

PERFORMANCE OF WESTERN BALKAN ECONOMIES REGARDING THE EUROPEAN PILLAR OF SOCIAL RIGHTS

2021 review on Kosovo*



EUROPEAN PILLAR OF SOCIAL RIGHTS



EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

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Executive summary

Like other economies, Kosovo* has been hit hard by the COVID-19 pandemic. Despite policy support, the economic activity is estimated to have fallen 6 percent in 2020 (IMF, 2021). The fiscal deficit increased to 7.7 percent of GDP, given the large fall in tax revenues and the implementation of mitigation and recovery measures of 4.2 percent of GDP (IMF 2021). Growth is expected to rebound in 2021 and real activity will most likely reach pre-pandemic levels only in 2022 (IMF, 2021; World Bank, 2021). About 4.3 percent of the GDP was allocated for response measures for the health system (0.4 percent of GDP), wage bonuses for health and security workers for overtime and the increased risk faced in discharging their duties (0.5 percent of GDP), social transfers and subsidies to vulnerable households (1.6 percent of GDP), as well as support to firms in the form of salary subsidies and easier access to borrowing (including for POEs and farms, of around 1.7 percent of GDP), and capital spending (less than 0.1 percent of GDP). To stimulate aggregate demand, the Law on Economic Recovery allowed early withdrawals of up to 10 percent from KPST pension accounts (2.6 percent of GDP), a majority of which (1.8 percent of GDP) will be gradually reimbursed by the budget beginning in 2023 (only for those that had up to Eur 10,000 in savings).

Despite the progress attained, Kosovo* needs to further advance social rights. Despite legal provisions and measures in place to ensure equal opportunities and access to the labour market, equal access is not attained for groups such as women, youth, persons with special needs and members of the Roma, Ashkali and Egyptian communities.

The participation rate of children under the age of 5 in education remains extremely low. Whilst participation in compulsory education (primary and lower-secondary level, age group 6-15) is universal, participation in education of children under 5, particularly of those aged under 3, remains very low due to the limited number of public childcare facilities (which are affordable for families). The available data point to low participation rates for children with special needs, and even lower for children from Roma, Ashkali and Egyptian communities.

Women in Kosovo* remain at a disadvantage in the labour market. While the legal framework may be in place, laws are not always fully implemented. The main reasons for the low female employment rate and detachment from the labour market are discrimination in recruitment. According to the European Pillar of Social Rights Action Plan (2021), at least 78% of the population aged 24 to 64 should be in employment by 2030, including women. This low employment of women is partly due to unequal distribution of family responsibilities, lack of available and affordable childcare responsibilities and also low education levels among women (due to historically low levels of education). The draft Labour Law (approved in principle by the Kosovo* Assembly in June 2019) will be revised by the newly elected government. The new government is planning to provide financial compensation for maternity leave for unemployed women, which by the civil society is considered that can deepen the gender gap in employment.

Although Kosovo* has advanced its legal framework in protection against discrimination, implementation is limited. Legal provisions allow for corrective measures to promote equal access of women, persons with disabilities and minorities but implementation remains weak.

Despite the annual increase in the latest years (since 2015), given the number of unemployed registered (on average 100,000), the budget for Active Labour Market Measures (ALMMs) is still limited. As a consequence, there is a very limited coverage of unemployed persons by active measures. Public Employment Offices provide guidance and intermediation support, but more work is needed in personalising the support. Additionally, there is a need to improve the relevance of the vocational training offer and improve the effectiveness of ALMMs.

A large share of workers in Kosovo* hold temporary contracts, the highest in the Western Balkans. Data also indicate a relatively high rate of under-employment, particularly among men. A sizable number of workers do not have contracts; they work under poor working conditions, lack insurance and protection, and face a constant risk of termination of their working contract. This is due to the legal provision foreseeing that a contract for a fixed period can be concluded for a cumulative period of up to 10 years, without specifying the minimum term of contract duration. As a consequence, short-term contracts are concluded, putting employees under pressure of losing their job periodically, with a higher risk for pregnant women and those on maternity leave. New modalities are proposed within the draft Labour Law, such as recognition of home-based work, the right to take up more than one part-time job, etc.

In 2011, Kosovo* introduced the minimum wage, which was required to be revised at the end of each year; however, no adjustments have been made since then. Workers in Kosovo* are at a constant risk of losing their job. In the case of a dismissal, often employers do not implement the decisions of the Labour Inspectorate and court procedures are prolonged.

The Kosovo* Parliament voted a resolution on increasing the minimum wage. The resolution, pushed forward by the Social Democratic Party, was adopted on 30 May 2019 and called upon the Social Economic Council—a tripartite forum advising the Government on social and economic legislation and policy—to propose a new minimum wage. The newly elected government has announced the increase the minimum wage from Eur 170 to Eur 250, while employee representatives are requesting an increase up to Eur 350, but no consensus has been reached yet.

Social partners in Kosovo* are active and engaged in the process of developing the legal framework and strategic documents but, during the process of implementation, their involvement and contribution remain limited. Although legal provisions oblige employers to ensure a safe and healthy working environment, data show that workers in Kosovo* work under poor working conditions and are faced with a high risk of accidents. Kosovo* lacks an occupational health system and has not yet developed a list of occupational diseases, hence the implementation of occupational safety and health at work is largely ineffective. Finally, the recently adopted Law on Personal Data Protection ensures the protection of personal data of employees at the workplace.

The planned introduction of Social Insurance Fund as the most significant system change has not been implemented yet. In 2019, the ad hoc Parliamentary Committee developed a concept note for introducing the Social Insurance Fund (covering reform of the pension system, work invalidity, sick leave and unemployment insurance); stronger employment protection; stronger wage protection through a higher minimum wage; and increased union and worker participation in industrial relations. The reform foresees that the labour force would begin to finance a relevant share of social protection expenditure which is currently government revenue dominated. The social insurance is one of the areas which is aimed to be regulated by the newly elected government.

The reform of the Social Assistance scheme intends to eliminate discrimination and promote inclusion. The reform aims to: remove current categories I and II to avoid the a priori exclusion of poor households; apply an equivalence scale that will give more weight to larger households; work on improving targeting measures through a more comprehensive means-test taking into account all observable incomes and household members and does not disqualify beneficiary families based on a single source of income. The principles of the reform were set by the World Bank report (2019).

The expansion of community-based kindergartens and means-tested fees will improve access to and quality of early childhood education and care (ECEC). In March 2019, the Ministry of Education Science and Technology (MEST) established a working group to draft the new law on ECEC in order to: regulate and promote the work and licensing of various pre-school entities (public, private, community-based, etc.), increase inclusiveness through means-tested fees (especially for poor, disabled and ethnic minorities), define the management of pre-school institutions, and address healthy food for children in these institutions. The new government is planning to construct new kindergartens and also adapt unused school buildings as measures to increase access to the ECEC.

Social housing could become available to working households also. The law specifically addresses the needs of low- and middle-income families by earmarking 30% of social housing for low-income families and 20% for middle-income families. The remaining 50% of the dwellings will be distributed among families that are part of the social assistance scheme. The 2021-2025 Government Programme plans to expand social housing for vulnerable groups and to support housing for new couples.

1 Introduction

Kosovo* has made progress in developing the legislative framework, aligned with EU directives, but the implementation remains a pressing gap. Labour Law No. 03/L –212, approved in 2010, regulates the rights and obligations arising from the employment relationship in the private and public sectors. Aiming to improve working conditions, the Law No.04/L-161 on Safety and Health at Work has been approved and the ongoing reform is taking place, amending the Labour Law and Law on the Labour Inspectorate. The Law on Safety and Health at Work has been aligned to the European Council Directive 89/391/EC of June 1989 on the introduction of measures to encourage improvements in the areas of safety and health of employees at work (Framework Directive). Additionally, 17 Individual EU Directives for specific sectors were transposed into the national legislation (17 regulations). To align with the EU directives and address weaknesses of the Law, the Ministry of Finance, Labour and Transfers (MFLT¹) drafted a Labour Law in 2018 which was aligned to the 17 EU Directives. The Law was approved in principle by the Kosovo* Assembly in June 2019, which is part of the 2021 legislative programme of the newly elected assembly and government. Main areas of the drafted Law on Labour were pre-contractual relations, content of employment contract, trial period, temporary assignment to another employee, job sharing, procedure prior to the termination of the contract, protection of employees in the event of the insolvency of their employer, on-call duty, protection of young workers, protection of pregnant employees, breastfeeding employees, employees who have recently given birth, protection of parenthood, collective employment relations, employee council, transfer of undertakings or businesses etc. Key changes in the draft law were: a) partial transfer of the financial burden of maternity leave from employer to the government; b) extension of paternity leave from 2 to 10 paid-leave days; c) reduction of the maximum duration of fixed-term contracts from 10 to 3 years; d) introduction of work from home and telework schemes as employment relationship forms; e) introduction of the term 'dependent work' that refers to informal employment². In October 2018, the MFLT also drafted a specific Law on Maternity and Parental Leave³. This law foresees six months' maternity pay for unemployed mothers to be paid by the government. CSOs have objected to the proposal stating that it will demotivate women to participate in the labour market. The law also foresees paid maternity leave for self-employed women, for six months, at 50% of the average national wage. This Law is also part of the 2021 government legislative programme.

Non-discrimination is a principle within the Constitution and all relevant laws. The Law on Gender Equality requires a representation of 50% for each gender and allows for affirmative actions to attain equality. The law on Vocational Ability, Rehabilitation and Employment of People with Disabilities sets the obligation on government administration bodies, employers in the private and public sectors and non-governmental organisations to employ a person with a disability, for every 50 employees. To promote increased participation of non-majority communities, the Law 03/L-149 on Civil Service in Kosovo* determines the minimum quota of 10%. Increasing participation of education at the pre-school level is an objective within the National Development Strategy (NDS) 2016-2020 and

¹ The previous Ministry of Labour and Social Welfare is now merged with Ministry of Finance.

² Referring to 'work carried out in a relation where the employer is superior and the employee is subordinate, and in which the employee carries out work personally for the employer, according to the employer's instructions, in the employer's name and for a salary or another kind of remuneration'.

