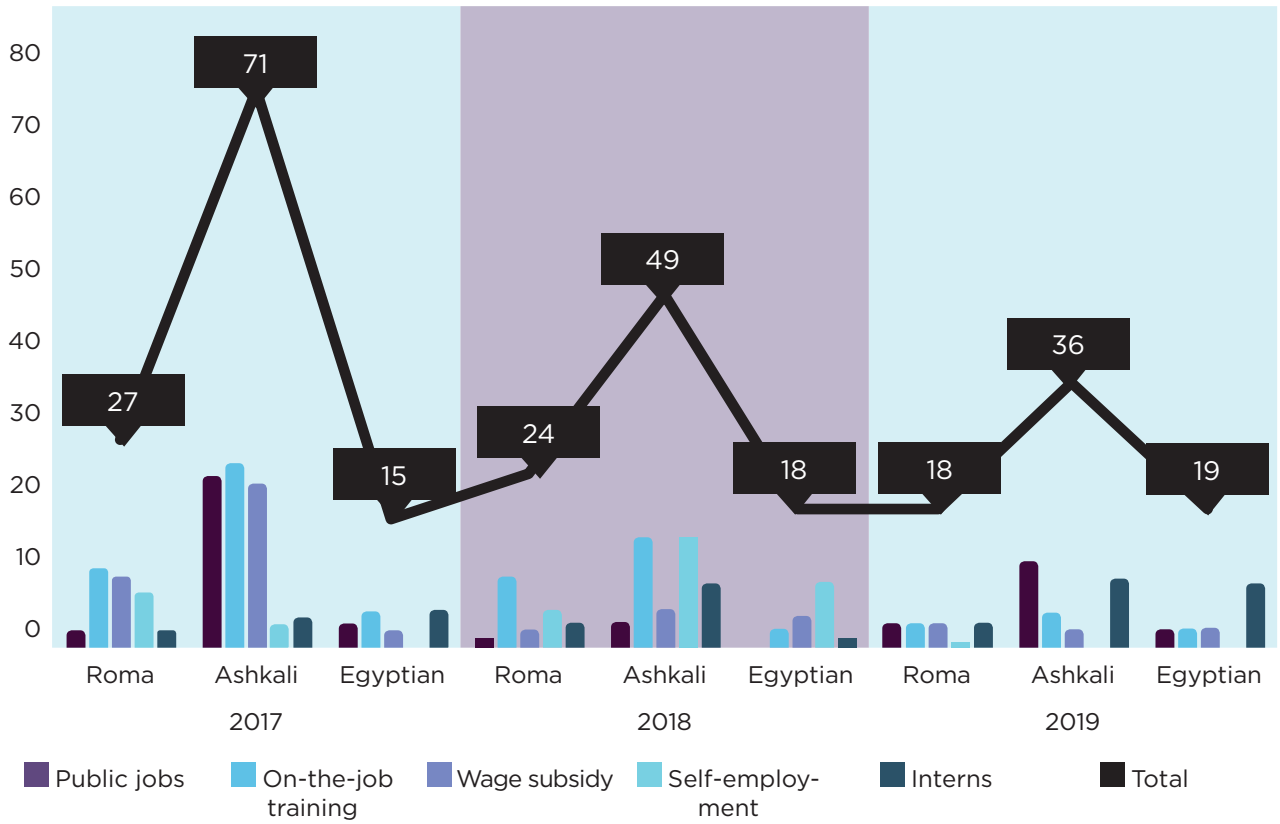
Out of the total number of unemployed registered at EARK, only 5.5% are from Roma, Ashkali and Egyptian community. This percentage is even lower for the registered people only during 2019 (2.9%), compared to 2018 (3.3%).

Table 15 The Registered persons in EARK from Roma, Ashkali and Egyptian communities

Registered in EARK	Total	Only in 2018	Total 2019	Only in 2019
Roma	1785	164	1695	136
Ashkali	2697	212	2543	140
Egyptian	843	117	913	80
Total	5325	493	5151	356

As for the active labor market measures, out of the total number of beneficiaries in 2017, only 4% (113 out of 2,827 of the overall beneficiaries) are beneficiaries from Roma, Ashkali and Egyptian community. This percentage is slightly lower in 2018 (3% or 90 from 3000 total beneficiaries). In 2019 this percentage was decreased to 2% or 73 out of 3680 beneficiaries in total.

Figure 14 Number of ALMM beneficiaries by ethnicity and year



About 110 unemployed from Roma, Ashkali and Egyptian community were directly mediated for employment by EARK, in 2017 (3% of the total number), while in 2018, 76 persons from this community were mediated (2.6% of the total number). In 2019 this figure declined to 73, apo 3% of the overall number. Regarding VTC trained people, only 2.5% of VTC trained are from Roma, Ashkali and Egyptian community.

The inclusion of people from Roma, Ashkali and Egyptian communities from 2017 to 2019 declined to a low percentage. On the other hand, by 2020 and 2022 the MLSW strategy foresees an increase to this number.

3.2.Informality and Inspection at the Workplace

Table 16 Improvement of working conditions and decreasing informal employment through strengthened supervisory mechanisms and social dialogue – indicators

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Improve employees' rights and ensure minimum standards of occupational safety and health in compliance with international standards through advanced legal framework	Percentage of employees complaints addressed	456 complaints reviewed by the Labour Inspectorate	100 complaints filed and addressed by the Labour Inspectorate	1,742 complaints have been received and 947 complaints have been addressed during 2018.
Strengthen supervisory mechanisms for decreasing informal employment	Decreased informal employment rate every year, expressed in %	15%	Every year 5%	During 2019, 2,390 complaints have been received and addressed. No information on the solutions found are available.
	Percentage of increased number of inspections every year	7285 inspections	The number of reviewed complaints increased for 10%	There is no information – analysis on the informality in Kosovo has not been yet conducted[31].

31 At the end of 2018 and the beginning of 2019, a study on informality on Kosovo was conducted with a focus on hoteliery, restaurants, engineering and transportation. However, this report does not provide an analysis of the informality in these sectors. The report presents the situation of businesses in these sectors including some data on the employment of people with remuneration, without remuneration, and family members.

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Develop and strengthen dialogue with social partners, in particular, social dialogue with employers and employees' organizations, through the development of SEC structures and system of work	Number of recommendations made by SEC and its professional committees	10 recommendations	4 recommendations in 2018	In total 6,875 inspections were made in 2018. In 2019, 6,097 employment inspections were conducted.
	Number of collective agreements signed within sector and company level	7 agreements signed	1 new general collective agreement; 2 new sector agreements; 2 new agreements within company level.	1 (Collective agreement in the health sector) During 2019, no new collective agreement has been signed.
	Number of social partnerships included in SEC	3 partners of 5 members each	3 social partners with a wider inclusion of employer and employee organizations	3 social partners (two from employer organizations and one from employee organizations). No changes in 2019

Activities foreseen to be carried out by the end of 2019

Table 17 Improvement of working conditions and decreasing informal employment through strengthened supervisory mechanisms and social dialogue – Activities

Objective	Activity	Deadline	Progress 2019
Strengthen supervisory mechanisms for decreasing informal employment	Strengthening capacities of the Labour Inspectorate	From Q2 2018 until 2020	No (decrease of inspections from 2017 to 2018, and further decrease in 2019)
	The engagement of stakeholders and public in addressing informal employment	Q 3 2019 Q4 2019 Q3 2020	Has not started yet
Improve employee's rights and ensure minimum standards of safety and health at workplace, in line with international standards through advanced legal framework	Organize and launch awareness campaigns on the employees' rights within the new legal framework	Q2 2018 Q2 2019 Q1-4 2020	A total of two awareness campaigns on employee's rights related to the 2018 new legal framework were conducted. During 2019, a campaign and a competition for best practices for Safety and Health at Workplace were conducted.
	Train and certify people who perform activities in the field of occupational safety and health	Q 1, Q2, Q3 Q4 - 2018 Q2 2019 Q3, Q4 2020	Ongoing. 31 people certified in 2018. During 2019 this number has been increased to 100.
	Operationalization of the proceed of licensing companies/businesses that carry out activities from the safety and health at workplace (Minimum 10 companies licensed by 2019)	Q 4 2018 Q1, Q2, Q3, Q4 2019 - 2020	No
Develop and strengthen dialogue with social partners, in particular, social dialogue with employers and employees' organizations, through the development of SEC structures and system of work	Refresh the legal framework in the field of social dialogue	Q2 2018 Q3 2019	No
	Draft the SEC strategy and work plan	Q4 2018 Q1 2019	No
	Engage stakeholders and public in the work of SEC	Q 1, Q2, Q3, Q4 – 2019 and 2020	Partially
	Complete operationalization of professional committees by SEC	Q 1, Q2, Q3, Q4 - 2019 Q 1, Q2, Q3, Q4 – 2020	Five committees have been operationalized: Professional Committee for Tripartite Legislation; Professional Committee for Finance, Economy and Privatization; Committee for Wages, Rates and Pensions; Committee for Tripartite Employment and Vocational Training and Committee for Health protection, Environment and Occupational Safety of Workers.

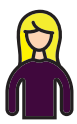
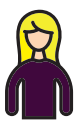
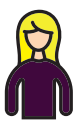
3.2.1. Working Conditions

In addition to the high unemployment rate in Kosovo, implementation of the Labour Law remains a challenge in 2019 too. In this regard, employees face with different workplace problems, such as lack of employment contracts, non-implementation of employment contracts, nonpayment on due time, and non-implementation of occupational safety and health standards. In 2019, the Labor Inspectorate received and handled 2,390 complaints from workers. This number is higher than the number of complaints received (1,742) and addressed (947) in 2018. However, there is no information on what decisions were made regarding these complaints.

According to APF, only in the second quarter of 2019 about 9.5% of surveyed people did not have an employment contract. Compared to 2018, there was a decline in the number of people working without employment agreements, by 2.5%. About 20.4% of young people aged 15-24 work without employment agreement/contract. Compared to the same period of 2018, this percentage has been significantly decreased, by 13.6%. About 61.6% of employees in Q2 2019 have temporary employment contracts and the main reason mentioned by 94.7%. this percentage has been significantly decreased from 2018, by 18.4%.

According to the Labor Law, the regular working hours are 40 hours per week. In exceptional cases, the employee may work longer than the working hours (overtime) the most for 8 hours per week. According to LFS, 65% of employed in the second quarter of 2019 work 40-48 hours a week, while 11.4% of the interviewed work more than 48 hours a week, and 9.6% of them more than 60 hours a week. Men work with extended working hours compared to women, as specified in the table below:

Table 18 Working hours by gender and years. Source: LFS

Employment according to working hours	Q2 2017		Q2 2018		Q2 2019	
						
Less than 25 hours	5.00%	13.80%	2.90%	4.90%	5.4%	8.2%
25-34 hours	4.60%	6.10%	2.90%	8.60%	5.3%	14.5%
35-39 hours	0.80%	1.00%	0.30%	0	0.6%	0.7%
40-48 hours	58.00%	73%	68.70%	82.00%	63.5%	69.6%
49-59 hours	11%	3.40%	9%	2.70%	13.5%	4.4%
60+ hours	20.40%	2.80%	16.40%	1.80%	2.5%	9.6%

Compared to the same period of 2018, this year all the above-mentioned percentages have been decreased by 7, 9.6, and 3.4%, respectively. The percentage of employees working on night shifts or over weekends reduced from 2017 to 2018, however increased in 2019 again. For employees who stated that they work on night shifts and weekends, it is not known whether their daily payment varies in these specific days or their payment increases as a percentage of the base salary.

Table 19 Models of employment by gender and years

Models of employment (usually + sometimes)	Q2 2017	Q2 2018	Q2 2019
	Total	Total	Total
If works on night shifts	12.20%	14.40%	17.3%
If works on Saturdays	72.30%	69.00%	72.8%
If works on Sundays	33.60%	26.40%	34.1%
If works from home	16.80%	12.40%	9.5%

According to the Labor Law, the employees are entitled to allowances in the following percentage of base salary:

- 20% per hour for extra shifts
- 30% per hour for night shifts
- 30% per hour for extended working hours
- 50% per hour for work in national holidays
- 50% per hour for work in weekends

Employees who work more than 40 hours a week, in weekends or night shift did not report to have been paid additionally for the overtime. Moreover, this schedule is considered as regular by the employees.

Majority of employees do not have health insurance. The Law on Health Insurance[32] entered into force on 1 January 2015 and has not yet started being implemented. According to the Administrative Instruction on the collection of premiums, every employee is obliged to pay 3.5% of his/her salary for health insurance, while the employer completes this amount by 3.5% of the employee's salary level. The premiums will be collected by TAK and Health Financing Agency until the establishment of the Health Insurance Fund. This fund has not yet been established by 2018. The premiums will be collected and administered with the help of various institutions, such as the Ministry of Finance, the Ministry of Internal Affairs, the Ministry of Public Administration, and the Central Bank of Kosovo. The Health Insurance Fund signed agreements with TAK, Ministry of Labor

32 Link: https://gzk.rks-gov.net/ActDetail.aspx?ActID=9450

and Social Welfare, Civil Registration Agency, Kosovo Agency for Medicinal Products and Equipment, and the Kosovo Chamber of Pharmacists, in the second half of 2019, to exchange information between them. No online information system has been established for the exchange of information between these institutions.

At the end of 2016, the decision on the collection of premiums to start from 1 January 2017 was made, which was later postponed for the second half of 2017, however has not started being implemented in 2018 either. This process is expected to start by the end of 2019, however nothing has been done yet.

The Law on Occupational Safety and Health[33] and related by-laws also establish the minimum standards of safety at work for different sectors. The largest number of occupational safety regulations have been drafted and approved by MLSW during 2017 and 2018, but the implementation of these regulations by employers remains a challenge.

Some of the reasons contributing to such a situation are in the following:

- Lack of Labor Inspectorate capacities in identifying problems and resolving problems

The Labor Inspectorate, as an executive body responsible for monitoring the implementation of the legislation in the field of labour, in 2019 continues to have a small number of inspectors and a lack of organizational and logistic capacities that would facilitate the work of inspectors and increase the efficiency of their work. According to the Regulation on the Internal Organization and Systematization of Work Positions in the Labor Inspectorate[34], the Labor Inspectorate has a total number of 65 employees, out of which 46 are inspectors. In general, 18 are in Prishtina, 4 in Mitrovica, 6 in Peja region, 4 in Gjakova region, 5 in Prizren region, 4 in Ferizaj region, and 5 in Gjilan region. The number of 46 inspectors is lower than the number of inspectors in 2011 (58)[35]. Also in 2019 no change has been made in this aspect, regardless the fact that changes are necessary. In addition, logistic capacities are also limited. The Inspectorate has only 12 vehicles available. Furthermore, the Information Management System at the Labor Inspectorate has not yet been functionalized. This system was supported by the European Union and aims at facilitating and automating the work of inspectors through the use of tablets. These tablets facilitate the exchange of information between LI, TAK and the Trust as well as enable automatic monitoring of the work of inspectors in the field.

In 2018, LI undertook a total of 9,531 inspections, which represents a higher number compared to 2017 (8,128).[36] MLSW Strategy foresees an increase in the number of inspections by 10% until 2020, and in 2018 this figure is going to the right direction. No data is available for 2019. Inspections calculated as a figure are important however not a sufficient indicator to ensure the implementation of the Labor Law. The steps taken to implement the Law and the solutions offered by the LI are of vital importance because in addition to the implementation of the Law, the measures undertaken provide assurance and reliability to employees in state institutions, which increases the likelihood for employees to KAS for their rights and employers to respect their rights.