³ <http://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40486>

the Kosovo* Education Strategic Plan 2017-2021. Concrete measures towards the integration of Roma and Ashkali communities are foreseen in the Strategy for the Integration of Roma and Ashkali communities 2017-2021. In 2018, the Kosovo* Government approved the Sector Strategy 2018-2022 aiming to improve the employment and working conditions in the economy. A specific Action Plan 2018-2020 has been approved to increase youth employment and to reduce young people neither in employment nor in education and training (NEETs). The Economic National Development Strategy aims to enhance the economic empowerment of women by advancing the implementation of property rights for women.

Kosovo* does not have typical social insurance institutions, although the interest and support for a Social Insurance Fund is growing. The law introducing social health insurance was adopted in 2014, however, its implementation has not yet commenced. Meanwhile, no other insurance institution has been created to provide protection against typical social risks such as unemployment, disability at work, sick leave, etc. The local interest in insurance has been rising recently - the reform of pension system is pushed forward for pension and various other insurance programmes through the ad hoc parliamentary committee. The first initiative was taken by the previous Ministry of Labour and Social Welfare in 2018, with the preparation of the draft Concept Note for regulating and managing pensions and benefits from social security. To ensure effective social protection reforms, policymakers need to establish consensus regarding its aims, concepts and meanings, which the ad hoc parliamentary committee intended to achieve through ongoing consultations with members of all major political parties in Kosovo* represented in the ad hoc committee.

Several institutions are in charge of policies and monitoring the social situation in Kosovo*. For education, the Ministry of Education, Science and Technology develops and oversees the implementation of policies. The Municipal Education Directorates are responsible for providing public pre-primary, primary and secondary education, including registering and licensing educational institutions, recruitment, payment of salaries and training of teachers and administrators. The Education Inspectorate is mandated to assure the quality of educational services in pre-university education and compliance with educational legislation in all levels of education. The Kosovo* Education Strategic Plan 2017-2021 aims to increase participation and quality of education.

For labour, the MFLT is in charge of developing work/employment and social welfare policies and drafting and implementing legislation in these areas. The Labour Inspectorate is an independent body within the MFLT, mandated to oversee the implementation of labour legislation, including occupational safety and health. With regards to CSOs, the Kosovo* Education Centre is among the most active in reporting on progress in education. The Kosovo* Disability Forum as an umbrella organisation and representative mechanism of disabled people's organisations in Kosovo* monitors the discrimination of people with disabilities. Child rights and child development issues are closely monitored by UNICEF and the coalition of NGOs for Child Protection in Kosovo* (KOMF).

The Sectoral Strategy of the MLSW 2018-2022 aims to improve public policies and services in the areas of employment and welfare of citizens as a prerequisite for inclusive development. The Action Plan for Increasing Youth Employment 2018-2021 aims to increase employment and improve employability for young people. The Action Plan expires in 2021, and the MFLT is in the process of its update.

Trade unions and CSOs are the main institutions monitoring the social situation in Kosovo*. However, there are no specific social monitoring initiatives. The office of the Ombudsperson is an

equality mechanism that promotes, monitors and supports equal treatment without discrimination of all Kosovo* citizens and the Kosovo* Women Network follows the gender equality topic.

The role of international organisations in the development and monitoring of policies and in the provision of services remains significant, supporting the Kosovo* government in achieving their goals but sometimes also leading to inconsistent policies. Most current social protection reforms are directly influenced by the international organisations operating in Kosovo*. The World Bank, UNICEF, Save the Children, Organisation for Security and Cooperation in Europe are actively involved in the current reforms regarding ECEC, social assistance, social housing and old age pension. Furthermore, the international organisations are also involved in direct provision of services, e.g. Save the Children and Caritas provide ECEC through their models of community-based kindergartens, while other international organisations provide services for children with disabilities, victims of violence, ethnic minorities, etc. Finally, considerable funding for the provision of social services by local CSOs comes from international donors.

Availability of data remains an obstacle to assessing progress. As it can be observed from the Western Balkan Score Board (Annex), Kosovo* lacks data for majority of social indicators. Although the Ministry of Education, Science and Technology records data on the number of students, given the lack of data for different age cohorts and for vulnerable groups, it is not possible to clearly disaggregate participation rates in education, by age for all age groups, ethnicity, children with disabilities and other vulnerable groups. The Labour Force Survey has been implemented since 2012, but the report does not present the data for age groups as reported by Eurostat, and as a result, a comparative analysis with the EU is not possible. Whilst the Survey on Income and Living Conditions (SILC) started in 2018, so far only the 2018 report has been published. Moreover, the report contains relatively few information and does not report information required under the table of social indicators. Overall, there is a lack of data on the implementation of legal provisions for contracts and dismissals. There are no data on the share of workers who are paid the minimum wage and, what is more important, on the share of those that are paid below the minimum wage. Finally, there is no evidence on workers' engagement in the consultation process, particularly for the private sector.

2 Kosovo* performance in the 20 principles of the European Pillar of Social Rights

2.1 Chapter I: Equal opportunities and access to the labour market

2.1.1 Education, training and life-long learning

The main challenges of the Kosovo* education system are clearly identified in the 2017-2021 Kosovo* Education Strategic Plan and its Action Plan. The Action Plan includes a variety of interventions aiming to increase participation and inclusion, improve the management of the education system, enhance quality assurance, support teacher development, advance early and preschool education, vocational education and training, adult education, and higher education.

Educational attainment levels in Kosovo* have improved considerably. Early school leaving of individuals aged 18–24 dropped from 18.4% in 2012 to 8.2% in 2019. Greater improvements were observed among females, whose early school leaving fell by 11.7 percentage points from 2012 to 2018, as opposed to 6.4 percentage points for men.⁴ However, adult participation in lifelong learning (% aged 25–64) has generally been low (2.7% in 2019). Similarly, improvements are observed with regards to higher education: the share of the population aged 30–34 with tertiary education is increasing, from 9.3% in 2012 to 20.9% in 2018. A greater improvement is observed among women, whose share increased from 6.5% in 2012 to 20.8% in 2018, compared to 12.1% for men in 2012 and 20.9% in 2018.

Participation rates in compulsory education are almost universal. Transition rates from lower-secondary to upper-secondary education improved from 97.2% in 2014/15 to 99.4% in 2016/17, but then dropped to 96.4% in 2017/18 and dropped to 95.4% in 2019/20. The dropout rate from compulsory education during the school year 2017/18 was 0.10% higher than in 2016/17 recorded at 0.07% but was estimated to be significantly higher in 2019/20 at 4.3%⁵. The dropout rate for

4 Early leaving from education and training is defined as the percentage of the population aged 18–24 with at most lower secondary education who were not enrolled in further education or training during the four weeks preceding the survey. This is estimated by the ETF using 2020 KAS data.

5 This figure needs to be considered with caution due to lack of data to accurately calculate this indicator (see page 85 in <http://masht-smia.net/Publikimet/38ALB.pdf>)

Roma, Ashkali and Egyptian communities was considerably higher (1.78 pp) amounting to 1.85% (KEEN, 2017). The office for communities within the MEST, during the school year 2018/2019, scholarships were provided to 600 students of Roma, Ashkali and Egyptian community included in higher secondary education (KEEN, 2019). In addition, the GIZ programme implemented by the NGO VoRAE, has supported 150 students (not benefiting full scholarships) in secondary higher education with 50% of scholarship. Therefore, it can be said that in the school year 2018/2019, a total of 750 students of Roma, Ashkali and Egyptian community in secondary schools have been supported with scholarships or 48% more than in the school year 2017/2018 (KEEN, 2019).

A significant improvement is observed in the participation rate of children aged 5 years old. In 2019/20, 92.5% of children between age 5 and 6 were in education, marking an increase of about 7 percentage points when compared to the year 2016/17 (MEST, 2020). However, this coverage remains below the European standards (EU-2020 benchmark of 95%).

The participation rate of children under the age of 5 remains a pressing challenge, with long-term consequences for individuals and for society as a whole. During the school year 2019/20, the gross enrolment rate in the education of children up to 5 years was only 6.2% (MEST, 2019), a 1.3 percentage point increase in comparison to the school year 2018/19. During the school year 2018/19, as estimated by KEEN (2019), 5% of children were 1-2 years old, 6.2% of those aged 2-3 years and 10.4% of those aged 3-4 years old were in preschool education. The lack of infrastructure remains a key cause of the low participation of children at this level.

The gross enrolment rate in higher education is higher than neighbouring economies. In 2018/19, the gross enrolment rate of age group 22-28 was 66.1% (KEEN, 2019), which places Kosovo* at a higher level compared to some of the economies in the region, such as Albania, Bosnia and Herzegovina and North Macedonia, but it remains lower in the list compared to Slovenia, Serbia, Croatia, Turkey and some European Union Member States. However, the number of students enrolled in the first-year intake in private and public higher education institutions (HEIs) dropped from 33,526 in 2015/16 to 20,461 in 2019/2020. Potential explanations for the drop include lower birth rates (down from 22.8 births per 1000 people in 2000 and 21.7 in 2001 to 18.3 in 2003)⁶, migration trends and the plans of young people and also due the fact that Kosovo* Accreditation Agency started to define the maximum number of students to be enrolled in each study programme (KEEN, 2019). This is reflected in a significant drop in the total number of students from 101,959 in 2014/15 to 62,905 in 2019/2020. The completion rate remains low, at only 44% in 2013/14 (KEEN, 2017), in 2018/19 only 8,828 students graduated from both public and private higher education.

Low participation in the education of children from marginalised groups, particularly for children with special needs and those from Roma, Ashkali and Egyptian communities, remains a challenge in Kosovo*. According to the Kosovo* Education Strategic Plan (KESP) 2017-2021, the gross enrolment rate in compulsory education of children from the three communities (grades 1-9) is about 85%, significantly below the national average. Although the number of children in education from Roma, Ashkali and Egyptian communities is increasing, it is not possible, due to data constraints, to ascertain whether the participation rate is increasing. During the school year 2018/19, a total number of 6,839 children/students of Roma, Ashkali and Egyptian communities were included in all levels of pre-university education, of which 24 in preschool education, 436 in pre-primary education, 5 797 in primary, lower secondary education and 582 in higher secondary education (KEEN, 2019). To support

6 See <https://data.worldbank.org/indicator/SP.DYN.CBRT.IN?locations=XK&view=chart>

the education of children from the three communities, in 2017, the Ministry of Education, Science and Education (MEST) approved the Administrative Instruction (AI) No. 12/2017 on Establishment and Functioning of Learning Centres, which offer ancillary support and other educational activities. There are 83 Learning Centres, acting in 20 municipalities of Kosovo*, mainly in municipalities where the majority of Roma, Ashkali and Egyptian communities live. These centers are managed by 10 civil society organisations in Kosovo*, supported financially by international donors (KEEN, 2019). During the school year 2017/18, a total of 5 555 children attended the programmes/activities offered in the Learning Centres, and the number of children of both genders is almost equal (KEEN, 2019).