33 Link: https://gzk.rks-gov.net/ActDetail.aspx?ActID=8689
34 Official Gazette of Kosovo. Regulation on the internal organization and systematization of jobs in the Labour Inspectorate. Source: https://LI.rks-gov.net/wp-content/uploads/Rregullore-QRK-nr.15-2015.pdf
35 GAP Institute. Labour Law: six months after coming into force. June 2011. Source: http://bit.ly/29UMsm1
36 The Labour Inspectorate report for 2017

Table 20 Number of inspections from the labour inspectorate. Source: Reports of labour Inspectorate

Labour Inspectorate	2017	April 2018	2018
Inspections	8128	3297	9531
Penalties – Remarks	1198	538	1340
Penalties – Fines	233	79	270
Information of labour inspectors on the injuries at work	50	33	125
Deaths at the workplace (as a consequence of accidents in the workplace)	14	5	22

As shown in the above table[37], in 2017 and 2018, the number of deaths at the workplace, as a consequence of accidents in the workplace, remains concerning. It is obligation of each employer to ensure a safe work environment for workers and avoid the risk of injuries at work, especially the serious injuries that have long-term consequences or that might even be fatal.

- **High unemployment rate**

High unemployment rate, limited opportunities and places for employment, followed by difficult living conditions, oblige employees to indirectly accept any working condition that do not comply with the Labor Law. In this regard, the Labor Inspectorate and other state institutions have the main role to play in monitoring the employers and ensuring the implementation of the Law by them.

37 Labour Inspectorate Reports

- **Employee's lack of information on the Labour Law**

One of the other reasons is the lack of knowledge of the Labor Law by the employees. Information and information campaigns are necessary to be organized in order to make employees aware of their rights and obligations. Access to information and employee awareness is an indirect factor that pressures employers to implement the Law. This is also related to the employees' level of education. The higher the level of education of employees and the level of awareness on the law and the labor market, the lower the non-implementation of laws and regulations.[38]

3.2.2. Informality in the Labour Market

In addition to the low employment rate in Kosovo, in the second quarter of 2019, 18.2% of employed persons worked in unstable jobs. This category includes self-employed people, without employees, or workers who work free of charge in a family business. These employees are considered unsustainable because of their lower chance of having a formal employment contract and a formal payment. In the case of employees who work in a family business and are not paid, they do not contribute to the payment system of trust/fund and consequently their work experience will not be recognized. Unsustainable employment is higher in agriculture and fishery, shops and markets, and craftsmanship. It is worth noting that this percentage has been significantly reduced from the same period of 2017, when the percentage of unstable employees was at 24%. However, there is no information whether these persons returned to stable employment or unemployed status.

Regarding employment in the family business, in early 2019 KAS published a report on the informal economy in four sectors: hotelliery, transportation, restaurants and engineering. According to this report and the businesses interviewed, 22% of businesses in the transportation sector stated that they employ at least one family worker without pay, 80% of businesses in the restaurant sector stated that they employ at least one family worker without pay. In hotelliery and engineering sector, businesses have an average one family member employed without pay.[39]

Informality in the labor market is also connected to the non-implementation of employment contracts. The employees' issue is having contracts formalized because of the law requirement, however it is not implemented appropriately. There is still no study that assesses the implementation of sector-based employment contracts or type-based employment contracts.

The Government of Kosovo did not conduct any proper study on informality and consequently there is no accurate information on the degree of informality in 2019. The published study on non-observed economy does not contain detailed information and either many sectors.

38 KAS. Labour Force Survey, Q2 2018.
39 KAS: Non-observed Economy in Kosovo Survey 2017/2018 http://KAS.rks-gov.net/media/4663/anketa-e-ekonomise-joformale-ne-kosove.pdf

Based on the EU Assessment of Informality Rate in Kosovo in 2017,[40] around 45,000 full time employees working in the informal sector have no employment contracts and neither legal guarantee for occupational safety. The sector of construction, agriculture, real estate and trade are leading with the number of workers in the informal economy. The income tax and corporate tax gap, as a consequence of the informal economy, is estimated at about 60.1 and 34.3 million euros, while the value added tax gap is 12.4 million euros. Moreover, this report estimates that about 33% of personal income in a household comes from the informal economy. Among the key consequences associated with informality are:

- **By employees:**
  - Lack of occupational safety and legal guarantees;
  - Non-payment of contributions and consequently non-recognition of work experience when in pension age;
  - Inappropriate treatment of employees due to the lack of safety;
  - Failure to document the employment, in cases when an employment certificate is needed;
  - Poorer working conditions compared to formal employment;
  - Lack of benefits.

- **By the state budget:**
  - Lower budget from income tax;
  - Lower budget from corporate tax;
  - Less chances for investment;
  - Damage to state reputation for foreign investment;
  - Better opportunities for money laundry.

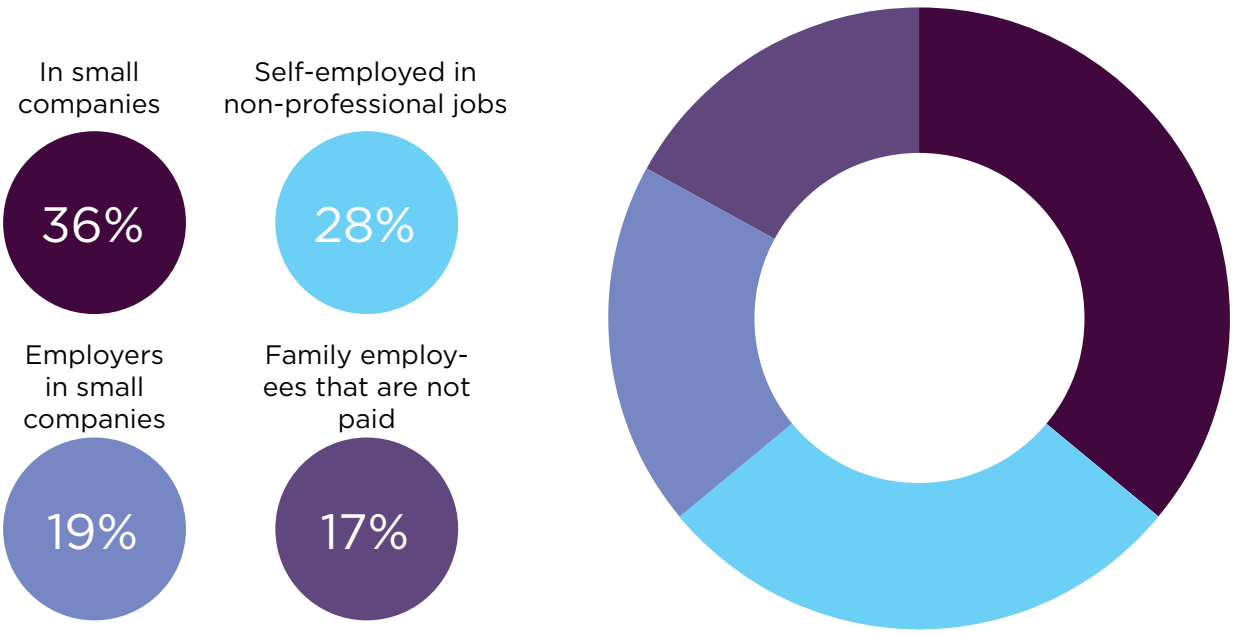
- **By companies:**
  - Inequality between companies that pay taxes and the ones that do not pay thus leading to the decrease of productivity and stimulation for tax invasion;
  - Unfair competitiveness that burdens the company growth;
  - Unfair competitiveness encourages companies to undertake steps that directly affect employees.

According to the World Bank study on Informality in Kosovo 2017[41] the definition of informality in employment includes family workers that are not paid, self-employed workers in small companies, self-employed workers in vocational jobs and small-business workers (5 or less employed). According to this definition of the World Bank, over one-third of employees may be considered as informal. Substantial under-reporting of income, to avoid taxes, by employees and employers, is another issue within the informality including the above-mentioned categories. As shown in the below chart, more than one-third of the informal sector are employed in small companies. However, in Kosovo the phenomenon of informal employment in large companies, mainly in the number of unregistered employees, is apparent.

40 EU Office in Kosovo. Assessment on the extent of the informal economy in Kosovo.2017file:///C:/Users/admin/Doënloads/AssessmentontheExtentoftheInformalEconomyinKosovo.pdf

41 Kosovo Jobs Diagnostic, publication no. 5. November 2017; http://documents.Worldbank.org/curated/en/519991508764269649/pdf/ACS21442-WP-ALBANIAN-93p-KOSOVO-Jobs-Diagnostic-Final-for-printing-ALB.pdf

Figure 15 Employed persons in informal sector



SOURCE: Eu-assessment of informal economy in Kosovo

Informal employment decreases with the higher level of education; that is higher among men compared to women and higher among youth aged 15-24 years.

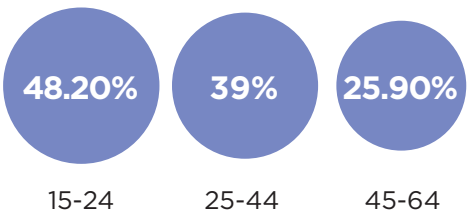


Figure 16 Informality by age-group

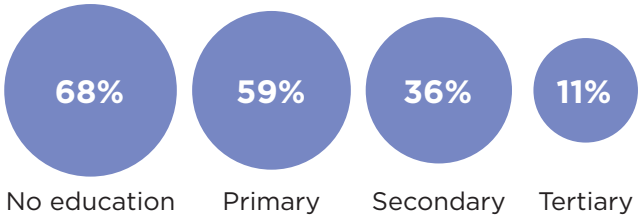


Figure 17 Informality by education level

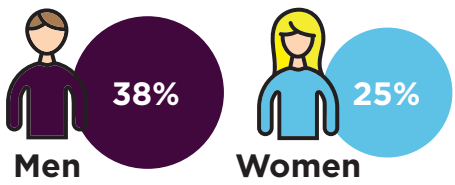


Figure 18 Informality by gender

Informality in the workplace remains one of the key challenges to be addressed in the labor market, given that informality has a direct negative impact on the development of the workforce and the private sector and the growth of the state budget for future investments.

3.3. Social Dialogue

Social Dialogue involves all types of negotiation, consultation and exchange of information between government representatives, employers and employees. The issues for discussion include various topics of common interest to all participants in the dialogue regarding economic and social policies. Social and Economic Council is an apolitical institution which functions as an independent body with the purpose to unite all stakeholders and take decisions that are the most appropriate solution for the all the parties.[42]

In 2018, SEC was represented by three social partners, two from the employer organizations and one from the employee organizations. There are no changes in terms of representation in 2019 either. In these two years part of the SEC should have been represented by members of the Government. During 2018, SEC's professional committees provided three recommendations: the recommendation on the law on SEC, the recommendation for the approval of MPKK by the SEC and the recommendation to set the assistant/student with special needs code. During 2019, has issued the recommendation on the minimum wage. One of NPISAA activities is the amendment/supplement of the SEC Law adopted in 2011. This law has been submitted to the Government with recommendations for amendment, but has not yet been adopted by the Government of Kosovo. Moreover, this year drafting and adoption of the SEC strategy and work plan is foreseen, activities of which have not yet been implemented and either approved. It is important for SEC to also fully operationalize professional committees. During 2019 five committees were operationalized: Professional Committee for Tripartite Legislation; Professional Committee for Finance, Economy and Privatization; Committee for Wages, Rates and Pensions; Committee for Tripartite Employment and Vocational Training, Professional Committee for Health Protection, Environment and Safety at Work. Although the establishment of the committees is a very important step, their operationalization and effect on social dialogue is even more important.

42 SEC. Leaflet on Social Economic Council. Source: http://SEC-rks.org/uploads/files/2015/July/27/Broshuri_informuese_per_Kishillin_Ekonomik_Social_-_per_webfaqe1437992588.pdf

4. Social Welfare

Table 21 Increase of social welfare through expansion and increased social protection quality, achieved gender equality and improved social and family services quality, with a special focus on vulnerable groups- Indicators

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Reduce poverty and social exclusion by providing integrated services and benefits to women and men in social need and other vulnerable groups	Poverty rate	17.6%	15%	No data has been published for 2018 or 2019. In 2017 it was 18%[43].
	Level of poor family coverage from the Social Assistance Scheme	45%	50%	53%.
Develop funding mechanisms in municipalities and establish physical infrastructure for sustainable provision of social services by public and non-governmental sector	Implementation of the Specific Social Service Grant	Social services in the local level are funded by the General Grant	Social services in the local level are funded by the Specific Social Service Grant	The concept paper for Local Government Finance, which specifies the need for the establishment of the Grant, has been adopted. Even in 2019 social services are funded by the general Grant and will continue till the adoption of the new Law on Local Government Finance.
	Number and type of social services for which the cost per unit (client) was calculated	5	10	3 in 2018, total 8. No information available for 2019.[44]
	Number of residential and day-care centers established for social service provision	10	15	2018: - Residential 1. - No daycare. 2019 - 2 houses are being built - No daycare.

43 KAS has published an updated report on poverty statistics in Kosovo for 2012-2017. This report was published earlier until 2015, but KAS has updated it with data until 2017. Therefore no study for 2018 or 2019 is available yet.

44 With the support of the EU project, implemented by Save the Children, a document on some unit costs for Social Services has been drafted. This document identifies some unit costs based on the costs of a Residential Center and Day Care Centers for the provision of services to victims of violence, trafficking, elderly and people with disabilities.

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Increase of social service volume and quality through the development of alternative and innovative forms of promoting social inclusion and licensing monitoring of all providers	Number of non-governmental providers licensed	20	50	8 in 2018, a total of 28. 12 in 2019, a total of 40
	Number of social enterprises registered	10	50	Law on Social Enterprises has been adopted by the Assembly of Kosovo, however has not yet come into effect.
	Number of local partnerships (municipality – non-governmental sector-community) established	5	15	No legal basis.
Improve the quality of social and family services through increased human capacities of public and non-governmental providers	Number of occupational standards approved	3	5	3. No changes in 2019.
	Number of validated training modules for social and family service providers	5	7	7 (not yet approved) No changes in 2019.
	Number of social workers from public and non-governmental sector trained	150	500	160 (in 2018), a total of 310. No changes in 2019.