No complete data exist on participation in education for children with disabilities. In 2019/20, 3 903 were in regular classes and 349 in resource centres (MEST, 2020), which was more than in 2018/19 (3 645 in regular classes and 365 in resource centres) (MEST, 2020). In 2019, UNICEF reported that only 12.3% (5 300 out of 43 000) of children with disabilities attended regular schools.⁷ At present only 83 support teachers work for children with disabilities; they are engaged and paid by families, rather than the education system. The first cohort of 54 support teachers for needs of children/students with disabilities graduated in June 2018. In 2017, the MEST developed the instruments for the assessment of the pedagogical needs of children with disabilities, and their implementation was planned to start during the school year 2018/19 (KEEN, 2017), which is still not the case. Lacking data on the number of children with disabilities for different age groups, it is not possible to assess the progress towards reaching the KESP 2021 goal of a 50% participation rate of children with disabilities in pre-university education. Data show that until 2019, 83 supporting teachers and 49 assistants were engaged in working with children with disabilities needs (KEEN, 2019). Lack of sufficient assistants forced parents to engage assistants with their own funds.

Repatriated children are another category of children facing challenges upon their return to Kosovo*. During the school year 2018/19, 392 repatriated children engaged in the education process compared to 529 in 2017/2018 (KEEN, 2019). Key challenges identified during the process of including repatriated children were timely evidencing, lack of documentation for students who migrated abroad and documentation to prove the level of education completed, and a lack of budget to offer individual plans for repatriated students (KEEN, 2019).

Quality of education remains a pressing challenge for Kosovo*. According to the 2018 OECD Programme for International Student Assessment (PISA) results, 79% of Kosovo* students failed in reaching a minimum level of skills in reading, compared to the 23% of students in OECD economies; 77% failed to reach minimum levels in maths compared to the 24 in OECD economies, and 77% failed in sciences compared to the 22% in OECD economies. These results have placed Kosovo* in the third place from the bottom.⁸ Compared to the year 2015, a very slight improvement is observed in maths (from 78% to 77%), but worsening figures are recoded in science (an increase from 68% to 77%) and in reading (an increase from 77 to 79 of non-performers). According to a recent study by the World Bank (2020), a child who starts school at age 4 in Kosovo* can expect to complete 13.2 years of school by her eighteenth birthday. However, when factoring in what children actually learn, the expected years of schooling decrease to only 7.9 years, which means there is a learning gap of 5.3 years. A child born in Kosovo* today will be 57% as productive when she grows up as she could be if she enjoyed secondary level education and full health. This is lower than the average

7 https://www.unicef.org/Kosovo*programme/press-releases/estimated-38000-children-disabilities-Kosovo*-are-not-attending-school
8 https://www.oecd.org/pisa/publications/PISA2018_CN_KSV.pdf

for the Europe & Central Asia region, but slightly higher than the average for upper-middle-income countries. In 2020, the level of public spending on education reached 4.3% of GDP (ERP 2021-2023) compared to 4.5% of GDP in 2016 (KEEN, 2017). In 2018 and 2019 92% of the Specific Grant for Pre-university Education is used for staff wages and salaries.

Adult education and lifelong learning are not developed in Kosovo*. This is explicitly acknowledged in the Kosovo* Education Strategic Plan (KESP) 2017-2021, stating a lack of a sustainable system for providing funding as a key challenge. No funding formula exists for adult education and the Agency for Vocational Education and Training and Adult Education (AVETA) need to develop their capacities. As it is reported in the KESP, Kosovo* needs to establish an efficient adult education system of high quality. EMIS has started to collect and report data on adult education, but data collection on adult education and lifelong education still remains one of the main challenges, particularly from the non-public sector. According to EMIS, during the school year 2018/19, 1,912 adults were involved in vocational secondary education, from whom 636 were women (KEEN, 2019). The Employment Agency, through its Vocational Training Centres (VTCs) is the key public provider for vocational training, available both to registered unemployed and jobseekers. However, as emphasised in the Sectoral Strategy of the MLSW 2018-2022, matching the VTC training offer with labour market needs is a challenge. Whilst all VTCs are accredited, only 7 out of 30 professions are validated by the National Qualifications Authority. In addition to the lack of accreditation of professions, in some professions, the quality of training may be limited also due to the lack of work equipment and tools and the lack of continuous training of trainers. Supported by GIZ, the Employment Agency is in the process of organising the recognition of prior learning skills, aiming to enhance employment and provide lifelong learning opportunities for adult learners.

Table 1 – Key Labour market indicators (source, Kosovo* 2020 Labour Force Survey data)

Key labour market indicators (%)	male	female	total
Labour force participation rate	56.00	20.80	38.30
inactivity rate	44.00	79.20	61.70
employment rate (20-64 age group)	42.80	14.10	28.40
Unemployment rate	23.50	32.30	25.90
Unemployment rate, young people (15-24 years old)	45.20	57.20	49.10
NEET rate (15-24 years old)	34.00	33.20	33.60
percentage of volatile employment to total employment	19.00	11.00	17.00

The Kosovo* labour market is characterised by a stark gender divide. According to the 2020 Labour Force Survey, 79.2% of women were inactive, compared to 44% of men, with an extremely low female employment rate of 14.1%, compared to 42.8% for men. Despite the high inactivity rate, the unemployment rate is higher among women 32.3%, compared to 23.5% among men. Referring to the age group 20-64, in 2020 the employment rate was 28.4%, where 14.1% of women aged 20-64 years were in employment, compared to 42.8% of male, with a gender employment gap of 28.7%. In previous years, the gender gap was also significant, with consistently more men being employed than women. Respectively, in 2018 the employment rate was 28.8%, with 45.3% male employment, compared to 12.3% female employment rate. In 2019, the employment rate increased slightly to 30.1% (when compared to 2018), with female employment rate standing at only 13.9%, compared to male employment rate of 46.2%. The pandemic year of 2020 was marked with an overall lower employment rate of 28.4%, (compared to pre-pandemic years) with a significant gender gap remaining, with male

employment rate at 42.8% and female employment rate at 14.1%. While over the years the gender employment gap in Kosovo* has been slightly reduced (in 2018 at 38.5%, in 2019 at 37.4%, in 2020 at 28.7%), nevertheless, the gender employment gap in Kosovo* still represents the highest gap in the WB region.⁹

In 2020, the unemployment rate was 25.9% similar to 2019 at 25.7%, 32.3% for women and 23.5% for men. During the pandemic crisis, to directly support women, Kosovo* government has designed two specific measures within the Economic Recovery Programme. The first one was implemented through the Agency for Gender Equality, with a planned budget of EURO 2 million, EURO 1 million was used to support 115 private kindergartens which were hit by the pandemic crisis and EURO 1 million was allocated to support activities for empowerment of women in the economy. In addition, EURO 470,000 was allocated by the Ministry of Trade and Industry (MTI) for supporting women-owned businesses. This measure was implemented by the Kosovo* Investment and Enterprise Support Agency that operates within the MTI. In early December, 32 subsidies were disbursed to women owned businesses¹⁰. It is also important to note that within the Law for Economic Recovery passed by the Assembly on the 4th of December, within the budget allocated for the Credit Guarantee Fund (Fund), a specific window of support is dedicated to women-owned businesses. The credit guarantee of up to 80% of the collateral will act as support for women-owned businesses, which due to limited ownership of assets face difficulties in terms of access to finance. The government has recently provided EURO 20 million for the Fund, which is expected to significantly support businesses.

Unequal distribution of family responsibilities is the key factor for the disadvantaged position of women in the labour market. According to the 2017 LFS, family responsibilities are the most common reason for women's detachment from the labour market (38%), while only 3.8% for men. In this context, it needs to be highlighted that in the present Labour Law, women have access to 9 months of paid maternity leave and 3 months of unpaid leave, and men have access to 2 days of leave and 2 unpaid weeks. Lack of access to affordable childcare facilities is another contributing factor to poor labour market outcomes of women and leads to career interruptions: in 2019/20 in Kosovo*, 11 municipalities out of 38 (29% of municipalities) had no public kindergartens¹¹. Moreover, childcare institutions are mainly concentrated in urban areas, except for the municipality of Pristina that has established one such institution in one rural location. In addition to 44 public kindergartens, there are additionally nearly 150 private ones, which are expensive and not affordable based on the average wage rate in Kosovo*.

Table 2. Labour market indicators, persons aged 15-64 years, by gender¹²

	2014		2015		2016		2017		2018		2019		2020	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Labour force participation rate	61.8	21.4	56.7	18.1	58.3	18.6	65.3	20.0	63.3	18.4	59.7	21.1	56.0	20.8
Inactivity rate	38.2	78.6	43.3	81.9	41.7	81.4	34.7	80.0	36.7	81.6	40.3	78.9	44.0	79.2

⁹ https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf

¹⁰ <https://kiesa.rks-gov.net/page.aspx?id=2,5,479>

¹¹ <http://masht-smia.net/Publikimet/40ALB.pdf>

¹² LFS report provides data for the working age population 15-64. The employment rate for 20-64 is available at Eurostat for the year 2016 and the unemployment rate for 15-74 was available for the year 2015 only.

	2014		2015		2016		2017		2018		2019		2020	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Employment-to-population ratio (employment rate)	41.3	12.5	38.7	11.5	43.0	12.7	46.6	12.7	45.3	12.3	46.2	13.9	42.8	14.1
Unemployment rate	33.1	41.6	31.8	36.6	26.2	31.8	28.7	36.6	28.5	33.4	22.6	34.4	23.5	32.3

Source: KAS, LFS results 2014-2020. <https://ask.rks-gov.net/en/kosovo-agency-of-statistics/social/labour-market>

The LFS does not disclose data by ethnicity, hence there is no complete picture of the employment status of Roma, Ashkali and Egyptian communities. A recent assessment was conducted in 2019 (Prokshi, 2019), which found that during 2018, out of 56 central-level institutions that numbered 30,635 public service employees, only 113 of them resulted to be members of the Roma, Ashkali and Egyptian communities and they were employed only in 10 of these institutions.

Women are slightly more likely to be employed on a part-time basis. In 2020, 7.6% of employed women were employed on a part-time basis, slightly higher than the share of employed men (7.2% of men). Whilst for women part-time work seems to be a voluntary choice to accommodate family responsibilities (the main reason for 21.3% of women compared to 4.2% of men), for men this type of employment is driven by labour market conditions, i.e. an inability to find a full-time job (for 73.2% of part-time male workers compared to 47.7% of part-time female workers).

There is a very low engagement of women in entrepreneurship. According to the 2020 LFS data, the majority of women hold employee status, with only 10.3% being self-employed, compared to 26.4% of men (KAS, 2020). The low representation of women is confirmed also from the recent report of the KSA (2020), reporting that in 2019, only 13.5% of micro-enterprises (1-9 employees) were owned by women; only 5% of enterprises with 10-49 employees and as low as 2.6% of enterprises with 50 and more employees were owned by women. The representation has slightly increased over time within the micro enterprises (10.5% in 2018) but declined among other class sizes. This low representation is related to low access to finance- a consequence of low access to property. According to the 2019 report of the KAS on Women and Men in Kosovo* (2020), in 2014 only 12% of women owned a house/apartment and only 4.9% of the land was owned by women while women account for only 12% of real estate property. Furthermore, female enterprises are mainly focused on services (such as beauty salons, cooking, etc.), characterised by low value-added and limited opportunities for job creation and sustainable income.

Kosovo* lacks data related to the gender pay gap. According to the LFS results for 2012-2020, small differences have been observed, with a slight tendency for men to receive higher wages. Given that responses in the LFS are organised in intervals, this cannot be considered as reliable evidence. The SILC survey completed in 2018, would shed light on this un-studied topic, but so far, the data processing and the report have not been completed. In 2019, the Agency of Gender Equality jointly with UN Women commissioned an assessment of gender pay gap. Utilising data from the large-scale Labour Force and Time Use Survey (the latter commissioned by the Millennium Challenge Corporation), preliminary empirical findings, find a statistically significant gender pay gap, all of

which is unexplained by the different characteristics of women and men, which might indicate for a presence of discrimination. Due to care responsibilities and related career breaks, primarily taken by women, the share of women receiving pensions will remain lower and the gender pay gap in pensions will likely persist. Article 55 of the Labour Law opts for equal gender pay, stating that the employer should pay men and women an equal remuneration for work of equal value covering base salary and any other allowances.

The Law on Gender Equality is not implemented, and women remain unrepresented in public institutions and benefit significantly less from public funds. Defining unequal participation or representation of one gender as less than 50% at any decision-making level in political and public life, the Law provides various general measures (to “prevent gender discrimination and ensure gender equality”) and temporary special measures (to “accelerate the realization of actual equality between women and men in the areas where inequities exist”) to be undertaken by public institutions. Currently, four ministries are led by a woman and there are no women mayors in municipalities. Since 2015, the Gender Responsive Budgeting (GRB) is mandatory for all budget organisations in Kosovo*. The requirement to ensure women’s and men’s equal participation in budget planning processes, and the distribution of public funds to address the diverse needs of men and women in each sector has not been put in place. For example, in 2019 out of 43,522 subsidy beneficiaries only 4% were women accounting for only 4% of the total subsidies. Ministries and relevant agencies do not report gender-disaggregated data, preventing proper examination of the support received by gender.

Some reforms are being proposed, which may partly redress labour market differences. The Government has drafted the Concept document on regulating the field of the employment relationship. The Law introduces maternity and paternity leave; however, it fails to redress the gender imbalance. According to the draft law, maternity leave will remain as it is with the applicable law – 9 months paid and 3 months unpaid leave, but the financial burden of the employer will be reduced. Employers will be obliged to pay 70% of the base salary for 3 months (currently it is 6 months) and the remaining 6 months will be compensated by the government at 50% of the average salary, with the possibility of 3 unpaid months of leave. Paternal leave is set at ten days (currently 2 days) with full compensation for the salary paid by the employer. Although the draft law introduced parental leave, this is not mandatory and hence it is not expected to produce results itself. The parental leave can be taken after the end of maternity leave by both the mother and father of the child, each in the duration of 4 months until the child reaches 2 years of age. In 2018, the Government also drafted a specific Law on Maternity and Parental Leave¹³, with the same provisions on maternity, paternity and parental leave, as in the Draft Labour Law. A novelty to the draft Law on Maternity and Parental Leave is that it foresees compensation for maternity leave for unemployed mothers to be paid by the government for a period of 6 months. Within the Government Programme 2021-2025, unemployed mothers will receive EURO 250 for six months. This proposal has been opposed by civil society, claiming that this provision is likely to increase birth rates, hence negatively influencing the active participation of women in the labour market.

The 2020-2024 Kosovo* Programme for Gender Equality has been approved in May 2019 which aims to redress gender imbalances in Kosovo*. The Programme includes some important interventions, which if implemented, will set up a sustainable system, addressing gender imbalances and will safeguard the full implementation of the Law on Gender Equality.

13 <http://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40486>

2.1.2 Equal opportunities

Kosovo* has a sound legal framework on protection against discrimination, the majority of which is aligned with the EU directives. The Constitution of Kosovo*, the Labour Law and the Law on Protection against Discrimination provide employees with protection against all forms of discrimination. Law No. 05/L-021 on the Protection against Discrimination establishes a general framework for preventing and combating discrimination based on nationality, or in relation to any community.¹⁴ As per the Labour Law, any discrimination including exclusion or preference made on the basis of race, colour, sex, religion, age, family status, political opinion, national extraction or social origin, language or trade-union membership which has the effect of nullifying or impairing equality of opportunity or treatment in employment is prohibited. Article 47 states that youth under the age of 18, women, and persons with disabilities enjoy special protection under the Law. The protection refers to working conditions and type of work they should not perform.

Law No. 05/L -020 on Gender Equality¹⁵ prohibits discrimination based on gender and sex. Obligations to promote equality of men and women in this Law shall mean the inclusion of equality and non-discrimination on the protected characteristic of gender identity. It further specifies that the direct or indirect gender discrimination, including less favourable treatment of women for reasons of pregnancy and maternity, marital status, nationality, race, disability, sexual orientation, social status, religion and belief, age or any other basis defined by law or agreement and international instruments in force is prohibited. The Law on Gender Equality defines that equal gender representation in all legislative, executive and judiciary bodies and other public institutions is achieved when a minimum representation of fifty percent (50%) for each gender is ensured, including their governing and decision-making bodies.

Employment of people with disabilities is regulated by law. Law No. 03/L-019 on Vocational Ability, Rehabilitation and Employment of People with Disabilities, within Article 12 on Employment in the open labour market, sets the obligation on government administration bodies, employers of private and public sectors and non-governmental organisations to employ a person with a disability, for every 50 employees. It further states that the employer who does not meet this obligation is obliged to pay monthly contributions for incitement of employment for persons with disabilities to the level of 1% of the minimum wage to the Kosovo* budget. Although there is no reliable information on the number of employed persons with disabilities, it is accepted that the numbers are small and there is a need for progress in this aspect.

Legal provisions regulate the employment of minorities in the public sector. Since 2010, Law No. 03/L-149 on Civil Service in Kosovo* determines the representation of non-majority communities. However, this is a minimum quota of 10% at the central level and a representation proportional to the demographic composition at the local level. Another important policy document is the Strategy for the Inclusion of Roma and Ashkali Communities in the Kosovo* Society (2017-2021) which foresees a range of activities to address the employment of these communities, mainly by increasing

14 Including social origin, race, ethnicity, colour, birth, origin, sex, gender, gender identity, sexual orientation, language, citizenship, religion and religious belief, political affiliation, political or other opinion, social or personal status, age, family or marital status, pregnancy, maternity, wealth, health status, disability, genetic inheritance or any other grounds, in order to implement the principle of equal treatment. This law is in accordance with the following Council Directives: 2000/43/EC 2000/78/EC; 2004/113/EC; 2006/54/EC.

15 The Law is in accordance with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); and the following Directives: Directive 2000/78/EC 2006/54/EC 79/7/EEC 2010/41/EU Directive 2004/113/EC.

participation of these communities in ALMMs. In 2013, Kosovo* adopted the National Strategy for Rights of Persons with Disabilities 2013-2023 and in 2017 a new Action Plan was approved.

Despite the legal provisions, the implementation remains weak. Women are underrepresented in the labour market, both in the private and public sector; persons with disabilities have barriers to employment and the same applies to members of ethnic minorities, particularly members of the Roma, Egyptian and Ashkali communities. The Labour Force Survey does not disaggregate data by ethnicity; hence no clear picture exists for the employment status of ethnic minorities. In the Strategy for Inclusion of Roma and Ashkali communities 2017-2021, it was emphasised that the employment rate and quality of jobs of Roma and Ashkali community members is well below the average. The 2020 Progress Report emphasises that while the government endorsed the Declaration of Western Balkans Partners on Roma Integration within the EU Enlargement Process (Poznan Declaration), very limited follow-up steps have been taken to implement it. The Roma Seminar conclusions are also yet to be implemented.

2.1.3 Active support to employment

The steady economic growth in Kosovo* has not been accompanied by job creation. In 2020, only 38.3% of the working age population were active in the labour market, out of which 25.9% were unemployed. The employment-to-population rate of individuals aged 15-64 was 28.4%, marking a decline of 1.7% in comparison to 2019, followed by a slight decrease in 2020 where the employment rate dropped to 28.4%. According to the LFS 2019, 63.6% of the unemployed were long-term unemployed for more than 12 months.