Activities foreseen to be carried out by the end of 2018

Table 22 **Increase of social welfare through expansion and increased social protection quality, achieved gender equality and improved social and family services quality, with a special focus on vulnerable groups – Activities**

Objective	Activity	Deadline	Progress in 2019
Reduce poverty and social exclusion by providing integrated services and benefits to women and men in social need and other vulnerable groups	Training beneficiaries of social categories and engaging them in employment programmes	Ongoing	2018: 66 trained, 26 involved in employment programmes
	Including families the children of which are engaged in heavy and dangerous works in employment programmes	Ongoing	155 children engaged in heavy works. From 1 January-30 August, 100 children have ben part of heavy works
	Building residential units for social assistance families that have not solved the issue of housing	Ongoing	No
	Study and analysis on the review of the social assistance scheme	Q3 2018	No
	Analysis of the cost of food basket to define the value of social assistance per family	Q4 2018 Q4 2019 Q4 2020	No
	Advance the social assistance software for registration of data and drafting of periodic reports	Q4 2018	No

Objective	Activity	Deadline	Progress in 2019
Increase of social service volume and quality through the development of alternative and innovative forms of promoting social inclusion and licensing monitoring of all providers	Functionalization of the grants scheme to finance projects of non-governmental sector and social enterprises	Q 2 2018 – 20 grants Q 1 2019 – 20 grants Q 1 2020 – 20 grants	2018: out of 28 NGOs, 21 have been awarded with subsidies, while 7 have been rejected because of not fulfilling the criteria, i.e. not licensed by MLSW to provide social services. In 2019, oit of 37 NGOs, 26 organizations have been approved, and 11 have bene rejected, because of not being licensed by MLSW
	Advancing the social service software for the registration of data and drafting periodic reports	Q3 2018 Q3 2019 Q3 2020	Not yet; will be done according to the concept paper which has not yet started being implemented[45]
	Licensing social workers for the provision of social and family services	Q4 2018 – 500 social workers licensed Q4 2019 – 500 social workers licensed Q4 2020 – 500 social workers licensed	No information available
	Licensing NGOs and registering social enterprises	Q4 2018 – 30 providers Q4 2019 – 50 providers Q4 2020 – 100 providers	2019: 40 NGOs The explanatory memo for social enterprises is not yet being drafted
	Establish local partnerships for the provision of social services	Q4 2018 – 5 partnerships (to e continued in the following years)	No
	Monitor and inspect public and non-public social and family service providers	Q4 2018 – 5 monitoring reports Q4 2019 – 5 monitoring reports Q4 2020 – 5 monitoring reports	No. no report published

45 Three new modules have been drafted on the scheme for family housing, the scheme for children with disabilities and for the inclusion of licensed residential institutions and the NGO sector in the system, in order to have access to the registration of the categories and services they provide. The software will be modified according to the new Concept Paper for social services, but it is still too early and it might be modified next year.

Objective	Activity	Deadline	Progress in 2019
Improve the quality of social and family services through increased human capacities of public and non-governmental providers	Drafting occupational standards for social workers and validation of training modules	Q3 2018 (ongoing)	3: -Professional associate for social work; -Manager of social welfare; -Professional of social work and advising. No changes in 2019
	Assessment of training needs and drafting of training programme	Q1 2018 Q1 2020	An assessment of the training needs for the 2018 training program and a World Bank Research Report on CSW Capacities was made, but there is no training program designed. No changes in 2019.
	Exchange of experiences with regional and EU countries in the field of social policy and social services	Ongoing	About 30 officials from central and 20 from local level were part of the meetings, visits inside and outside the country where problems and challenges or better practices on social service development were discussed.
	Review and amendment-supplement of the legal framework for social and family services	Q4 2018 Q4 2019 Q2 2020	No. the concept paper for social scheme has been launched in the electronic platform for public consultation.
Develop mechanisms for funding in municipalities and establish infrastructure for sustainable social service provision by public and non-governmental sector	Design the formula of funding (specific grant) and criteria to allocate the budget for social services by municipalities	Q1 2019	No
	Prepare unit costs (client) for types of social services and cost of minimum standards	Q4 2018 Q4 2019 Q4 2020	No
	Construction of residential and daycare centers for provision of services to elder people and those without family care	Q4 2018 – 1 center Q4 2019 – 1 center Q4 2020 – 1 center	Ongoing. One center is expected to be completed in Novoberde in 2020.
	Construction of residential daycare centers for provision of services to persons with disabilities	Q4 2018 – 1 center Q4 2019 – 1 center Q4 2020 – 1 center	Ongoing. One center is expected to be completed in Prizren in 2020.

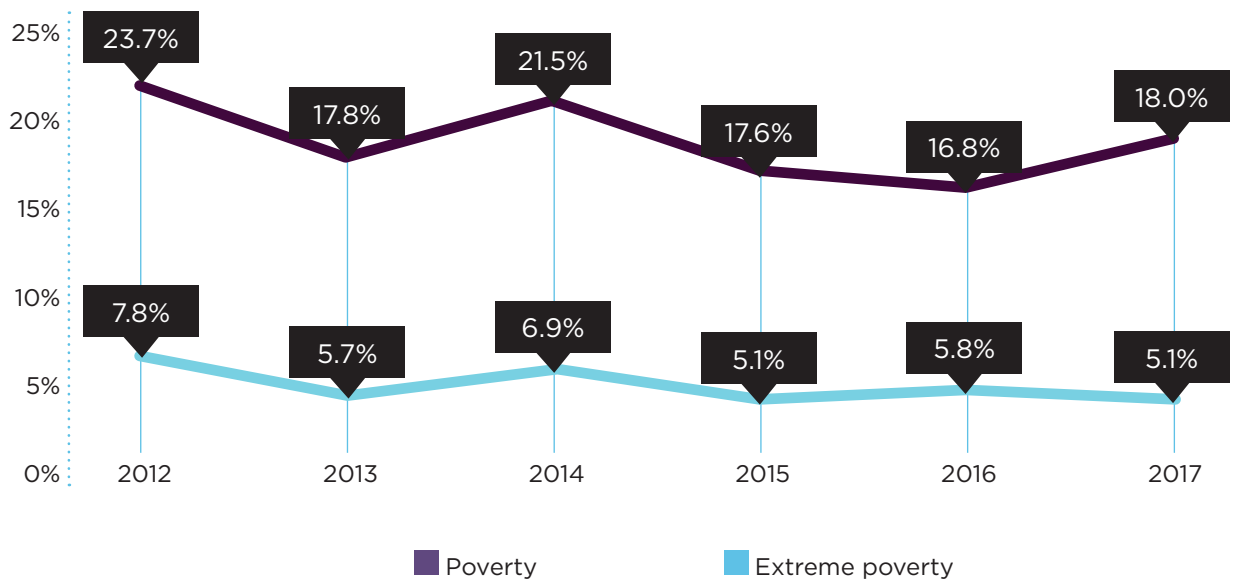
4.1. Poverty

KAS has not yet published the report on the poverty rate in 2019. KAS updated the report on consumption poverty for 2016 and 2017 and also published the Survey of Household Budget for 2017. These two reports are the most updated for this sector. According to KAS and the World Bank's Report for 2017, 18% of the population in Kosovo lives in the extreme/absolute poverty with less than 1.85€ per day, for an adult; and 5.1% of population lives in the extreme poverty line with less than 1.31€ per day for an adult.[46] In general, Kosovo uses two poverty lines, poverty and extreme poverty, and the line for each of them is presented below:

- 2014: 1.83 euro and 1.30 euro for an adult a day
- 2015: 1.82 euro and 1.30 euro for an adult a day
- 2016: 1.82 euro and 1.29 euro for an adult a day
- 2017: 1.85 euro and 1.31 euro for an adult a day

Since 2012, the poverty line (1.78 Euro) and extreme poverty (1.27 Euro) has been increased by 7 and 4 percent, respectively. The poverty rate in general marked an slight increase compared to 2015 and 2016. The poverty rate and extreme poverty rate these years have been higher in rural dwellings than urban ones.

Figure 19 **Poverty and Extreme Poverty rate in Kosovo 2012-2017.**



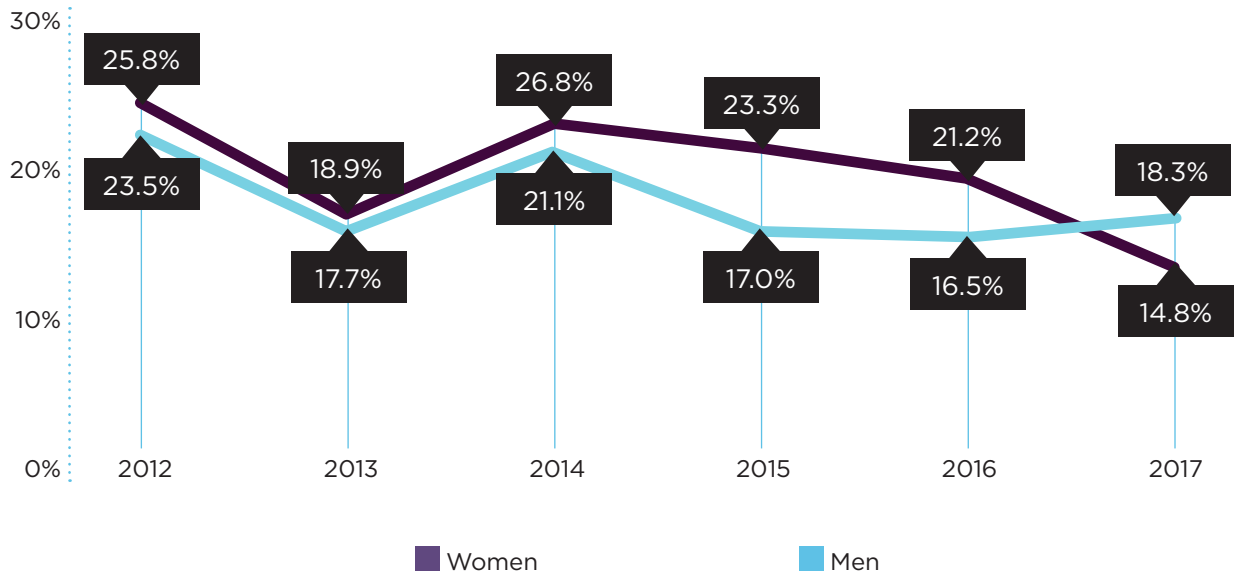
SOURCE: KAS

46 KAS. Consumption Poverty in Kosovo 2012-2017. April 2019. Source: http://KAS.rks-gov.net/media/4882/statistikat-e-varfërisë-2012-2017.pdf

4.1.1. Poverty by gender, education and status

Poverty in Kosovo is higher among households where the head of the household is female. In 2017 poverty by gender has a difference of 3%.

Figure 20 Poverty by gender of the family head



Although with a small difference, poverty by gender of the individuals is higher among women than men. In 2017, 18.9% of women in Kosovo lived in poverty compared to 17.2% of men, with almost 2% difference. Between 2012 and 2017, poverty rate declined more for men than women (respectively 6.0 and 5.2%). Higher poverty in women than men is affected by structural, cultural and policy constraints. Cultural attitudes towards women's employment and wrong positioning of employers towards women's ability and skills create employment difficulties for women in the labor market, which directly contributes to their poverty.

The poverty rate, regardless of gender, is higher for people with lower education than primary school. Although in 2017, 3.1% of the population was estimated with lower education than primary school, around 22% of the individuals living in poverty belong to this group. Poverty is lower among people with higher education.

Table 23 Poverty rate by education level. Source. KAS-Consumption Poverty

Education level	Poverty rate (%)	Distribution of population 2017 (%)
Lower than primary school	21.50%	3.10%
Primary school	21.60%	40.00%
Secondary and vocational schools	15.40%	43.90%
Tertiary level	5.50%	13.00%

The poverty rate is higher in persons with disabilities, where about third of whom live in poverty. This is also directly related to the limited opportunities of this group for education and employment. Lack of proper infrastructure in state, private and education institutions, social prejudice and discrimination in education and employment are the main factors that reduce the opportunities of this group to develop. As such, all these affect the non-inclusion of persons with disabilities in society, which also increases the possibility for a higher poverty rate.

The second poorest category, according to this study are unemployed persons (25%) and pupils/students (17%). Pupils and students include the age of the young population in Kosovo, 15-24 years old. Exactly this age is challenged with a high number of unemployment and inactivity. The financial dependence of students and pupils on their parents contributes to the increased poverty of this age group. Lack of skills for the labor market among young people and the inability of educational institutions to develop these young people's skills is leading to a high number of unemployed from this age group. Unemployment is directly related to poverty, therefore its proper addressing to young people has positive effects on reducing the poverty rate.

The poverty and extreme poverty rate is higher in families with 3 or more children (26.3%), compared to the ones without children (10.7%). This is also because children under 18 are more likely to be poor due to their dependence on the family. Therefore addressing poverty to children helps in reducing poverty for families. State policies addressing education, nutrition and child assistance have a positive effect on reducing poverty in the long run. Such decisions, such as providing free textbooks for children in compulsory education assist in reducing expenses of the families that live in poverty, and increase the chances of children to schooling.

Table 24 Poverty rate by the number of children. Source: KAS

	Poverty rate (2015)	Extreme poverty rate (2015)	Poverty rate (2017)	Extreme poverty rate (2017)
Without children	10.00%	2.90%	10.70%	2.00%
With one child	17.30%	4.50%	13%	3.30%
With 2 children	17.40%	4.00%	16.10%	4.90%
With 3 or more children	21.60%	7.10%	26.30%	8.00%

4.1.2. Employment and Poverty

According to the Consumption Poverty Report 2017,[47] poverty is higher among unemployed persons (25.5%), temporary or occasionally employed (19.6%), and self-employed in agriculture (16.6%) that can be considered as unstable employment.

One of the key solutions to reducing poverty is to increase the labor market activity. According to the World Bank's assessment of regression, although different factors may affect, inactive persons in the labor market tend to be poor.[48] Participation in the labor market, increased salary in employment, remittance transfers, and social schemes are the three main channels through which the poor can increase their consumption according to the World Bank's report.[49] Private transfers, such as remittances and public transfers, are seen as a solution to increased consumption, however not to reduce poverty in a long run. Moreover, there is a negative link between remittances and labor market activity. Remittances can cause economic dependence and unwillingness to get employed in Kosovo's working conditions.

47 Link: http://KAS.rks-gov.net/media/4882/statistikat-e-varfërisë-2012-2017.pdf
48 World Bank. Kosovo Jobs Diagnostic (2017). Source: http://documents.Worldbank.org/curated/en/814361497466817941/pdf/ACS21442-ËP-PUBLIC-ADD-SERIES-KosovoJDËEB.pdf
49 World Bank (2011) and Dasgupta and Ajwad (2011).

4.2. Standard of Living

Monthly inflation measured by the harmonized index of consumer prices did not change in October 2019 (0,0%)from September 2019.[50] Compared to October 2018, the annual inflation rate measured in October 2019 was 2,2%. An increase in prices has been noticed in the following sub-categories: vegetables (0,6%), water, beverages, alcoholic and non-alcoholic drinks (0,7%), electricity, gas and other fuels (0,8%)-(an increased price of woodfuel), purchase of vehicles (2,3%) with a common impact of the sub-categories of 0,3% on HICP.

The increase was mainly counterbalanced by decreased COICOP prices: milk, cheese and eggs (-1.1%), fruits (-7.4%), transportation services (-2.4%) - (decline of air ticket prices) with a common impact of these sub-categories of -0.3% on HICP.[51]

Given that the level of salaries in Kosovo does not change according to inflation and that the employment rate is quite low and as a consequence a small number of families receive regular monthly salaries, the purchasing power of the Kosovo consumer has significantly fallen with this inflation rate. When purchasing food and beverages in an amount of 100 euros, a consumer in this period of the year (October 2019) would purchase the same items with a higher price of 2.2 Euro. Given that the poverty line is 1.85 Euro per adult a day, this change in price can be unaffordable for these families. Moreover, as specified in the report, prices have been increased mainly in main food products, such as bread, milk, cheese, eggs, vegetables and meat, making it more difficult the affordability and consumption. There is still no research that analyzes the cost of monthly spending for Kosovo families.

In 2017 the consumption per inhabitant was 1,511 euros, about 4 euros per day. Although from 2016 to 2017 there has been an increase in total consumption per inhabitant, there is no updated data on the consumption for 2018 and 2019, even though price increase is thought to negatively impact the consumption value. This is mainly because nearly half of family consumption in Kosovo goes for food and beverages and in cases where food and beverage prices rise, affordability decreases even more.