Youth aged 15-24 are disadvantaged in the labour market. The youth unemployment rate remains very high, at 49.1% in 2020, much higher than the national average of 25.9% and any other age group (the unemployment rate for other age groups is: 31% for 25-34-year olds; 20.1% for 35-44 year-olds; 17.2% for 45-54 year-olds; and 9.8% for 55 to 64 years-olds). Another striking feature of youth is the high share belonging to the NEET category which has increased with 6.2 percentage points over the last four years, i.e. from 27.4% in 2017 at 33.6% in 2020.

The Employment Agency is the main institution providing employment support for the unemployed. Unemployed individuals (and other job seekers) who are registered and profiled are provided counselling and mediation in regular employment or access to ALMM such as wage subsidies, internships, on-the-job training, etc. Through the VTCs, the Employment Agency provides vocational training and retraining¹⁶ by delivering modular short-term training. In 2019, the number of registered unemployed at the Employment Offices was 70,790, with a low share benefiting from vocational training and active labour market measures (Table 3). In 2019, the Employment Offices identified 9,462 vacancies, 36.3% fewer than in 2018. In 2019, 4,160 unemployed people were employed through the intermediation support of the Employment Offices – only 5.9% of the registered unemployed. The number of intermediations is significantly lower than the number of identified vacancies, which may indicate the lack of alignment between labour demand and supply of the unemployed registered at the Employment Services.

Only a small proportion of unemployed people are covered by training measures. As can be noted from Table 3, the number of registered employed more than doubled from 2019 to 2020, which is



¹⁶ According to Law no. 04/L-205 on the Employment Agency, Vocational Training and Retraining includes all activities aimed at providing practical knowledge and skills for the efficient realization of activities within a profession or a group of professions.

due to requirement for registration for applying for government support due to COVID-19 crisis. The pandemic situation also led to a reduction of trainees from 6,607 to 3,436 (only 2% of registered unemployed) but led to increased number of ALMM beneficiaries mainly for on-the-job training and internships. The low coverage is a result of limited financial resources of the Agency: the government budget allocated to the Kosovo* Employment Agency is small when compared to international standards – 0.09% of GDP, and the OECD average of 0.56% (Ministry of Education, Science and Technology-MEST, 2018). In 2019, the budget for ALMMs was EURO 6.6 million (EURO 1.1 million for repatriated persons), which is an increase of EURO 3.8 million compared to 2018. For 2021, in total approximately EURO 7 million have been allocated for ALMM.

Although in the Sectoral Strategy 2018-2022 of the MLSW, it is envisaged that EARK provides career orientation and guidance, this service is not yet in place. Public Employment Counsellors profile each registered unemployed in one of the following categories: those with a low, medium and high risk of becoming long-term unemployed (they take into account the qualifications, work experience, age, job availability, etc.). For the latter group, an Individual Employment Plan is developed which aims to facilitate their employment and skills development. However, in a recent internal self-evaluation exercise implemented through the Regional Cooperation Council, it was not clear if the Plan is used as intended and hence it is unclear if it is an effective instrument. Moreover, in practice, it is not certain if the long-term unemployed are supported by priority. A large-scale evaluation of all ALMMs was commissioned by GIZ Yes Project in 2018-2019, surveying in total 986 beneficiaries from all ALMMs (not including VTC trainees). One of the main recommendations put forward for the Employment Agency was to orientate ALMMs towards the private sector and restrict numbers in the public sector, which were found less effective and more expensive per beneficiary. Despite the high unemployment rate among youth, at present, Kosovo* does not operate a program similar to the EU Youth Guarantee, in 2021 there has been endorsement by Kosovo* of the EU WB Ministerial statement to gradually establish the YG in Kosovo*.

In 2018, the Government approved the Action Plan to tackle Youth Unemployment. This is a sectoral Plan foreseeing the activities of different institutions to increase youth employment and reduce the NEET rate. There is no evidence for implementation of the Plan, but it seems that institutions have not used the Plan in planning their interventions. The Plan is now under revision (ERP 2021-2023). However, it is important to emphasise that EARK has set youth and women as priority groups, with about 28% of ALMM beneficiaries and 38% of VTC trainees being youth up to the age of 24.

Table 3. Employment services and Active Labour Market Measures

ALMMs provided through Employment Offices	2015	2016	2017	2018	2019	2020
Public works	1,865	819	873	680	827	540
Wage subsidy	498	474	713	336	445	51
Internship	188	434	728	1,101	2,705	3,446
Self-employment	49	54	35	390	214	96
On-the-job training	281	951	478	493	420	1,498
Vocational training	4,055	6,736	5,979	5,117	6,607	3,436
At VTCs only	3,811	6,641	5,612	4,920	6,285	3,040
Combined-VTC and enterprise	244	95	367	197	322	396
Total ALMMs	6,936	9,468	8,806	3,000	4,611	9,067

ALMMs provided through Employment Offices	2015	2016	2017	2018	2019	2020
Number of registered unemployed	112,179	101,773	93,866	95,890	70,790	168,980
Job vacancies	11,506	14,137	12,511	14,847	15,647	11,166
Employment intermediations*	6,174	6,754	6,042	6,764	8,771	6,961

Source: EARK, 2021, Work and labour 2020. *Intermediations include also ALMMs.

2.2 Chapter II: Fair working conditions

2.2.1 Secure and adaptable employment

The applicable Labour Law has recognised part-time and full-time working hours. The Law regulates that employees working part-time are entitled to all the rights deriving from the employment relationship on the same basis as full-time employees and in proportion to the number of hours worked. Table 4 refers to evidence of under-employment in Kosovo*, since in the period 2012-2020, the lack of a full-time job was a common reason for individuals working on a part-time basis. However, this is a more commonly cited reason for men, with 73% working on a part-time basis due to lack of other opportunities, whilst it is a reason for 48% of women.

Table 4. Lack of full-time jobs as the reason for working on a part-time basis, %

Could not find a full-time job	All	Men	Women
2012	67	73	43
2013	68	82	28
2014	71	86	33
2015	67	87	24
2016	56	82	18
2017	70	87	30
2018	80	90	46
2019	75	80	57
2020	67	73	48

Source: KAS, LFS results in 2012-2019

Temporary employment in Kosovo* is the highest in the Western Balkans (World Bank, 2019a). According to the LFS data, in 2020, 57.4% of employed individuals had a temporary contract, which increased by 3.0% percentage points from 2019. Lack of other available contracts was the reason for 90.8% of temporary workers having such contracts. According to the Labour Law, a contract for a fixed period can be concluded for a cumulative period of up to 10 years, but it does not specify the minimum term of contract duration. As a consequence, short-term contracts prevail, putting employees under pressure of losing their job periodically. This is a particular risk for pregnant women and those on maternity leave. Trade unions find the 10-year term of fixed-term contracts to be unlawful and unfair and adversely affecting workplace security. On the other hand, non-determination of the minimum contract term significantly affected the very short-term contracts, mostly quarterly, even for the professional employees who work in the same workplace for years.

The probation/trial period under the applicable Law cannot last more than six months in compliance with this Law, Collective Agreement and employer's internal policies.

The Labour Law leaves a legal loophole for employers to demand interns to work overtime and during weekends without compensation. According to the Law, employers may engage interns without pay or any other rights arising from the employment relationship. The employer who engages an intern without salary compensation shall be obliged to register the intern in the list of employees without salary compensation. The Law states that the Collective Agreement and employer's internal policies should define the form of professional capacity building and the duration of the internship. Although the Law states that the intern has the status of an employee and hence has all rights and obligations arising from the employment relationship as other employees, the internship is not counted as working experience, which was planned to be regulated with the draft Labour Law not yet approved. The Government Programme 2021-2025 envisages to address this weakness by obliging recognition of internship as a work experience. This has had a particularly negative impact on youth, who face barriers to entering the labour market. Whilst the Law states that interns have the same status as employees, the Law does not specify intern rights, nor does it mention working hours and overtime. In many cases contracts are not even provided to interns – as the law states only that “employers may sign a contract” – leaving many interns without legal protection.¹⁷

Volunteer work is not recognised as work experience either. A recent study conducted by D4D (2018) has proposed to develop a Law on Volunteering, which among other things, should also ensure recognition of volunteer work. Failure to define voluntary work by law allows for work without contract and payment for an indefinite period for employees to allegedly learn craft skills. The Kosovo* Volunteers platform has been established, where non-profit organizations can post volunteer opportunities and where passionate, skilled volunteers can find the right opportunity to lend their talent and time. The Kosovo* Volunteers platform was developed by the UNICEF Innovations Lab Kosovo* with the support from the Austrian Development Cooperation (ADC), United Nations Children's Fund (UNICEF) office in Kosovo*, and Peer Educators Network (PEN).

The Law obliges employers to undertake some measures to alleviate the consequences of collective dismissal. Article 76 on Collective Dismissals indicates that employers should take the following measures: limit or stop the hiring of any new employees; internally reorganise employees; limit overtime working hours; reduce working hours; and provide professional retraining.

There is an ongoing reform in the area of labour relations proposing equality of rights between part-time and full-time employees. It is proposed to strongly emphasise that part-time employees are entitled to the same rights as full-time employees, and that certain rights (such as the relevant salary, breaks during the working hours, etc.) are used proportionally - depending on the working hours. As indicated above, the data suggest that there is underemployment in Kosovo*. The draft Labour Law foresees the possibility for workers to enter part-time contracts with several employers to reach the full-time working hours stipulated by law. The employee must reach an agreement with the employer on the working hours, annual leave, and other absences from work.

A novelty to the draft Law is that it also recognises employment contracts for home-based employees. Work from home is defined as work conducted by a worker in his or her home or in other premises of his or her choice, other than the workplace of the employer.