About 40% of the total consumption of Kosovars is spent on food and beverages, while 29% for housing. Transport, clothing and alcohol and tobacco are the other three important categories of Kosovar consumption. Compared to the second half of 2018, the price of petrol and oi fuel has been increased for about 3%. Given that transport is the third category with higher consumption, it is expected that the consumption of Kosovo families will be negatively affected in this aspect too.

50 KAS. Harmonized Index of Consumer Prices (HICP), November 2018
51 KAS: Harmonized Index of Consumer Prices for October 2019

4.3. Social Assistance Scheme

A great part of Kosovo's budget is oriented to social transfers. In 2019, 23% of the overall budget in Kosovo was allocated for social protection, or 453 million euro.[52] In 2018, this figure was 399.4 million euro[53], which indicates an increase of 13.4%, while compared to 2017 it has been increased for 23.3%. Furthermore, Kosovo budget for this category is expected to be 461 million Euro in 2020[54].However, the largest amount of this budget is focused on based schemes, and not on social assistance thus addressing the needs of poor families. If we consider only social assistance for 2019, then this scheme comprises only 8.5% in the budget for social assistance. Compared to 2018, the budget for social scheme has been decreased in percentage, by 0.9%.

Table 25 Kosovo Budget for social assistance and services 2019

	2018	2019
Social assistance and services	**41.5 million**	**39.6 million**
Social assistance scheme	**31.3 million**	**29.6 million**
Social services	**4.5 million**	**4.3 million**
Bank provisions social cases	**1.2 million**	**1.2 million**
Utility payment social cases	**4.5 million**	**4.5 million**
Employment Agency	**3.8 million**	**10.5 million**

The Law on Social Scheme[55] regulates the budget for social assistance and also determines the two categories that are eligible for this assistance. The first category includes families that do not have any employed member and all are financially dependent, while the second category includes families who do not have any employed member but have a member skilled for work and a child under the age of 5, or are caregivers of an orphan up to 15 years old.

Social assistance is determined based on points, depending on the number of family members. While in 2017 social assistance payments ranged from 50 to 150 euros, this year MLSW proposed an increase of social assistance for 20%, a proposal approved by the governmental cabinet. Regarding the Law on Social Schemes, by Decision No. 44, dated 29.01.2019, a Working Group has been established to draft the first Draft of the Concept Paper for the Social Assistance Scheme. This Group has managed to finalize the Draft Concept Document of the Social Assistance Scheme, which was launched online for public consultation on August 30, 2019.

According to this Concept Paper, the main problem is the low impact of the Social Assistance Scheme on

52 Official Gazette of Kosovo. Law no. 06/L-020 on Budget of Kosovo (2019)
53 Official Gazette of Kosovo. Law no. 06/L-020 on Budget of Kosovo (2018)
54 Official Gazette of Kosovo. Draft Law for the Budget Appropriations of the Budget of Kosovo for 2019
55 Official Gazette of Kosovo. Law no. 2003/15 on the Social Assistance Scheme in Kosovo.

alleviating poverty. Different factors affect this issue, such as: low coverage of poor households through SNSs, inadequate targeting of poor families, problems with the implementation and administration of the legal framework due to the selection criteria, which are not compliant with the characteristics and needs of poor families in Kosovo, insufficient monthly amount provided by SAS to meet the basic needs of beneficiaries, especially for big families, and the low value of the benefits and exemptions package to which they are entitled SAS beneficiaries; and the lack of coordination between SNSs and social services and employment services, as well as the latter's inadequacy with the SAS beneficiaries' needs and profiles. To address these problems, the Concept Paper proposes the drafting of a new Law on Social Scheme.[56]

The drafting of the new law, in addition to the economic impact on increased employment, social impact on reduced poverty, gender impact on social equality, is expected to have a budgetary impact as follows: additional 18 million euros the costs for payment by SAS annually; from which 8 million euros will cover legal reforms in SAS, and 10 million euros will be dedicated to child allowances. The total annual costs under the scheme are projected to be 50 million euros from 39 million euros available currently. These costs do not include the budgetary implications for benefits and exemptions from other payments to which SAS beneficiaries are entitled.[57]

Table 26 Payment of social assistance for families with different number of members by years

	2017	Currently	According to OECD rate
Family with 1 member	€50.00	€60.00	€ 60.00
Family with 2 members	€68.75	€82.50	€ 90.00
Family with 3 members	€75.00	€90.00	€ 120.00
Family with 4 members	€81.25	€97.50	€ 150.00
Family with 5 members	€87.50	€105.00	€ 180.00
Family with 6 members	€93.75	€112.50	€ 210.00
Family with 7 members	€100.00	€120.00	€ 240.00
Family with 8 members	€106.25	€127.50	€ 60.00
Family with 9 members	€112.50	€135.00	€ 90.00
Family with 10 members	€118.75	€142.50	€ 120.00
Family with 11 members	€125.00	€150.00	€ 150.00
Family with 12 members	€131.25	€157.50	€ 180.00

56 Concept Paper on the Social Assistance Scheme: http://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40767
57 See the above reference

Concept Paper proposes to change the level of payment based not only on the number of adult family members but also on the number of child family members.

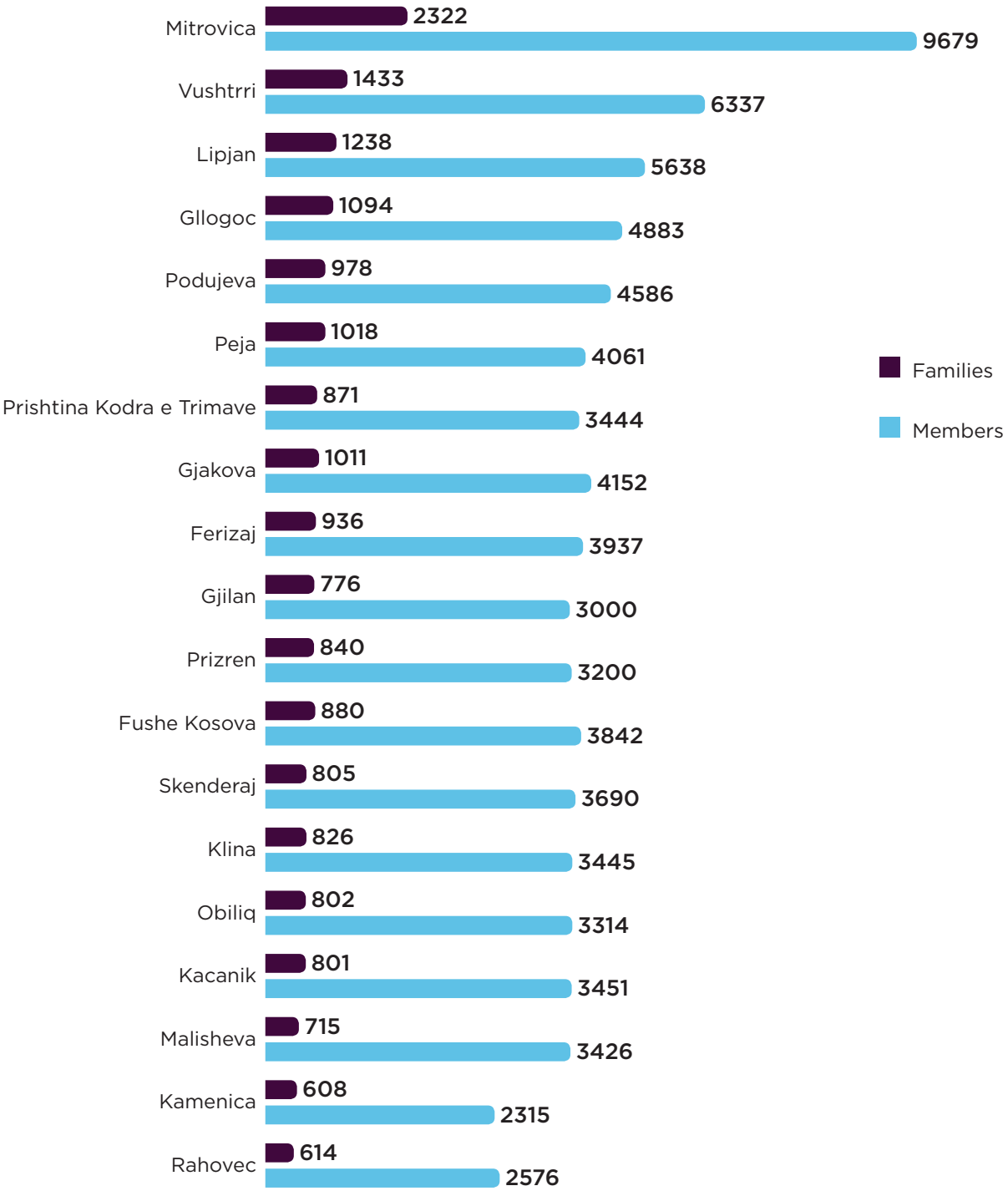
The following table presents the timeframe for the adoption and implementation of the new Law on Social Scheme.

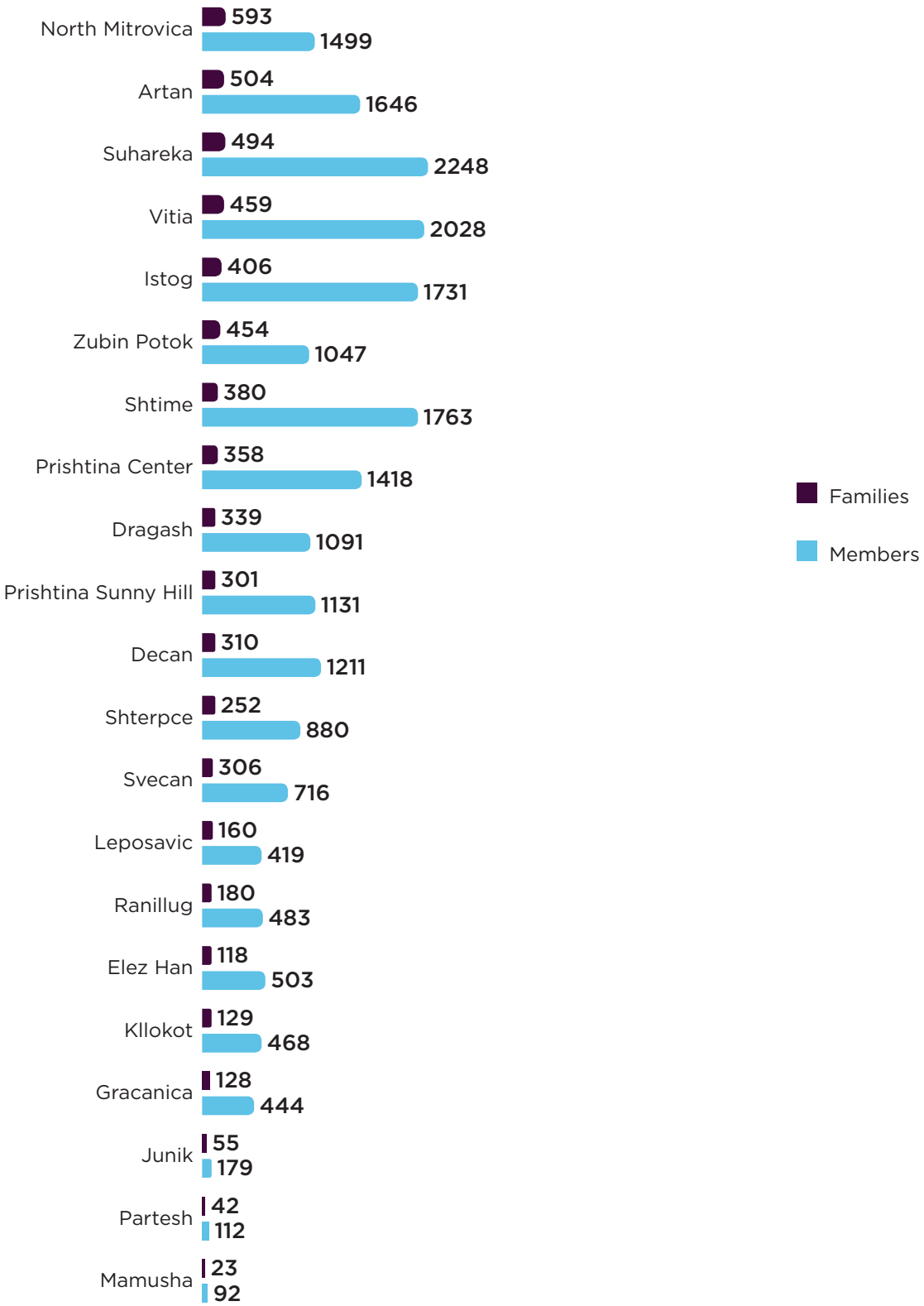
Table 27 **Timetable on the implementation of the new law on the social scheme. Source: Prime Minister's Office**

Action	Timeframe
1. Approval of the Concept Paper on the Social Assistance Scheme	Q4 2019
2. Drafting the draft Law on Social Assistance Scheme	Q2 2020
3. Adoption of the Draft law on Social Assistance Scheme	Q4 2020
4. Entry into force of the Law on Social Assistance Scheme	Q2 2021
5.Implementation of the Law on Social Assistance Scheme	Q1 2022

Until mid of 2019, in general 24,559 families with an average 100,085 members have benefited from the social assistance scheme. Compared to 2018, the number of families (25,258) and members (103,218) benefiting from social assistance has declined.