¹⁷ <https://prishtinainsight.com/unpaid-overworked-precarious-mag/>

Table 5. Vulnerable and informal employment in Kosovo*

	Source	2012	2013	2014	2015	2016	2017	2018	2019	2020
Share of vulnerable employment (self-employed without employees and unpaid family workers) in total employment (%)	LFS	16.8	23.6	24.9	22.8	22.9	23.1	19.6	18.8	17.0
Employed without contracts (%)		16.6	18	15.5	15.5	26.3	21.5	14.0	13.3	8.5
Share of vulnerable employment (self-employed without employees and unpaid family workers) in total employment (%)	Millennium Challenge Corporation Survey						34.7			
Employed without contracts (%)	Millennium Challenge Corporation Survey						40.8			

Source: KAS, LFS reports 2012-2020

Informal employment is a chronic feature of Kosovo*'s labour market. As it can be noted from Table 5, in 2020, 8% of workers had no employment contract, recording a decline from previous years. The decline is unexpected given that no major reforms or interventions took place in the course of 2018. This is more likely to be related to the quality of data collection, rather than a real decline of this phenomenon. Related to this, it is important to note that the prevalence of vulnerable employment and undeclared work was found to be significantly higher from the Millennium Challenge Corporation Survey in 2017¹⁸ (34.7% and 40.8%, respectively). Although the Labour Law in the definition of employees includes individuals who carry out work or services against a payment for the employer and have employment relations with the employer, as specified by the MLSW representative, employers sometimes interpret only the declared ones as employees; hence undeclared workers do not enjoy the rights set by the Law. To redress this issue, in the new draft Labour Law, the term 'dependent work' is added, referring to 'work carried out in a relationship where the employer is superior and the employee is subordinate, and in which the employee carries out work personally for the employer, according to the employer's instructions, in the employer's name and for a salary or another kind of remuneration.' In the frame of the European Union (EU) funded project "Support to Labour Inspectorate for fighting against undeclared work", an assessment of undeclared work has been undertaken, which also covered assessment of best practices and proposed feasible measures to incentives formalisation and to prevent undeclared work. The assessment has been completed and includes recommendations for immediate government actions to support formalization.

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¹⁸ The survey was large scale, having 8,533 respondents, and utilised the same methodology as deployed by the Kosovo* Agency of Statistics.

2.2.2 Wages

Wage levels are regulated in the public sector only. In the private sector, wage setting in Kosovo* is set at the company level, rather than in a centralized way, at the industry level.

The average gross wage in Kosovo* is below the Western Balkans average wage (World Bank, 2019a). With an average gross wage of EUR 630 in 2019, Kosovo* was the second lowest in the Western Balkan (average gross wages was EUR 434 in Albania, EUR 658 in North Macedonia, EUR 706 in Serbia, EUR 755 in Bosnia and Herzegovina, and EUR783 in Montenegro).¹⁹ However, the average wage is driven upwards as a result of higher wages in the public sector. This is shown in Table 6, whereby the gross average wage in the private sector in 2020 was EUR 380, compared to EUR 624 for the public sector.

Table 6. Wages, 2012-2020

	Average salary		Public Sector		Private Sector		Public enterprises	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2012	383	348	407	366	337	308	561	502
2013	386	351	411	370	340	310	573	512
2014	403	365	473	423	329	301	656	583
2015	415	376	509	454	328	300	674	598
2016	422	382	525	467	340	310	686	609
2017	431	390	532	474	356	324	699	620
2018	453	409	573	509	376	342	721	639
2019	477	430	584	519	411	372	766	677
2020	466	416	624	552	380	342	769	680

Source: KAS, 2021a

A legally binding minimum wage has been in place in Kosovo* since 2011. The standard monthly minimum wage for full-time employment, accounting for 174 hours per month, was set and still is set at EUR 170 (gross).²⁰ The minimum wage was set on an arbitrary basis, as there were no criteria or framework in place. In 2013, the Ministry of Labour and Social Welfare approved Administrative Instruction (AI) No.09/2013 for Criteria and Determination Procedure of the Minimum Wages, which defined the rules-based framework for setting the minimum wage levels. The minimum wage in Kosovo*, in absolute terms, is the lowest in the Western Balkans (World Bank, 2019a), and in 2019, it was equivalent to 36.5% of the net national average wage (KAS, 2021).

The criteria for setting the minimum wage level are encompassed within the Labour Law. Article 57 lists the key criteria, which include: the unemployment rate; general conditions in the labour market; and the general level of competitiveness and productivity in the economy. The Labour Law also allows for flexibility, stating that the minimum wage may be determined by collective agreements at branch and enterprise levels, but it cannot be set at lower than the national minimum wage.

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¹⁹ <http://wiw.ac.at/annual-database.html>

²⁰ Administrative Instruction (AI) No.09/2013 for part-time employment i.e. for employment under 174 working hours, the minimum hourly wage should be applied (0.98 per hours for those aged between 35-65, and 0.78 for those less than 35 years old).

Since 2018 there has been an increased pressure to increase the minimum wage. After intensive discussions, in December 2017, all members of the Kosovo* Social Economic Council agreed to increase the minimum wage from EUR 170 to 250, which was sent to the government for approval but was not approved. On 30 May 2019, the Kosovo* Parliament voted a resolution calling for the increase of the minimum wage. The resolution required the Social Economic Council to propose a new minimum wage in Kosovo* either as a defined percentage of average wages or tied to the lowest salary paid in the public sector. The proposed minimum wage was opposed by the private sector representatives, and it was opposed by the previous government. The main reason for the opposition was that an increase of the minimum wage would have a huge financial impact on the public funds, which are already under strain because of the increase in the compensation currently paid for nearly 40,000 war veterans²¹. The private sector representatives claim that such an increase in the minimum wage would damage private sector competitiveness. Only recently, the new Prime Minister stated that the minimum wage should not be under EUR 250, but still, no official changes have been made.

Kosovo* does not apply a reduced tax burden on low-wage earners and their families, nor does it supplement income from work with effective social benefits. No such policy discussions have taken place. The World Bank report (2019), through utilisation of the Kaitz Index, that is, the ratio of the minimum wage to the average wage, finds that despite its low progressivity, the Kosovo* net minimum wage and labour costs are the lowest in the Western Balkan.

2.2.3 Information about employment conditions and protection in case of dismissals

The Labour Law explicitly regulates the content of the employment contract. Employment contracts need to be in writing and must be signed by the employee and the employer (Article 10). The Law determines that the employment contract must, at least, contain the following mandatory terms and conditions: details of the employer and the employee; job description; place of work; working hours; commencement date and end date of employment; salary and other allowances or incomes; and details of annual leave. If the employment contract contains no indication of the duration of employment, it is implied that the term of employment is for an unspecified time period. Furthermore, a contract for a fixed time period that is expressly or tacitly renewed for a continued period of employment of more than 10 years shall be implied to be a contract for an indefinite period of time. The law provides minimum days of annual leave (four weeks and minimum break periods (30 minutes)).

Individual employment contracts are the most prevalent ones; termination can take place for many reasons. In Kosovo*, individual contracts are the dominant ones, although the law also envisages the Collective Agreement. In 2014, social partners and the government signed the General Collective Agreement²², but this Collective Agreement (CA) was only partly implemented, while the public sector has implemented the whole CA. The new collective bargaining process was in development during 2018 and 2019 by the SEC partners, but the process had stalled. According to the Labour Law, there are several instances for which the employer is entitled to terminate the employment contract, including if the termination is justified for economic, technical or organisational reasons; when the

21 Categorization of war veterans stipulated by Law No. 05/L-141 on Amending and Supplementing Law No. 04/L -261 on Kosovo* Liberation Army War Veterans has not been done yet, therefore Law No. 04/L -261 (Article 18) is applicable, tying the compensation for war veterans to the minimum wage.

22 <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=9534>

employee is no longer able to perform the job; if the employee has committed serious misconduct; when the employee's performance of work duties is unsatisfactory; if the employee is guilty of repeating a minor misconduct or breach of obligations; or when the employee's performance remains unsatisfactory in spite of a written notice. The Law provides that it is prohibited to terminate the employment relationship during pregnancy, maternity leave and absence from work due to special care for a child, except in cases of a collective dismissal. The implementation of legal provisions remains weak. A study conducted in 2017 by KDI, reported that workers are at a constant risk of being dismissed and there is a prolonged process within courts.

A prior notice and written decision have to be provided to employees in case of termination. If an employee has a fixed-term contract, the notice must be given 30 days in advance, whereas for employees that have a permanent contract, the following notice periods are applicable: (i) between six months and two years of employment, 30 calendar days; (ii) between two and 10 years of employment, 45 calendar days; and (iii) more than 10 years of employment, 60 calendar days. In addition, the employer must serve the employee with a written decision on the termination of the employment contract, which shall include the grounds for dismissal.

In case of a dismissal, the employee is entitled to make a complaint to the employer or its relevant bodies. The employees may initiate internal procedures for resolving issues deriving from the termination of an employment contract if this is envisaged under the employment contract and the employer's internal policies. Moreover, if he/she is not satisfied with the decision of the employer or its relevant bodies, the employee may submit an appeal to the Labour Inspectorate and, as a last resort, take the matter to court. If the decision of the Labour Inspectorate is in favour of the employee, he/she may file a complaint at the respective court. Depending on the decision of the respective body, the employee may return to his/her workplace or receive compensation. In practice, the Labour Inspectorate is quite efficient in assessing complaints, but it often happens that their decision is not respected by employers. In this case, employees file a complaint in the respective court, which usually takes a long time. With regards to the compensation, upon dismissal, the employee is entitled to receive his/her salary until the last day of work and also to be compensated for unused annual leave days.

According to the Labour Law, upon the parties' agreement, the protection of rights may also be resolved through a mediation process. Rules and procedures for the resolution of labour disputes through mediation are determined by Law No. 06/L -009 on Mediation, approved in 2018. The mediation procedure shall be developed by the free will of the parties, expressed both orally and in writing, in accordance with the Law. The mediation procedure can be initiated by the parties, court, prosecution office or a competent administrative body, in accordance with the applicable legislation. Parties shall voluntarily choose a mediator from the registry of mediators licensed by the Ministry of Justice. In cases where parties to the dispute with self-initiation have failed to resolve the dispute within 90 days, the parties together with the mediator can sign an agreement for an additional period of 30 days provided that the mediator of the case ensures that a continuation of such terms does not bring legal consequences in the loss of right or acquisition of rights to one party over time.

In the case of a collective dismissal, the employer is obliged to make a severance payment to its employees who have a permanent contract. The Labour Law defines collective dismissals as when at least 10% of employees but not less than 20 employees are discharged within a six-month period. The severance payment amount varies depending on the period of employment with the company: between two and four years of service, one month's salary; between five and nine years of service,

two months' salary; between 10 and 19 years of service, three months' salary; between 20 and 29 years of service, six months' salary; and from 30 years of service upwards, seven months' salary.

The draft Law proposed the introduction of a specific section on employees' rights in case of bankruptcy. The law proposes a new body/agency to be established to guarantee employees' claims in case of employer's bankruptcy. This agency shall be a public institution, subjected to the regulations governing public institutions, unless otherwise specified. The rights granted may be exercised by a worker employed by the employer at the time when bankruptcy proceedings were initiated, as well as by an employee who was employed by the employer in the period for which the claims were to be settled. The foreseen rights do not apply to company management members, board members, and executive managers, regardless of the time and duration of their positions. The draft Labour Law also proposes the definition of collective redundancies according to which, an employer who has had at least 20 dismissals within a 90-day period, out of which at least 5 dismissals were carried out by an employer, is obliged to initiate consultations with the Employees' Council, Employees' Representatives and Trade Union Representatives in a timely manner (and as defined by the law) with a view to reaching an agreement aimed at avoiding dismissals or reducing the number of employees affected.

However, it must be emphasised, that it is not certain if the draft Labour Law will be passed at the current content, as the newly elected government and the Parliament are planning to review all drafts.

2.2.4 Social dialogue and involvement of workers

The presence of trade unions in the private sector in Kosovo* remains marginal, hence the interests of private-sector employees are rarely addressed. As they rarely get consulted, there have been several protests by workers affected by privatisation processes. The Law on Trade Union Organisation adopted in 2011, allows employees to establish trade union organisations at the entity or sector level.

In Kosovo*, Social Dialogue functions on a tripartite and bipartite level. At the bipartite level, dialogue is conducted between employee organisations (trade unions or employee representatives) and employers' organisations such as the Chamber of Commerce and sectoral associations. The involvement of the social partners in the design of employment and social policies, and in policy and law-making is ensured with Law No. 04/L-008 on the Economic Social Council (ESC). The Council was established in 2011, as the highest tripartite body composed of representatives of employers' organisations, trade unions and government. The Council leads consultations and submits recommendations to competent bodies on labour and employment issues, social protection and other issues related to economic policies in Kosovo*. The ESC established its own bodies such as the professional committees of ESC; ad hoc negotiating groups and the Secretariat of ESC. Members of the Council include the largest organisations in Kosovo*, that is, the Union of Independent Trade Unions of Kosovo* (BSPK), the Kosovo* Chamber of Commerce (the only Chamber established by the Assembly of Kosovo*- Law No. 2004/7), and the Kosovo* Business Alliance, established in 2002. The Amendment of the Law on Socio Economic Council is part of the 2021 legislative government programme.

Public consultations in legislation and policies²³ drafting are mandatory in Kosovo*. This is regulated by Regulation No.05/2016 on Minimum Standards for the Public Consultation Process adopted in early 2016, whereby the Office for Good Governance/Office of the Prime Minister is obliged to create and maintain an online platform to be used by all public authorities to identify the stakeholders to develop public consultations. The online platform provides the opportunity for all relevant parties to be invited and included in the decision- and policy-making process. Documents that are subject to the public consultation process based on this Regulation are annual draft plans of public authorities; annual draft plan of strategic documents; the Government's legislative draft plan; secondary legislation draft plan; concept documents draft list; draft concept documents; draft normative acts; draft strategies; and all other documents that must be accompanied with an explanatory memorandum or which require public consultations. One of the objectives of the Better Regulation Strategy 2.0 2017-2021 is to improve the effectiveness of public consultation through capacity building of capacities of public officials.

There is a need to strengthen the operational, analytical and legal capabilities of social actors so that they can engage in collective bargaining and contribute to policymaking. Law on the ESC was in the drafting process, aiming to improve the representation criteria, to enable a more inclusive representation by employees' and employers' organisations, as well as to provide greater financial independence, access to finance and empowerment of the Secretariat of this institution.

It is of utmost importance to increase the involvement of social partners in implementing the legal provisions. Finally, there is a need to ensure direct consultation with workers in all sectors, so their voice gets heard on important matters such as privatisation, concessions, restructuring and merger of undertakings and collective redundancies. It is also very important to increase participation of women in trade unions and their representation in decision making positions (KCGS, 2019).

2.2.5 Work-life balance

Flexible working arrangements are not common in Kosovo*. The data from the 2010 European Working Conditions Survey²⁴ (Table 7) show that the working time arrangements are set by the employer only; for 30% of employees, it is difficult to take an hour or two off to take care of personal or family matters during working hours. Working hours do not fit well with family or social commitments outside work for nearly one-fifth of employees. As it can be noted from Table 7, in these three indicators, Kosovo* scores close to the EU average and there were no significant differences by gender.

Table 7. Work-life balance

	Kosovo*	EU average
It is somewhat or very difficult to take an hour or two off to take care of personal or family matters during working hours.	30%	36%
Working time arrangements set by the employer	62%	59%

²³ These refer to annual plans of public bodies that are subject to the public consultation process in accordance with this Regulation: annual draft plans of strategic documents; draft Legislative Programme of the Government; draft secondary legislation plan; draft list of concept documents; draft concept documents; draft normative acts; draft strategies and all other documents that must be accompanied with an explanatory memorandum or which require public consultations

²⁴ Kosovo* is part of the but due to the COVID-19 pandemic, it will be carried out from March to July 2021 using telephone interviews.

	Kosovo*	EU average
Working hours fit in relatively well or well with family or social commitments outside work	18%	18%

Source: EWS Fifth wave-2010. The 2020 survey was postponed due to COVID-19.

Achieving work-life balance is more challenging for women. Women in Kosovo* are primary home and family carers. A survey undertaken by Riinvest in 2017 with 600 employed women, examined the work-life balance of working women. Findings suggested that 15% of employed women reported an unfavourable working schedule as a barrier in their work (higher in the private sector) and 12% indicated a lack of flexible working arrangements (more prevalent in the public sector). Only 43% of women did not face problems in being fully committed to work, due to family responsibilities. The survey revealed that women spend an additional 3 hours taking care of their family and home in addition to 7.5 hours at work. In seeking a job, unavailability of flexible working arrangements and part-time jobs were found to be the most prevalent barriers to seeking a job.

There is a lack of affordable childcare facilities, a lack of a day care school system and a lack of access to caretaking services for the elderly. In 2019/20, only 6.2% of the gross enrolment rate of children 0 to 5 years were in pre-school²⁵, % of children 1-2 years old were, 6.2% of those aged 2-3 years and 10.4% of those aged 3-4 years old were in preschool education (KEEN, 2019). In December 2020, 1 081 elderly persons without family were accommodated (KAS, 2021) and there are no day care services for the elderly, something which could support the entrance of family carers in the labour market.

Long working hours challenge the possibility of work-life balance. Although the Labour Law, within Article 23 stipulates that in extraordinary cases, with the increase of volume of work and in other cases when required, on the employer's request, an employee shall work extended working hours (overtime) for a maximum of 8 hours per week, this is not respected. Data from the LFS reveal that in 2019 18.3% of workers work more than 48 hours a week, marking a decline of nearly 7 percentage point when compared to year 2018 (KAS, 2018 and 2020). Although the Law mandates an overtime pay or a time-off compensation, anecdotal evidence shows that this rarely occurs in practice.

By law, part-time workers have the same rights as full-time ones. Labour Law recognises part-time work, stating that the employee working part-time is entitled to all the rights deriving from the employment relationship on the same basis as a full-time employee and in proportion to the number of hours worked. Mothers with children up to 3 years of age and single parents as well as persons with disabilities are entitled to 2 additional working days off. However, there is no evidence on whether the legal provisions are implemented.

To support parents, the draft Labour Law foresees the possibility of a transfer from full- to part-time work, though only for special needs of parents. It is proposed that a parent who constantly cares for a child younger than 12 years old and who is working full-time, should be entitled to a transfer to a part-time job, or other changes in working hours if he/she requests so. However, the draft Law adds that the request may not be accepted if impossible due to objective reasons, but it does not indicate what these objective reasons would be. This, in turn, leaves room for different interpretations by employers, hence constraining the implementation of such flexibility.

²⁵ <http://masht-smia.net/Publikimet/35ALB.pdf>

In 2018, Kosovo* drafted the Law on Maternity and Paternal Leave²⁶ which is aligned with relevant EU directives (Council Directive 2010/18/EC of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC and Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/ 391 / EEC)).

The draft Law aims to regulate the rights and obligations related to maternity, paternity and parental leave and to establish a general framework for the work life balance of persons who care for children, including terms and conditions for financing such rights. The draft Law foresees 12 months of maternity leave, 3 months of maternity leave compensated by the employer at 70% of the basic salary, 6 months compensated by the government at 50% of the average salary in Kosovo* and last 3 months without a payment. The Law also regulates parental leave as an individual equal right of men and women, with up to 4 months which can be taken simultaneously by both parents. The draft Law has not passed by August 2021. Notwithstanding this, the government allocated EURO 7 million for 2021 for employed and unemployed mothers and also a EURO 20 monthly pay for children up to age two.

2.2.6 Healthy, safe and well-adapted work environment and data protection

Workers in Kosovo* are faced with poor working conditions. According to the European Working Conditions Survey (EWCS) 2010 data, large shares of workers work under conditions posing risks to their health. About 35% of workers in Kosovo* are not satisfied with their working conditions, compared to 18% of workers in the EU-28 (Eurofound, 2012). According to the fifth European Working Conditions Survey conducted in 2010²⁷, on average, workers in Kosovo* work under worse working conditions compared to their European counterparts. A larger share of workers in Kosovo*, at least a quarter of the time, are exposed to vibrations from tools and machinery (32%), loud noise (43%), chemical products (17%), to tobacco smoke²⁸ (48%), and materials that are infectious (18%). Nearly 40% of workers in Kosovo* reported that for most of their working hours, they were in a tiring or painful position, compared to only 16% of European workers. According to the Labour Inspectorate data, in 20120, there were 176 accidents at work, out of which 14 were work related fatal accidents- that is 0.05% of the employed as per LFS 2019.

A new EWCS will be running in first half of 2021, which will provide updated information on working conditions in Kosovo*.