Figure 21 Number of families and members benefiting from social assistance according to CSWs in 2019

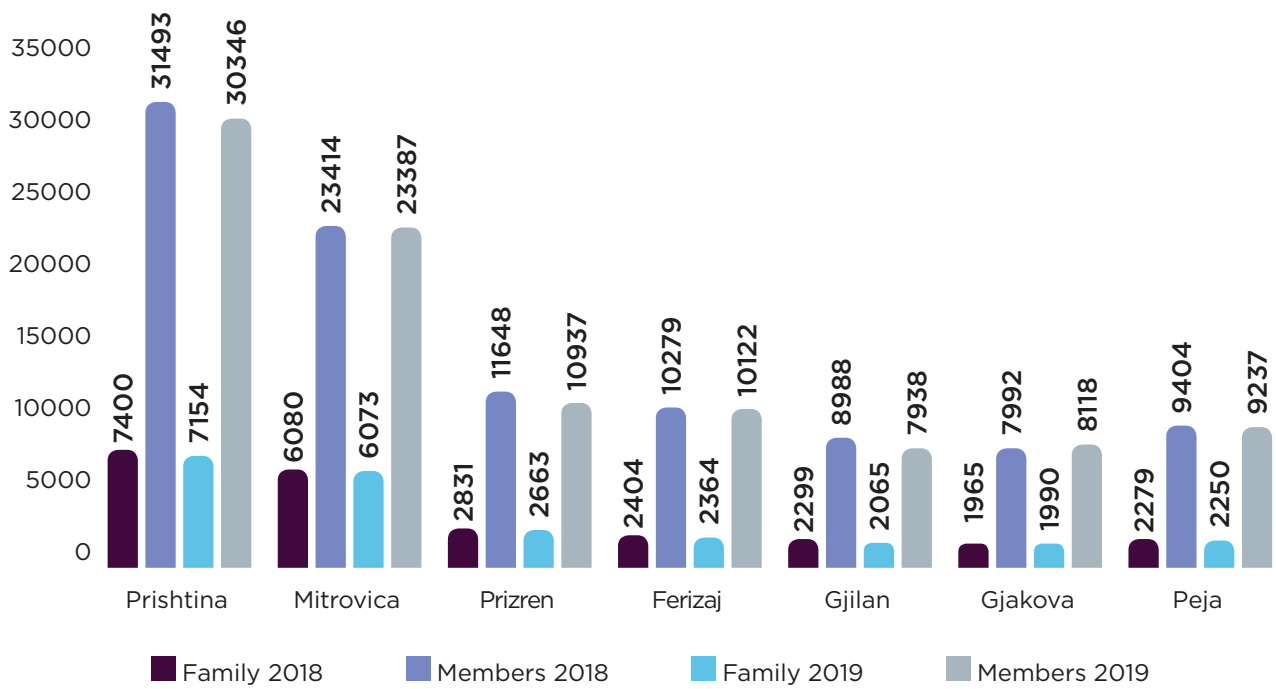



North Mitrovica
593
1499
Artan
504
1646
Suhareka
494
2248
Vitia
459
2028
Istog
406
1731
Zubin Potok
454
1047
Shtime
380
1763
Prishtina Center
358
1418
Dragash
339
1091
Prishtina Sunny Hill
301
1131
Decan
310
1211
Shterpce
252
880
Svecan
306
716
Leposavic
160
419
Ranillug
180
483
Elez Han
118
503
Kllokot
129
468
Gracanica
128
444
Junik
55
179
Partesh
42
112
Mamusha
23
92
Families
Members

In general in 2019, the number of families that benefited from social assistance is higher in South Mitrovica and Vushtrri. As for Prishtina, the above figure provides information on the number of social scheme beneficiaries in different areas of Prishtina. As shown in the figure, Kodra e Trimave neighborhood has higher number of beneficiaries, compared to Kodra e Diellit neighborhood and Center. There is a difference between the number of women and men receiving social assistance. From the data of 2019, about 66% of beneficiaries are men, while 34% are women. Gender differences have been more noticed among the second category beneficiaries, compared to the first category. In the second category, about 91% of members receiving social assistance are men, while in the second category about 9% of members of social assistance are women. This data differ substantially from 2018, when women were in a higher percentage than men as social assistance beneficiaries.

Compared to 2018, the number of social assistance beneficiaries has declined in the regions of Prishtina, Prizren, Gjilan, and Peja; but the number of social assistance beneficiaries remained almost the same in the Mitrovica and Ferizaj regions; and increased in Gjakova region[58].

Figure 22 Beneficiaries of social scheme by region



58 Data from DMS

As for the number of members, majority of social assistance beneficiary families have 2 to 6 members

Table 28 Number of members in social assistance beneficiary families

No. of members	No. of house-holds (2018)	In % (2018)	No. of house-holds (2019)	In % (2019)
1	1776	7.03%	1726	7.03%
2	3241	12.83%	3151	12.83%
3	4021	15.92%	3910	15.92%
4	5974	23.65%	5808	23.65%
5	5377	21.29%	5229	21.29%
6	3045	12.06%	2962	12.06%
7	1136	4.50%	1105	4.50%
8	450	1.78%	437	1.78%
9	167	0.66%	162	0.66%
10	47	0.19%	47	0.19%
11	16	0.06%	15	0.06%
12	6	0.02%	5	0.02%
13	2	0.01%	2	0.01%

According to the category, in total 16,828 families benefit from the social scheme in the first category and 7,731 families in the second category in 2019.

Table 29 Social scheme beneficiaries by category 2019. Source: MLSW

	No. of members	No. of households	Amount
Category I	62,658	16,628	€1,695,.595.00
Category II	37,427	7,731	€915,295.00

The highest number of social assistance beneficiaries are from unemployed, people above 18 years old who are not able to work over 80% and caregivers.

Table 30 Social scheme beneficiaries by criterion. Source: MLSW

Criterion	Men (2018)	Women (2018)	Men (2019)	Women (2019)
Self-supporting parent	400	1987	392	1878
Person above 18 years old, unable to work over 80%	4556	1991	4521	2022
Unemployed	7532	320	7002	310
Caregiver	3448	2870	3423	2890
Person with Limited Disability Pension (PLDP)	201	31	192	34
Person with Base Pension (BP)	75	13	77	17
Caregiver - Person with Limited Disability Pension (PLDP)	14	1	12	2
Caregiver - Person with Base Pension (BP)	3	1	5	1
Person alone - Person over 18 years old, unable to work over 80%	678	1103	662	1117

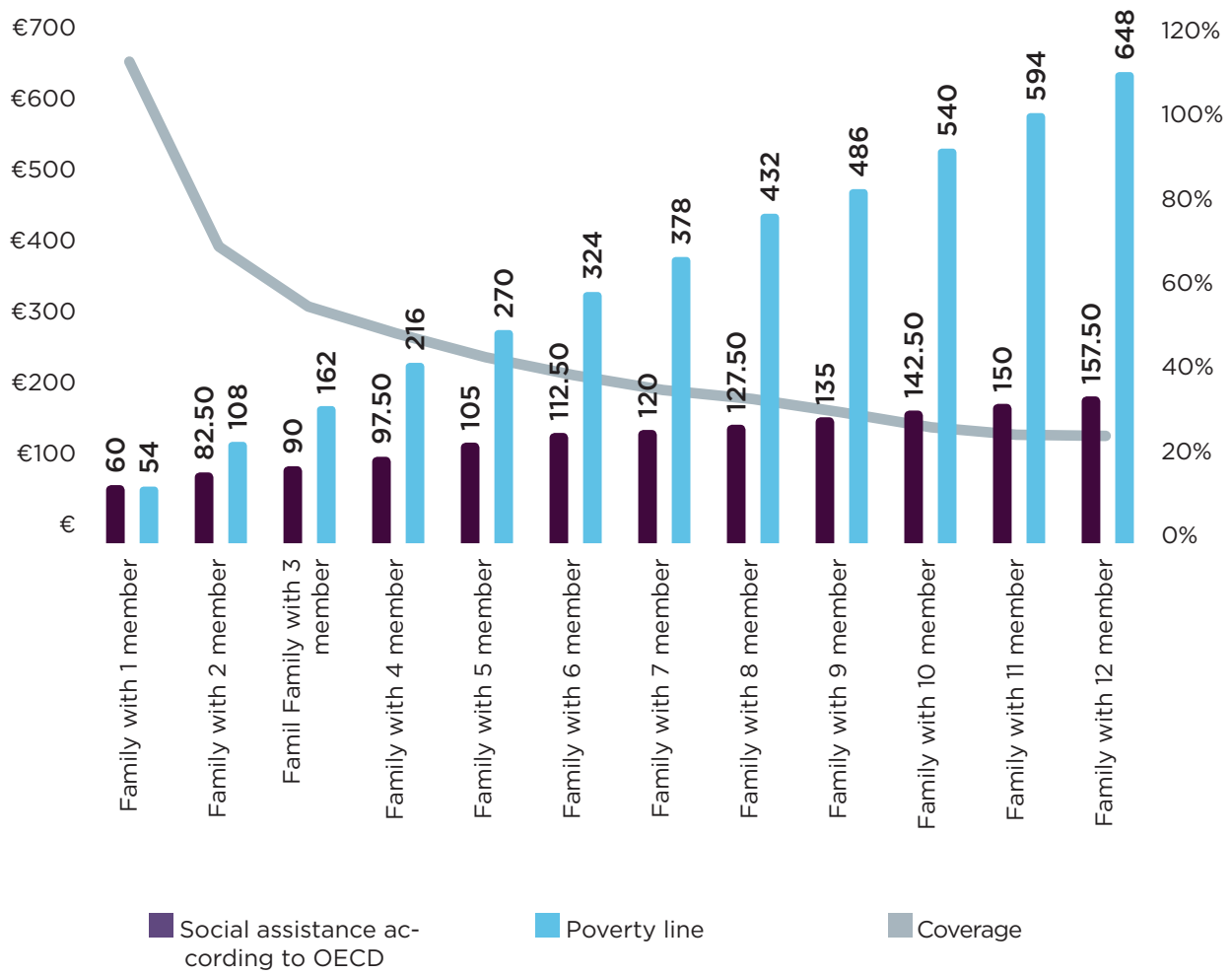
Divided by age group, the largest number of beneficiaries are of age group 19-65 (48,887 beneficiaries or 49%) and aged 6-14 (25,051 beneficiaries or 25%). Less beneficiaries are aged 0-5 years (15,049 apo 15%) and aged 15-18 (10,038 or 10%).

4.3.1. Coverage of families in the social scheme

The objective of social assistance is to provide assistance to the extent that to lift out of poverty the families who live in poor conditions and eliminate the poverty trap. However, as seen in the below figure, with an increase of 20% from 2017 to 2018, social assistance is not sufficient to lift a family out of poverty and social assistance.[59] This increase of 20% is sufficient only for single-member families, which represent only 7% of the households receiving from social scheme. An average 5-member family in Kosovo needs 270 euros a month to cross the poverty line. In 2018 this family received 105 euros per month, which is 39% of the coverage of needs and expenses. With the increase in the number of members within a family, the coverage of the social scheme significantly reduces.

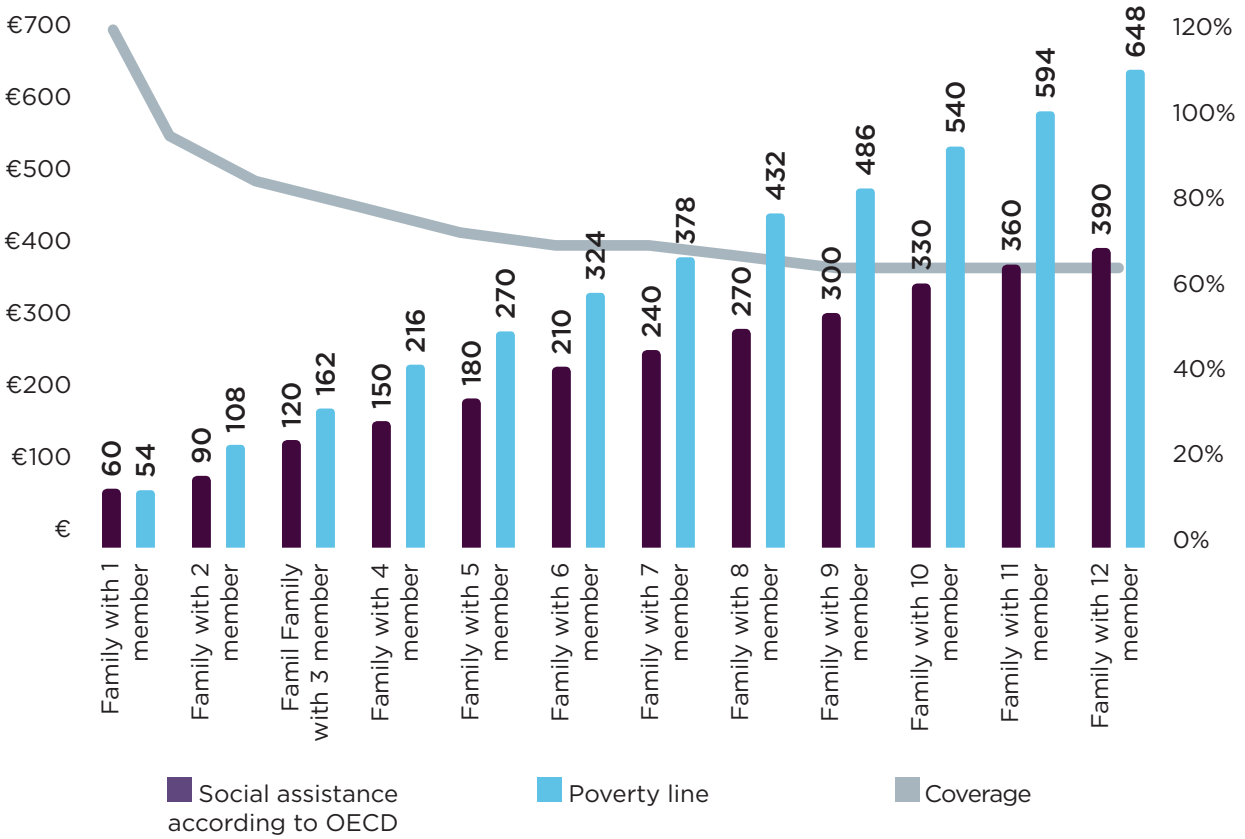
59 The coverage has been calculated based on the poverty line of 1.8 Euro a day per an adult, for 30 days a month.

Figure 23 Coverage of Social Scheme for Poor Families



If we take into account the payment for social scheme based on the OECD, the coverage is significantly increased with the current payment. This scheme considers the fact that an average family of 5 members in Kosovo needs 270 Euro monthly to overcome the poverty line.

Figure 24 Coverage of poor families by the social scheme according to OECD



Moreover, based on KAS data for 2017, 18% % of the population lives in poverty, or about 323,220 persons. If we compare the total number of people included in the social scheme for 2019 (100,085), it can be noticed that the social scheme covers only 31% of people living in poverty. The percentage is higher in the covering with social scheme families in general. According to KAS data on population census,[60] there are about 297,000 families in Kosovo. Given the poverty rate, there are about 52,272 poor families. The social scheme manages covering about 47% of poor families. In general, the number of families included in the social scheme from 2015 has been decreased. There are no data indicating the reason for the reduction of the number of families receiving social assistance, whether it is due to failing to meet strict social assistance criteria or these families were able to overpass the need for social assistance as a result of employment or other reasons.

60 KAS – Data from population census.

The assessment criteria for social assistance are not explained in detail, and according to the IMF report there are three main problems with these criteria:[61]

1. Families in the second category of SAS are disqualified from the scheme at the time when their child or children reach the age of five.

There are no explanations for setting the age of 5. After the age of 5, children start school and their costs grow even more. In addition, according to the Consumption Poverty 2017 study[62] , children are at risk of higher poverty rate due to their dependence.

2. The employment of a family member removes the second-category families from the scheme.

This increases the risk of informal economy and the tendency to manipulate and conceal the truth.

3. Families that have immovable property above 0.5 hectares are disqualified from the scheme.

Immovable property is a family's asset, however in some cases they do not generate income. Families that have immovable property are excluded from the scheme although they might not generate income from these assets.

Due to these unclarities, and in order to see the possibilities for regulating social schemes, a study on the revision of the social assistance scheme is foreseen. In this regard, the World Bank has presented a preliminary study: "Assessment of the Social Assistance Scheme in Kosovo" and conducted the first debate/discussion on the options to reform the Social Assistance Scheme in Kosovo. The analysis on the review of the social assistance has been yet been published to the public.

4.4. Social and Family Services

Social services are regulated by the Law on Social and Family Services.[63] According to this Law, social services include direct social care, counseling and material assistance to people in need, who represent:

- Children without parental care;
- Children with asocial behavior;
- Delinquent child;
- Persons with disordered family relationships;
- Aged persons;
- Persons with physical illness or physical disabilities;

61 IMF. Enhancing Social protection cash benefits. IMF country report no.16/123. May 2016.
62 See reference 61
63 Official Gazette. Law no. 02/L-17 on social and family services, amended and supplemented with the Law no. 04/L-81. Source: http://bit.ly/2zzhVUW

- Persons with mental illness;
- Persons at risk of exploitation or abuse;
- Persons with domestic violence;
- Trafficking in human beings;
- Persons addicted to alcohol or drugs;
- Persons that are victims of emergencies or disasters caused by nature or human.

Social services are provided by Municipal Centers for Social Work managed by municipalities. Due to budget constraints, financial transfers continue to be realized by MLSW. For this reason, as part of the 2018-2020 Strategy, the creation of a Specific Grant for Social Services to be financed at the municipal level is foreseen. So far, the Concept Paper on the Local Government Finance has been approved, where the need to establish the Grant is specified. Social services are funded by the General Grant in 2019 too, and this will continue until the new Law on Local Government Finance is adopted.

It is the government's obligation to amend/supplement the Law on Social and Family Services and adopt the Elder Care Law, but these have not yet been done. Due to the non-adoption and non-amendment of these laws, social services will continue to be funded by the General Grant during 2019 too. Therefore, CSW de-centralization at the local level can not be considered due to the unclarities and lack of the link between the budget and the municipalities' obligations.

The construction of residential and day care centers for the provision of social services is planned. By November 2019, no day center was built. A residential center in Prizren is under construction. Social services are provided by 5 day-care centers at the national level. For some of the social services, MLSW cooperates with non-governmental organizations licensed for provision of social services. In general, there are 40 licensed NGOs, while 14 of them have been licensed in 2019. By 2020, according to the Strategy, 50 such NGOs are expected to be established. Apart from licensing NGOs, the quality and efficiency of public and private social service providers is of a vital importance. The NGOs licensed to provide social services depend on MLSW funds and consequently NGOs are not financially sustainable to provide social services.

In addition to NGOs, MLSW also committed to license social enterprises to provide social services. The Law no. 06/L022 on Socially Owned Enterprises was adopted by the Assembly of Kosovo on 2 November 2018, but no sub-legal act has yet been drafted.[64] There is no number of registered SOEs so far. In addition to SOEs the establishment of local partnerships is expected (community-non-governmental sector-community) , aimed to better understand the needs of the community and provide more adequate services for people in need. However, there is still no clear legal platform and basis for the establishment of these partnerships.

At the central level, CSWs face with the lack of locally-based statistical data on vulnerable groups, as well as insufficient staff capacities to provide adequate social services[65] The lack of updated information makes planning and addressing people's needs more difficult. In addition to the larger number of employees, CSWs need continuous trainings for social workers, but at the same time need to assess the opportunities to improve social service provision. Capacity building of staff is essential for improved quality of social and family services,

64 Law on Social Owned Enterprises 06/L022; https://gzk.rks-gov.net/ActDetail.aspx?ActID=18187
65 Save the Children. Situation analysis: Legal and fiscal context and capacities of social service providers in Kosovo. 2018

and therefore drafting of standards for services and service providers, licensing of providers as well as validation of training modules have been planned. So far, the General Council for Social Services has approved 3 occupational standards for social workers:

- Social work associate;
- Social welfare manager;
- Social work and advising professional.

And drafted 7 training modules for the occupational standards, but they have not yet been approved.

According to the World Bank Report on CSW Capacities, below are presented the CSW needs to be addressed in order to improve social services:[66]

- CSWs should be equipped with equipment, such as computers, and existing computers should be replaced due to malfunctioning.
- CSWs should have more staff, including temporary staff and students from faculties that can replace the staff that soon retires.
- Internet connection needs to be improved in some of the CSWs.
- CSW staff should be trained on using the database to enter and use data.
- All applicants' data should be entered into the database online. There is more need for a direct access to information online, via tablet or phone, rather than gathering information with paper then enter them into the system.
- More work needs to be done in the data verification system.

There is a lack of a detailed analysis from the central level, which would provide recommendations for the improvement of social services. The EU and Save the Children analysis of 2018, has highlighted some recommendations on finances, licensing process, staff, and operations for all stakeholders involved in social service provision. The table below presents specific recommendations for the staff and operations at central and municipal level:[67]

66 World Bank: Exemptions from Social Health Insurance Contributions Capacity Assessment of Kosovo's Centers for Social Work. 2018.
67 Po aty.

Table 31 Recommendations to improve social services

Recommendations	Staff	Operations
Central level (MLSW, MF, MLGA)	Develop and formalize the criteria for employing and selecting the professional staff through an Administrative Instruction.	Together with municipalities and CSWs, reassess and monitor the implementation of standards for the provision of social services.
	CSW staff performance evaluation through regular evaluations, licensing and relicensing when needed.	Develop the database for the services provided by beneficiary licensed NGOs and its connection to the CSW database to enable the follow up of the services provided by the beneficiaries.
	Develop curricula and provide regular trainings to CSW staff, especially to social workers.	Develop a uniform and consistent case management system.
	Train municipality staff, in particular the CSWs staff on planning and managing the budget as well as applying the new grant formula for social services.	Promulgate an Administrative Instruction to set out the criteria and standards for drafting annual action plans.
Municipalities	Ensure that CSWs have the necessary human capacities to provide social services.	Budgeting, data collection and inter-municipal cooperation for the provision of social services.

The MLSW Strategy plans the advancement of the social services software for data entry and drafting of periodic reports. There is currently a lack of information to the public regarding MLSW's social services, which reduces transparency and prevents the information of citizens on time. Therefore, establishment of an information system that would connect all stakeholders involved in the provision of social services is planned. This information system is not yet fully updated and still does not contain all necessary sections for use by all parties. Until November 2019, 3 modules for the family shelter scheme, the scheme of children with disabilities and the inclusion in the residential institution system and the licensed NGO sector have been developed, in order to access for registration of categories and services they provide. Access to software and developed social service modules have 10 officials from the department for social services and about 100 CSW officials. So, NGOs have not yet been included in this system. As such, this information software is not being used and is not currently serving the function foreseen.

Monitoring of social services established by CSWs and NGOs is of a high importance. Monitoring social services is important for two main reasons: to improve social services and identify problems that reduce the quality of these services. Monitoring of social services is also one of the issues addressed in the World Bank

analysis[68], and the Division for Social Services is assigned as the main responsible body to carry out this activity. Following the approval of the standards for social services and the standards on occupations for social service workers, one of the functions of this division is also to monitor the work of CSW workers and other social service providers. However, in order to functionalize the monitoring system of social services and social service providers, the standards should first be drafted and approved in order to establish clear monitoring criteria. And monitoring has not started yet. At present, there are unclarities about the definition of social services and the duties of social service workers, and there is a need for attention and investment in the development and planning of human resources that provide these services. As far as standards for family social services are concerned, by November 2018 twenty-two standards have been approved, and there have not been changes in 2019:

- Domestic violence/children and adults;
- Children in severe forms of labour;
- Adoption of children without parental care;
- Assigning children to families of divorced and separated parents;
- Institutional care for elderly people;
- Custody;
- Family reunion
- Children with asocial behavior/children committing criminal offenses without criminal liability;
- Maltreated/neglected children;
- Children with disabilities;
- Service for children in conflict with the law with criminal liability;
- Service for victims of human trafficking;
- Service for children that are users of psychoactive substances;
- Service for the children sheltered in families with kinship;
- Service for children in family shelter and sheltering families;
- Minimum quality standards of social service for children victims of sexual crime;
- Minimum quality standards social service for juveniles entering marriage;
- Minimum quality standards social service at home for elderly people;
- Minimum quality standards social service at home for persons with disabilities;
- Minimum quality standards for elderly people at community home;
- Minimum quality standards of social service in residential homes for people with intellectual disabilities (children and adults);
- Minimum quality standards of social service for children with disabilities in day care centers.

68 See reference 66

4.4.1. Children and Women in Social Services

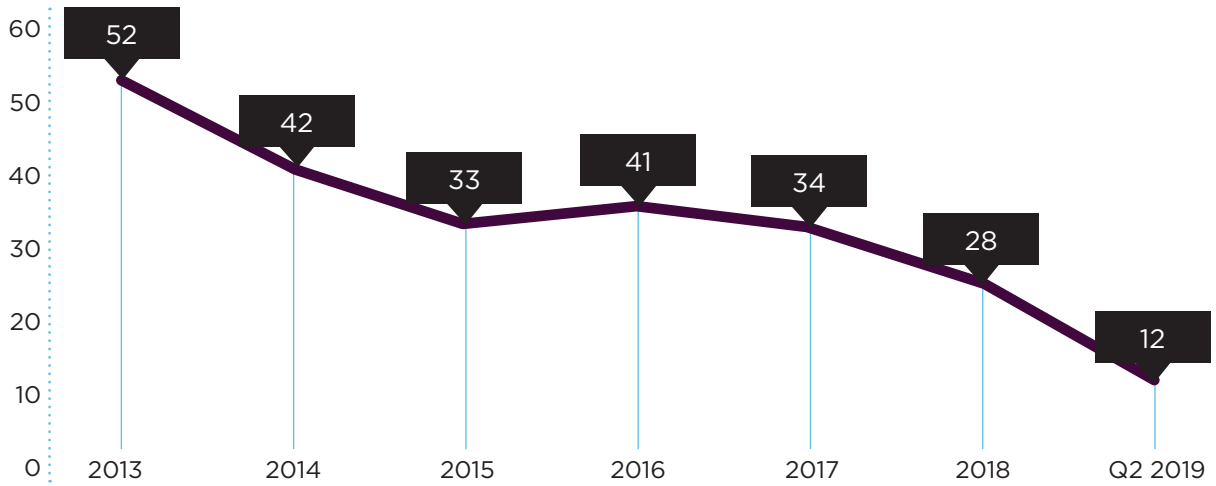
Child Protection

Child's rights in Kosovo are protected by the Convention on the Rights of the Child[69] which has been adopted and implemented by the Kosovo Constitution since 2008. However, despite the commitment, the Law on Child Protection has not yet been adopted. Currently, child protection is included in the Law on Social Services, as part of child protection, which is not sufficient. The budget allocated for social protection does not specify the allocation for child protection because there is still no Specific Grant which would contain specific information for each category at municipal level.

One of the problems in child protection is engaging children to work. During January- August 2019, there have been 100 children engaged in heavy labour, while in the first part of 2018, this number was 155 children. There is a lack of information on engaging children in labour, in recent years, compared to the number of general population. According to MICS 2013-2014[70], 11% of children aged 5-17 years are involved in labour. MICS is expected to collect updated information during 2019/2020. About 12% of children who do not attend school are engaged in labour and men are more likely to get employed. A challenge is the number of children who beg on the street and collect cans from containers, which, according to the Ombudsperson's report of 2015, is growing.[71] In this regard, the failure to build day care centers is also an obstacle to treat these children, because there are no special, rehabilitation and reintegration services that would help these children re-socialize, educate, and engage with their peers for further development. In Kosovo there are no big special residential centers for children without parental care, which increases the risk of these children to remain uneducated and to get early employed in heavy labour. Care for these children focuses on providing alternative care for children, such as kinship care, family shelter, and caregiving. Number of children abandoned has been decreased from 2016 to date.

69 Link: http://www.kryeministri-ks.net/repository/docs/RAPORTI_PER_KDF-_nentor_2010.pdf
70 KAS-MICS. Source: http://KAS.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-news/treguesit-kryesore-te-anketes-se-grupimeve-te-treguesve-te-shumefishte-e-njohur-si-mics
71 UNICEF. UNICEF. Situation Analysis of Children and Women in Kosovo, 2017. Source: https://www.unicef.org/kosovoprogramme/Raporti_unicef_shqip_web.pdf

Figure 25 Number of abandoned children in Kosovo. Source: KAS and UNICEF



The Administrative Instruction on the Prevention and Prohibition of Hazardous Child Labour in Kosovo[72] was adopted in 2014, however, a serious challenge remains the implementation of this sub-legal act.

There is no data on the number of children with disabilities. Although it has been worked on the involvement of children with disabilities in schools, they are usually placed in separate classes and funded by NGOs. Since NGO finances depend on donations, this presents two main problems: their discrimination and unsustainability in education. Families with children with disabilities receive social assistance of 100 euros. This determination is quite challenging because of the criteria on determining disabilities. According to Social Welfare Statistics Q2 2019[73], the number of beneficiaries from the scheme for families with children with disabilities was 2,124.

Protection of Children from Roma, Ashkali and Egyptian Communities

Despite the steps taken to include children in education, 1 out of 4 women from Roma, Ashkali and Egyptian community in Kosovo are illiterate. Lack of education significantly increases the risk of child poverty, and consequently forces them to involve in labour. About 17% of Roma, Ashkali and Egyptian children are engaged in labour. About 12% of women are married before the age of 15, and 43% of them before the age of 18.[74] Given this data as well as the challenges faced by children of this community, a special attention should be paid to improving the situation of these children and increasing opportunities for their inclusion. The situation of

72 Linku: https://gzk.rks-gov.net/ActDetail.aspx?ActID=10297
73 KAS http://KAS.rks-gov.net/media/4979/mirqenja-tm2-2019.pdf
74 KAS.Main indicators of Multiple Indicator Cluster Survey (known as MICS).

children from Roma, Ashkali and Egyptian communities is closely linked to the poverty of these communities. According to the UNDP study for 2013, about 60% of Roma, Ashkali and Egyptian families in the Municipality of Fushe Kosova and Obiliq can not meet their food needs.[75] This makes family members work in order to take care of the family, which endangers their involvement in education and increases the poverty.

Violence, Abuse and Negligence

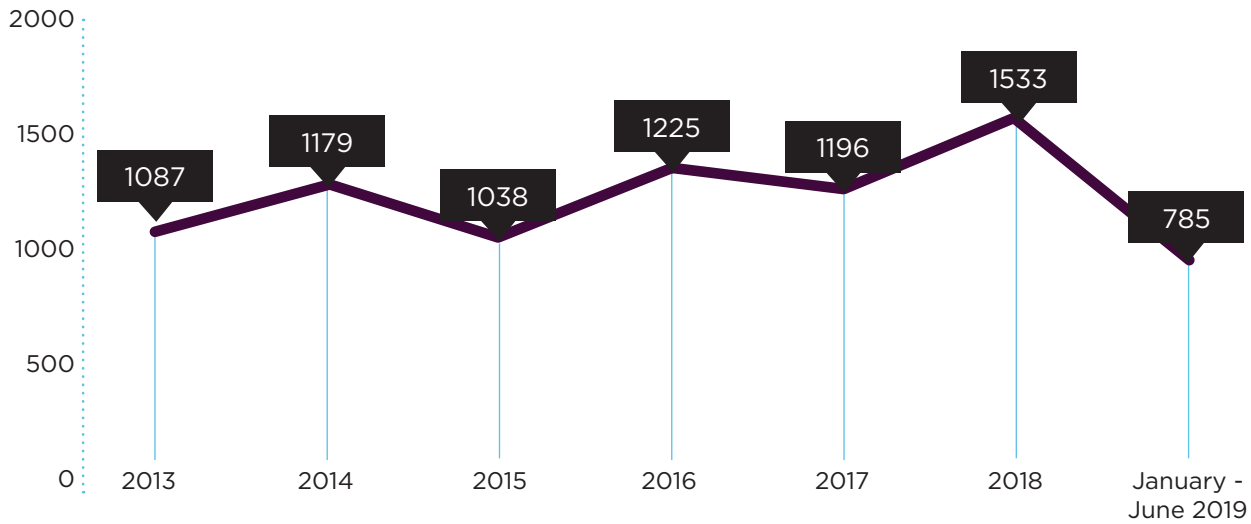
The Law on Family and the Law on Protection against Domestic Violence[76] prohibit domestic violence and permit the limitation of parental rights on children in such cases. Domestic violence, especially violence against women, remains high in Kosovo. The OSCE Kosovo study on Men's Perspective on Gender Equality derived the following results:[77]

- 41.4% of men partially or fully agree that women sometimes deserve to be beaten.
- 28.1% of men partially or fully agree that women must endure violence to preserve their family.
- 1 in every 10 men have slapped, punched, or thrown against the partner in order to hurt her.
- 85% of men think that it is very easy for women to sue men for violence.

On the other hand, MICS results show that 33% of women aged 15-49 think that in certain cases husband is justified if slapped his wife. On the other hand, UNICEF's research revealed that gender-based violence in Kosovo is influenced by social expectations, strong social norms, and factors that promote violent practices against women and children.[78] According to the Kosovo Police, only in January-June 2019, 785 cases of domestic violence were registered.[79]

75 United nations Development Programme (UNDP), Community Vulnerability Assessment Report, 2013.
76 Official Gazette of Kosovo. Source: https://gzk.rks-gov.net/ActDetail.aspx?ActID=2691
77 OSCE. Men's perspective on gender equality in Kosovo, 2018. Source: https://www.osce.org/sq/mission-in-kosovo/382510?doën-load=true
78 Ibid.
79 Lajmi.net. Alarming figures of cases of domestic violence. Source: https://lajmi.net/shifra-alarmante-te-rasteve-te-dhunes-ne-familje-ku-te-kerkohet-faji/

Figure 26 Cases of violence against women by years



During 2017, two women died as a consequence of domestic violence, and one woman died in 2018. Kosovo institutions developed Standard Action Procedures against Domestic Violence, which aim to establish a system in order to coordinate Kosovo institutions so that they react promptly and consistently against cases of domestic violence, provide quality assistance and protection to victims of domestic violence.[80] Given the situation of these cases, the implementation of these procedures and the law on protection against domestic violence should be priorities of the Government of Kosovo and MLSW.

4.5 Linking social scheme with public employment services

In order to reduce poverty and provide long-term solutions to persons living in the poverty and extreme poverty line, public employment services should address the employment of these persons. The number of beneficiaries of the social scheme that were mediated in employment (directly and through ALMMs) in 2019 is about 67 persons. In direct employment, about 39 persons were mediated and in ALMM about 28 persons. In 2018, about 66 persons were employed through ALMMs. In direct employment, about 40 persons were mediated and in ALMM about 26 persons. This number is quite low, and consequently does not target the necessary number of poor people.

Given that a high percentage of people living in poverty have a lower level of education, this hinders their chances for employment based on meritocracy and employers' evaluations. For this reason, public employment services in cooperation with MEST should design programmes that specifically target persons living in extreme poverty and poverty.

80 Kosovo Institutions, National Programme for Implementation of the Stabilization and Association Agreement (NPISAA), March 2016.

Cooperation between VTCs, Employment Offices, MEST, MLSW, and private companies to provide trainings and on-the-job training for people living in poverty and who, because of their age or financial conditions, can not attend schooling should be deepen.

While social schemes aim at assisting poor people and families, they are not sufficient to cover the needs of Kosovo families. Moreover, social schemes for indefinite periods do not provide long-term solutions and create dependence on persons who are their beneficiaries. To escape the dependency and at the same time increase the employment of people in need, which also provides other benefits to formalizing the economy and increasing the budget from contribution pensions, it is necessary that such a cooperation to be formalized in the following years.

5. Pensions

Table 32 Realization of the rights to benefit for pensioners and categories of war through the establishment of a sustainable pension system, harmonization of legal framework and building institutional, human and technological capacities - indicators

Specific objective	Indicator	Base indicator	Target indicator 2020	Situation in November 2019
Review, harmonize, and fully implement the legal framework for the realization of the right to pensions and benefits	Number of pension schemes managed by DP and DFDIL included in the Law on pensions funded by the state	6 pension schemes	All effective schemes included in the law	6 schemes included in 2018. ● Basic pensions, ● Contribution pensions, ● Pensions for people with disabilities, ● Family pensions, ● Work disability pensions, ● Early retirements of Trepca No changes in 2019.
	Number of new applications reviewed, by schemes	0 beneficiaries	Number of applications for pension schemes ((1)-(6)), higher than 0	● Kosovo Police Early Retirements are not being implemented ● In April 2019, the Law on Recognizing the Status of Education Workers was adopted. Its implementation is in process. ● The implementation of Early Retirement for Kosovo Philharmony has not started

Realization of the right to pensions and benefits for categories of war through the full implementation of the legal framework and the re-operationalization of administrative mechanisms	Number of new applications received, by schemes	0 (from 2011, except for the scheme of missing persons)	Number of new applications received, according to the schemes is higher than 0	In total in 2018 and 2019: ● 210 requests for Work Disability pension were made ● 619 requests for Family Pension have been made ● 1853 requests for Paraplegic and Tetraplegic persons have been made ● 112 requests for compensation of former Kacanik deputies have bene made ● 470 requests for the status of education workers have been made (not addressed) No other request for other schemes, because of non-adoption of the laws.
	Number of estimates of the situation of current beneficiaries and new cases from the Medical Committee for Invalids of War Scheme and Civilian Invalids of War Scheme	NA	NA	No data.
	Number of beneficiaries from the scheme of war victims of sexual violence	NA	11,500 (6,500 existing beneficiaries and all new applicants + new applicants 5,000)	436
Realization of the right to external pensions through the advancement and coordination of social insurance, with the implementation of existing bilateral agreements and the negotiation of new agreements	Number of new bilateral agreements signed	2 agreements (Macedonia, Montenegro)	4 agreements	In 2018 the Agreement for Social Insurance with Switzerland was signed; same with Belgium. No changes in 2019.
	Number of applications for external pensions, according to the agreement	400 (in total, from 2014)	An increase of 15%	1,200 requests made

Advancing the management and administration of pension schemes and benefits through institutional, human and technological capacity building	Number of pension schemes and benefits integrated in the IT system	7 pension schemes + all schemes and categories of war	7 new pension schemes + schemes of categories of war	3
	Percentage of officials (within department and pension offices level) trained on IT system	0/150	Technical staff 28/150	16 persons from the pension staff (100%). In DFDIL partially (no accurate data available).
	Number of offices/facilities with improved physical infrastructure conditions	18	18	3 regional offices have been renovated.
	Institutions responsible for management and administration of pension schemes and benefits	Pension schemes and benefits are managed and regulated by DP and DFDIL	Pension schemes and benefits are managed and regulated by respective agencies	No changes. Still managed by the Department of Pensions and Division of Schemes.

Activities foreseen to be implemented by the end of 2019

Table 33 Realization of the rights to benefit for pensioners and categories of war through the establishment of a sustainable pension system, harmonization of legal framework and building institutional, human and technological capacities - Activities

Objective	Activity	Deadline	Progress
Review, harmonize, and fully implement the legal framework for the realization of the right to pensions and benefits	Review of legal framework in the field of pensions and benefits (schemes managed by DP and DFDIL)	Q1 – Q4 2018	Draft Law on Regulation and Management of the area of Pensions and Benefits adopted in September 2019.
	Drafting of the concept paper on regulating and managing the field of pensions and benefits	Q2 2018	Yes
	Drafting of the concept paper for pensions and benefits of categories of war administrated by DFDIL	Q1 2018	Has not been approved yet.
	Drafting of primary and secondary legislation on addressing the disability	Q2 2018	Draft Law on Rights to Services and Benefits for People with Disabilities, adopted on 31 September 2018.
	Drafting primary and secondary legislation on the regulation and management of the area of pensions and benefits	Q1-Q4 2019	Ongoing
	Drafting primary and secondary legislation on pensions and benefits administered by DFDIL	Q1-Q4 2019	Ongoing
	Building professional resources for implementation and monitoring of pension policies	Q1 2018 – Ongoing	Although planned as an activity within the Pension Plan, it has not yet started implementation.
	Update lists of retired persons through the cooperation agreement with religious catholic and orthodox communities	Q1-Q4 2018	Not yet.

Realization of the right to pensions and benefits for categories of war through the full implementation of the legal framework and the re-operationalization of administrative mechanisms	Re-operationalization of schemes of martyrs' families, civilian victims, civilian invalids, invalids of war, invalid caregivers.	Q1 2018	Yes for the victims of war sexual violence and invalids of war and civilian invalids of war. Not for the others.
	Implementation of the scheme of war victims of sexual violence	Q1 2018-Q4 2019 (ongoing)	436 cases.
	Re-operationalization of the medical committee for invalids of war and civilian invalids of war	Q1 2018 – ongoing	No data on the work of the Committee is available in 2019
	Categorization of invalids of war and war veterans in accordance with legislation	Q1 2018	As of September 2018, 309 cases have been received and handled For July-September 2018 the number of beneficiaries is 37,932 War Veterans. As of the end of August 2019, the number of beneficiaries in this category is approximately 38,103 persons.
Realization of the right to external pensions through the advancement and coordination of social insurance, with the implementation of existing bilateral agreements and the negotiation of new agreements	Implementation of existing agreements between former Yugoslavia and other states until new agreements with these states are drafted, signed and start being implemented	Q1 2018 – Q4 2019 (ongoing)	No.
	Negotiation, preparation and drafting of Bilateral and Multilateral Social Insurance Agreements (Switzerland, Belgium, Germany, Austria, Croatia, Slovenia and other countries)	Q1 2018- Q4 2020	Agreement for Social Insurance with Switzerland as well as Belgium. No other.
Advancing the management and administration of pension schemes and benefits through institutional, human and technological capacity building	Data digitalization for the work experience – Contribution Paying Pension Scheme	Q3 2018 – Q4 2019	The number of pension and benefit schemes integrated in IT in 2018 is 3. There is no changes in 2019.
	Development and advancement of the Integrated Information System for all pension and benefit schemes (DP and DFDIL)	Q4 2018	Pension schemes have been integrated. Still in development phase.
	Development of the module of external pension database	Q4 2018	No.
	Improvement of physical infrastructure in Pension offices	Q2 2018 – Q4 2019	Very little.

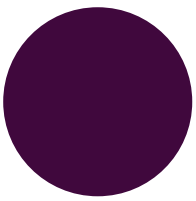
5.1 Pension Schemes

Pension schemes in Kosovo are regulated by the Law on Pension Funds financed by the state.[81] A significant part of Kosovo's budget is allocated to categories-based pension schemes. Category-based schemes, same as pensions of KPC, KSF, veterans, etc., are schemes from which individuals benefit, only because they are part of these categories and not based on their social status. In this regard, persons falling into these categories receive pension benefit, regardless of their wealth. In 2019, about 69% of the budget for pension schemes is spent on basic pensions and allowances, which marks an increase of 5% compared to 2018; about 22% for pensions and compensation of war, which represents a decrease of 3% compared to 2018; and about 9% for social assistance, which marks a decrease for 2% compared to 2018.

81 Official Gazette of Kosovo. Law No. 04/L-131 on Pension Schemes Financed by the State. Source: https://gzk.rks-gov.net/ActDetail.aspx?ActID=9517

Figure 27 Budget of Kosovo for pension schemes in 2018 and 2019 for pensions

2018



€ 256,428,435.00
Pensions and compensations

€ 116,226,788.00
Basic pensions

€ 19,700,000.00
Work disability pension

€ 4,300,000.00
Early pensions - Trepca

€ 2,600,000.00
KPC - early pensions

€ 89,891,647.00
Social assistance and services

€ 1,800,000.00
Work invalidity pension

€ 2,880,000.00
Family pension

€ 1,430,000.00
Paraplegic and tetraplegic

€ 5,500,000.00
Compensation for blind persons

€ 1,300,000.00
Pensions of KSF members

€ 10,500,000.00
Compensation of political prisoners

€ 43,690,331.00
Payment of utilities social cases

€ 31,426,880.00
Social assistance scheme

€ 300,000.00
Compensation of deputies of 90s

€ 4,730,485.00
Social services

€ 1,200,000.00
Bank provisions social cases

€ 4,500,000.00
Utility payments for social cases

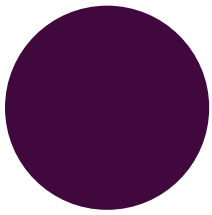
€ 58,750,000.00
Law on veterans

€ 97,910,325.00
War pensions and compensation

€ 38,160,325.00
Pensions of invalids of war

€ 1,000,000.00
Implementation of the law no. 04/L-054

2019



€ 308,412,050.00
Pensions and compensations

€ 140,087,706.00
Basic pensions

€ 17,100,000.00
Work disability pension

€ 5,300,000.00
Early pensions - Trepca

€ 2,785,000.00
KPC - early pensions

€ 111,121,647.00
Social assistance and services

€ 720,000.00
Work invalidity pension

€ 6,193,697.00
Family pension

€ 12,401,000.00
Paraplegic and tetraplegic

€ 5,500,000.00
Compensation for blind persons

€ 1,403,000.00
Pensions of KSF members

€ 5,500,000.00
Compensation of political prisoners

€ 39,629,180.00
Payment of utilities social cases

€ 29,602,854.00
Social assistance scheme

€ 300,000.00
Compensation of deputies of 90s

€ 4,326,326.00
Social services

€ 1,200,000.00
Bank provisions social cases

€ 4,500,000.00
Utility payments for social cases

€ 57,911,776.00
Law on veterans

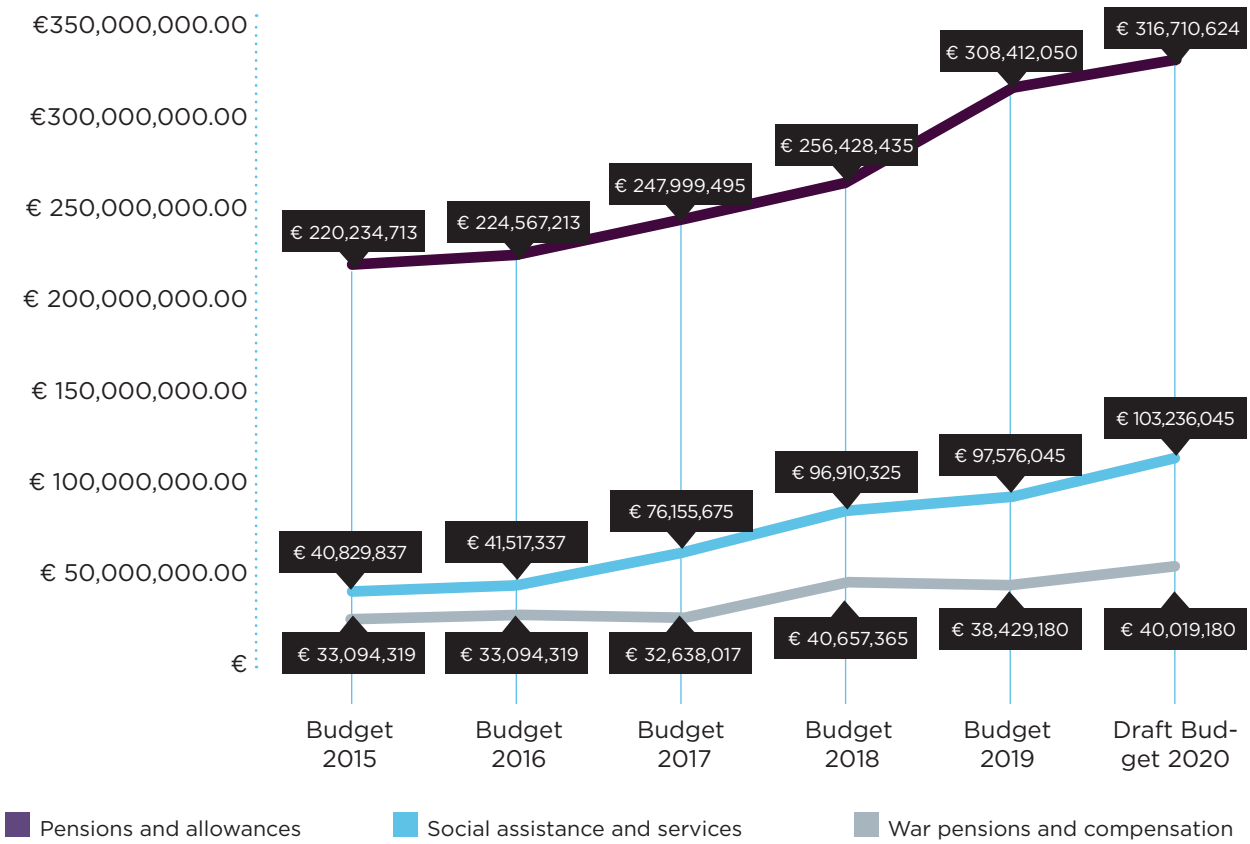
€ 98,583,645.00
War pensions and compensation

€ 39,664,269.00
Pensions of invalids of war

€ 1,007,600.00
Implementation of the law no. 04/L-054

Compared to 2017, the three largest pension scheme groups increased in budget while compared to 2018, only the social assistance scheme decreased and the two others increased. According to projections by 2020, the three schemes will be further increased. In 2019, basic pensions and compensations comprise 3.9% of GDP (compared to 2018, 3.51% of GDP), social assistance and social services 0.5% of GDP (compared to 2018, 0.6% of GDP), and war pensions and compensation 1.25% of GDP (compared to 2018, 1.34% of GDP).[82]

Figure 28 Budget for pension schemes for 2015-2019



With the adoption of the Law on Pension Funds Financed by the State, including early retirement pensions, family pensions, work disability pensions, pensions for paraplegic and tetraplegic persons, compensation of deputies for 1990s years and compensation for the blind, have started since 2018. This Law was adopted on December 2017. The total number of beneficiaries of pension schemes in 2019 is 277,484 persona. In 2019, the number of beneficiaries of pensions for people with disabilities, pensions for Trepca, pensions for blind people, social assistance, and families with children with disabilities have been decreased.[83]

82 According to the World Bank, GDP for Kosovo was 7.3 billion euros in 2018, while 7.9 billion euro in 2019.
83 KAS. Social Welfare Statistics 2017, 2018 and 2019. Source: KAS – Statistics of social welfare

Table 34 Number of beneficiaries of pension schemes in 2018 and 2019. Source: KAS

Social welfare schemes	2018	Q2 2019
Basic age pensions	122716	129267
Age contribution-payer pensions	43300	46513
Pensions of persons with disabilities	19481	17323
Pensions of Trepca	3232	2752
Pensions of Kosovo Insurance Force	288	541
Pensions of Kosovo Protection Corps	1001	1071
Scheme for the blind persons	2001	1924
War martyr and invalids' family pensions	12472	13150
Veterans	36032	38052
Social assistance scheme	26117	24767
Scheme for financial support of families that have children with disabilities	2761	2124

Although the MLSW Strategy for 2018-2022 foresees an increase in the number of applications for new pension schemes, such as the Early Retirement Pension for Kosovo Police, compensation for former deputies of Kacanik, Early Retirement for the Kosovo Philharmony and Status of Education Workers, by November 2019, 112 people from former-deputies of Kacanik have been compensated and the Law on the Status of Education workers has been adopted and the application process has started. While as for the other two schemes, no step has been taken towards their realization.

5.1.1 Pensions of KLA veterans of war

Verification of KLA war veterans started in 2010. In 2012, a Committee for the Review and Completion of Veterans' Lists was established. With over 300,000 euros expenses, the Government twice approved the Committee's report, but even today veteran lists are not completed. The compensation of veterans in December 2016 was changed to include three categories, but that has not yet entered into force and as a consequence veterans still receive 170 euros:

- The first category with compensation of 250 euros: KLA veteran fighter, engaged from 1991 to 5 March 1998 and who was active until the end of the war.
- The second category with compensation of 170 euros: KLA veteran fighter, engaged in the war after 5 March 1998 and who was active until the end of the war.
- The third category with compensation of 120 euros: KLA veteran fighter, mobilized in the war after 31 March 1999 and who was active until the end of the war, as well as KLA veteran fighter, engaged in the war from 1991, respectively after 5 March 1998, but who was not active until the end of the war.

In 2019, pension for veterans is 0.73% of GDP, which marks a decline compared to 2018 (0.8%). According to the new Law on Veterans, veterans' pensions can not exceed 0.7% of GDP, and if this happens then the pension will be reduced for all beneficiaries proportionally. The new law determines that veterans who are employed may receive 50% of the veteran pension.[84]

War veterans' pensions started being applied in 2016. In 2019 the amount of all veteran pensions was decreased by 1% compared to 2018. However, in 2018 the amount of all veteran pensions was increased by 54.6% (58,750,000), compared to 2017 (38,000,000). Given that most of the beneficiaries of the veterans' scheme are aged 38-47 (16,543), and the law does not determine any age limitation for beneficiaries, then there is a risk that in the next 30 years about 2.5 billion euros will be spent only on this scheme.[85]

5.1.2 Pensions of the Victims of Torture and Sexual Violence

The Law on Pension Funds financed by the state also includes pensions for victims of sexual violence during the war. War victims of sexual violence are considered persons who survived torture and sexual violence within the period 27 February 1998 to 20 June 1999. There are considered to be 20,000 victims of sexual violence during the war, however there is still no accurate estimate of the situation. According to the Concept Paper[86], victims of sexual violence enjoy all the rights provided by the law same as civilian victims, martyrs' families, invalids and veterans. War victims of sexual violence during the war will be compensated with 230 euros per month. The Regulation on the Determination of Compensation Procedures for this category was approved in 2016, while the Government Committee on Recognition and Verification of the status of Sexual Violence Victims was established in 2017.

During 2018, the payment of pensions for this category has begun. From 5 February 2018 until 29 June, the Committee's Secretariat has received 599 applications at the country level. Out of these, 218 applications have been reviewed. Out of the reviewed, the status of the sexual victim of war was recognized to 115 cases, 82 cases were rejected and 21 cases are in the process. Until the end of 2018, 8 panel meetings were held, with 57 interviewees. Payments for 136 cases the status of victims for which was recognized were proceeded and received personal pension; 33 of them are in the process while one of them waived the pension. Until November 2019, 436 people benefited from this pension.[87]

84 Concept Paper for the regulation and management of the field of pensions and benefits.
85 KEEN. Assessment report on employment and social welfare in Kosovo, 2017.
86 Initial draft
87 Administrative data from DFDIL

Involvement of victims of sexual violence in pensions caused debates over their involvement and implications that this might have on Kosovo's budget. This category of war continues to be one of the most vulnerable and prejudiced categories of society and institutions.

5.1.3 External pensions

As part of Yugoslavia in the past, Kosovo had signed bilateral agreements in the field of social insurance, as in the case with Germany, Austria, France, Italy, Belgium, etc. However, with the disintegration of the pension system in the late of 1990s, the realization of the rights of pensioners who worked in countries outside of Kosovo during their career remains a challenge because bilateral agreements with these states became fully or partially unenforceable.

In 2019, about 1200 requests were reported to had been made for external pensions.

5.1.4 Pension Savings Trust Fund

The Concept paper on regulation of pension schemes determines the establishment of a Pension Savings Trust Fund, which includes mandatory pension savings on individual accounts where employers and employees contribute by 5% of the salary. This pillar is regulated by the Law no. 04 / L-101 on Pension Funds of Kosovo while administered by the Kosovo Pension Fund.[88] These savings are mandatory for both, the employer and the employee. The other pillar of this Savings Pension Trust Fund will be individual voluntary savings.

Ky Fond aims to provide information on pension contributions paid by employees and employers to other state institutions in order to link different institutions and different schemes. This link will enable access to information in order to reduce mistakes in the compensation of persons and help the formal economy. Payments and benefits schemes funded by the Kosovo Pension Savings Trust Fund will be:

- Pension
- Disability pension
- Family pension

88 See reference 47

5.1.5 Social insurance fund

The Social Insurance Fund aims to establish a body/mechanism for the management and administration of pensions and benefits. The Fund will create opportunities for financing pension benefits and payments of all insured persons and as such will be financed by the payment of employers and employees' contributions. The following pension schemes will be funded by the Social Insurance Fund:

- Basic age pension - social pension;
- Pension of contributions before 1999;
- Family pension before 1999;
- Disability pension before 1999;
- Disability compensation; all categories according to the degree of injury and the remaining ability to work;
- Schemes of the categories of war (families of martyrs, invalids of war and war veterans, civilian victims of war, missing persons, victims of violence, etc.);
- KPC pension;
- Compensation for unemployed mothers in maternity;
- Social assistance;
- Family benefits (family shelter).

Also, the Social Insurance Fund will include the following schemes which are only applicable to employees that pay contributions to the Social Insurance Fund:

- Age pension;
- Work disability pension;
- Family pension;
- Early retirement (Trepca, Police Service, KSF, Shota Ensemble);
- Compensation for employed mothers in maternity;
- Benefits for unemployment.

These two Funds have been established to address the problems arising from the list of beneficiaries of different pension schemes. According to the MLSW Strategy 2018-2022, by 2020 pension schemes and benefits should be financed, managed and regulated by the relevant agencies, i.e. these two Funds. The Social Insurance Fund has not been yet established and there is no deadline for this and the schemes are still managed by DP and DFDIL.

5.2 Inequality in social schemes

Beneficiaries of social schemes are regulated by specific legislation. Consequently, these laws are not harmonized and are not based on a standard for pension benefits for all groups. Some of the problems that have caused inequality in social schemes are:

1 Lack of a single basic harmonized law, which regulated all pension schemes and benefits for all beneficiary categories.

Law on the Pension Schemes Financed by the State[89] aims to unify and regulate all pension schemes within a law. Currently, this Law consolidates some of the state-funded contribution, family and invalid pension schemes, but it does not yet cover all categories and neither provides a solution for some of the current and expected retirees. The current situation creates advantages and disadvantages between laws that address pension and disability schemes and encourage other groups to engage in social and pension-disability schemes.

2 Non-harmonization of pension schemes by benefits.

The lack of the Social Insurance Fund, which will regulate the system of benefits, and the lack of coordination of legislative initiatives creates inequalities between the current categories of beneficiaries. This lack of harmonization has led some retirees to earn more than one pension scheme. In this case, some of the pensioners, although with the same criteria, benefit more than the others, thus creating social inequality and increasing fiscal pressure.

3 Lack of a social insurance system – social insurance fund.

Social securities are paid to persons who are employed. Due to the lack of a social insurance system, these schemes leave gap in their management and organization. This deepens even more the inequality between the beneficiaries of these schemes.

4 Inequality among disability pension schemes.

The criteria applied for different disability schemes result in inequalities in the social protection of these beneficiaries. Permanent Disability Pension and Work Disability Pension have as a criterion the permanent disability (100%), while the pension for categories of war that are partially disabled provide pensions also for partial disability. Consequently, people in need remain outside the social protection system. The Permanent Disability Pension requires reassessment of the disability every 1.3 and 5 years, while for the categories of war only once, in the application phase. The monthly payment to persons with disabilities is lower than that to blind persons and paraplegic and tetraplegic persons. A challenge remains the unclear regulation on the assessment of disability.

89 Link: https://gzk.rks-gov.net/ActDetail.aspx?ActID=9517

Inequality in social schemes is also due to the lack of technological and organizational capacities of the administration. Inadequate infrastructure, non-modern technology, non-utilization of technology, and lack of digitalization of information systems are the main problems that hinder efficient management of the schemes. Investments are needed in both, modern infrastructure and capacity building of staff.

5.3 Linking labour with social and pension schemes

1.Different criteria for beneficiaries of different social schemes, inequality between schemes, non-harmonization of schemes, and lack of adequate management of schemes increase the risk of informal economy. Due to the criteria of social schemes, there is a risk that employed persons will not declare their status of employment, trying to benefit from state benefits. Linking employment services to social schemes and increasing the number of inspections are two of the possible solutions to reduce this issue. Linking employment services to the social scheme at the same time reduces fiscal pressure and provides longer-term solutions for beneficiaries of these schemes.

On the other hand, the above-mentioned problems with the pension scheme discourage the beneficiaries of these schemes to participate in the labor market. Considering that the minimum salary in Kosovo is lower than the payments for most pension schemes, the working conditions are not respected as provided by the Labor Law and labor market inspections are not at the appropriate level, beneficiaries of the schemes have no motivation to engage in the labor market.

6. Recommendations

Compared to the assessment and monitoring of the Strategy in 2018, little progress has been made in the implementation of the Strategy this year too. Some of the planned activities for 2018 and 2019 have not yet been implemented.

Based on the findings, the report recommends the following:

- MLSW Strategy determined indicators for achieving the objectives. These indicators in some cases do not determine specific achievements, and as a result, their evaluation is difficult. Furthermore, numeric indicators are not sufficient to assess achievements. Therefore, in addition to focusing on achieving these indicators foreseen in the Strategy, the MLSW should focus on ensuring the quality and proper management of these indicators.
- The Law on Labor and the Law on Economic and Social Council should be amended/supplemented.
- EARK should focus on providing specific ALMMs for women and minority communities living in Kosovo. Also, EARK should focus on monitoring and improving the services provided through ALMMs. Assessment of the ALMM effectiveness in employment should be done for other years too; not only 2016.
- EARK should do an official and proper analysis on the level of informality in Kosovo; for all sectors.
- MLSW and MEST should push forward the adoption of the Administrative Instruction on Dual Learning and also engage in cooperation between vocational schools and businesses to link curricula to labor market requirements in order to address unemployment of young people.
- MLSW should conduct an updated analyses on the status of women in the labour market.
- MLSW should draft an Action Plan to increase women's participation in the labor market.
- MLSW should focus on carrying out activities of Youth Employment Plan, taking into account the high unemployment rate of young people.
- MLSW should conduct an analysis of the level of VTC utilization for each vocation, including a cost-benefit analysis for the vocations provided.
- MLSW should conduct a cost-benefit analysis for food basket to determine the value of social assistance for a family.
- Increase the number of labor inspectors and logistical capacities in order to monitor the implementation of the Labor Law and other laws regulating occupational safety and health.
- The Labor Inspectorate Agency should operationalize the Information Management System.
- The Law on Health Insurance should start being implemented.
- The Law on Public Financial Management and Accountability, which includes the specific grant for social services should be amended and supplemented.

- The Law on Social and Family Services should be amended and supplemented and the Law on Care for the Elderly should be adopted.
- The process of building residential and day care centers for the provision of social services should start.
- The social services provided by licensed CSWs and NGOs should be assessed.
- A specific grant to support licensed non-governmental organizations that provide various social services should be given.
- A concept document that foresees the gradual merging of category-based social schemes into a single social scheme should be approved, the basic criterion of which will be the social status.
- The government should complete the process of verifying the lists of veterans as soon as possible.
- A common information system that provides access for all parties involved in providing services of employment, social and pension schemes should be created.