Legislation protecting the health and safety of workers is in place. The Law on Safety and Health at Work was adopted in 2013 (04/L-161) mirroring the Framework Directive 89/391/EEC and covering all workers, including the self-employed and undeclared ones. According to Article 5 of the Law on Safety and Health at Work, every employer is obliged to carry out a detailed risk assessment for all workplaces in order to prevent the risks, including exposure of employees to substances harmful

²⁶ <https://konsultimet.rks-gov.net/Storage/Consultations/12-24-05-04102018/Projektligjitet%20per%20pushimin%20e%20lehonise%20dhe%20prinderor%20ANG%2003.10.2018.doc>

²⁷ Kosovo* participated only in the 2010 Survey.

²⁸ Currently the rate would be significantly lower, since smoking is prohibited in work environments in Kosovo* from 2013 onwards (Law No. 04/L-156 on Tobacco Control).

and hazardous to their safety and health at work during the working process. Pursuant to the Law, numerous regulations have been approved, which altogether have transposed about 90% of the EU Directives. During the period 2016-2017, 16 fully harmonised Regulations were adopted. In 2020, MLSW approved Regulation No.01//2020 on Amendment on Supplement of the Regulation No. 04/2014 on Minimum Safety and Health Requirements for the Workplace which defines minimum requirements for health and safety at work. Regulation (MLSW) No. 02/2021 on Workplace Risk Assessment was approved in March 2021 and defines procedures of workplace risk assessment, identification of hazards related to injuries at work, occupational disease and work-related disease and identification of preventive measures based on workplace risk assessment. The Regulation also regulates record keeping and preventive plans.

Legislation in the area of occupational health is missing, mainly concerning health surveillance, occupational health examinations and occupational diseases. Kosovo* has not yet developed the list of occupational diseases. There is no insurance against accidents and occupational disease, with negative consequences on the health of employees in cases of workplace injuries. Although the Law obliges employers to conduct risk assessments, to appoint employees in charge of overseeing and safeguarding safety and health at work, and to take measures against risks, it is considered that very few employers comply with these obligations. The MFLT drafted the Strategy for Safety and Health, which defines specific interventions to set up an effective system to increase safety and health at work, is not certain The MFLT is in the process of preparing documentation for training and licencing of work-related risk assessments.

The implementation of occupational safety and health at work is largely ineffective. Given that Kosovo* does not have an effective reporting system for safety at work, the incidence of work-related accidents is highly underestimated whilst no evidence exists for occupational health. The Labour Inspectorate records data on work-related accidents while the Independent Commission for Minerals and Mines²⁹ (Department of Inspectorate) carries out inspections in accident cases related to mines. Several challenges exist in safeguarding occupational health, but some progress has been achieved as well. The assessment of health conditions in companies, as well as monitoring of workers' health is not adequately maintained. The new Regulation on No.01 /2021 on Qualification of Persons Responsible for Occupational Safety and Health, Licensing of Occupational Safety and Health Services and Training Companies. The regulation sets out the conditions, criteria and procedures for the training of persons responsible for occupational safety and health, the certification of occupational safety and health experts, the licensing of legal entities providing services in the field of occupational safety and health as well as defining high risk economic activities related to occupational safety and health. Currently there are 14 licenced companies that provide Occupational Safety and Health at Work. Kosovo* does not possess information on financial costs associated with work-related accidents and ill-health. Moreover, there is little awareness among employers on the benefits of taking preventive actions and the costs related to accidents at work. During 2019, within the European Union Office in Kosovo* funded project 'Support to Labour Inspectorate for fighting against undeclared work', the MFLT has worked on the Strategy for Occupational Safety and Health at Work, which remains to be completed by the newly elected government if they decide to continue with it. The project has also organised numerous training sessions for labour inspectorates, 35 check list for labour inspectors, and developed manuals to improve inspection effectiveness etc.

29 <https://kosovo-mining.org/icmm/structure-of-icmm/?lang=en>

The legislation protecting personal data is in place. Protection of personal data is safeguarded by Law No.03/L – 172 on the Protection of Personal Data, approved in 2019. The Law determines the rights, responsibilities, principles and measures with respect to the protection of personal data and sets up an institution responsible for monitoring the legitimacy of data processing. This Law applies to the processing of personal data by public and private bodies. Article 41 states that every person has the right to lodge a complaint with the Agency if he or she believes that his or her right to data protection has been violated. The Agency for Data Protection also advises private institutions on all data protection-related matters, when requested to do so, including the interpretation and application of the relevant laws.

2.3 Chapter III: Social protection and social inclusion

2.3.1 Childcare and support to children

Despite consistent progress, access to early childhood education and care (ECEC) remains low. The reasons for low attendance in pre-school education (PSE) include a limited number of public kindergartens (only 4, distributed unevenly across the economy), a limited number of subsidised places for children from vulnerable groups (such as the unemployed), and a dominant policy and public perception on PSE as a care service for employed parents rather than a child's right for care and education (UNICEF, 2017a). Additionally, there are about 150 private and 5 community-based kindergartens, mainly located in big cities, the majority in Pristina (51).

Collection of enrolment data has improved over the years; however, the MEST's data should be treated cautiously. The MEST does not record the enrolment in unlicensed private kindergartens and community-based learning centres. At the same time, there is no age disaggregated information on the total number of children in Kosovo*. Hence, official enrolment rates published by the MEST are calculated by dividing the incomplete number of children enrolled in pre-school (PSE) and pre-primary education (PPE) with the projected (not actual) population of a specific age group provided by the KAS. The accuracy of enrolment data is further challenged by the fact that the MEST uses the old "Population Prediction Report 2011-2061" published in 2013 and not the latest "Population Prediction Report, 2017-2061" published in 2017, primarily because the estimated population of 0-4 year-olds in the former report is lower than the estimates provided by the latter (by more than 5 000), thus "assisting" the MEST to generate more favourable enrolment data.

Pre-school education is mostly seen as a care service for employed parents. Registering children in public kindergartens is subject to several point-based criteria, the most important being: working parents, poor parents, war veterans and war invalids and single parents. Thus, PSE is currently seen as a care service for working parents rather than an important aspect of children's entitlement to education and development. It is important that this attitude is challenged, and relevant policies and regulations are reconsidered to establish an appropriate balance between care and education in order to realise children's rights.

The provision of early childhood education and care is concentrated in urban areas. Most kindergartens are located in urban areas where shortages of spaces are common - only 22% of providers are able to accept new clients without putting them on a waiting list (World Bank, 2015a).

In smaller towns and rural areas there are fewer kindergartens, and some are even closing down due to a lack of demand for places among the local population. Poverty, rural-urban migration and a perception of kindergarten by the local population as a day care service rather than a learning opportunity for their children contribute to this low demand. Consequently, many mothers in rural areas, who stay at home during the day, see no reason or benefit in sending their children to kindergarten and paying for the service (UNICEF, 2017a).

Very few childcare providers offer free enrolment and the gap between the poorest and the wealthiest quintile is high. According to a recent World Bank (WB) report (2015a), a mere 3% of public providers and none of the private childcare providers offer full-day care for free. The 2019/2020-Multi-Indicator Cluster Survey (MICS) provides valuable information about high enrolment gaps, particularly between the poorest quintile (72.7% attendance of children age 36–59 months who are attending an early childhood education programme) and the wealthiest quintile (42.5% attendance).

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Despite the recent expansion of public kindergartens, the demand for a place remains higher than the supply, especially in urban areas. The MEST built five new public kindergartens in 2018 in five municipalities and is in the process of building seven additional kindergartens with EU funds in 2019³¹. These kindergartens will become increasingly available to poorer families through affordable means-tested fees that the new law on early childhood education and care aims to introduce. A UNICEF-commissioned study (FISCUS, 2017) concluded that a 90% PSE coverage can be reached in Kosovo* within 5 years, through a combination of public, private and community-based kindergartens. If only public kindergartens are used, this will limit the coverage to 40%, due to the higher average running costs of public kindergartens and lack of investment by the private and NGO sectors.

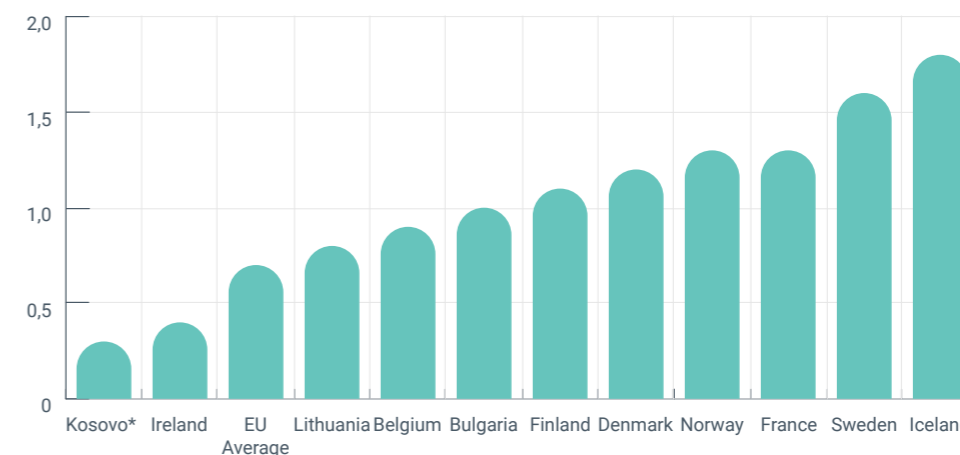
Municipalities are piloting community-based and public-private partnership kindergartens to increase enrolment. Pristina and Fushe Kosove have piloted kindergartens that involve partnering with parents and private investors respectively to provide subsidised ECEC. In both models, municipalities provide public premises, books and other learning materials, and also cover 50% of the fees for children. The remaining 50% is paid by parents - a practice already applied in public kindergartens. Community-based kindergartens are registered as NGOs and have considerable autonomy (including financial autonomy) that allows them to generate alternative funding from international or private donors. **Public expenditure on pre-school and pre-primary education remains far below the EU level.** In 2018/19, the public expenditure on pre-school was 0.4%, 0.8% in pre-primary education in Kosovo* or 0.3% of the GDP in total (MEST, 2019a). In comparison, France and Nordic countries spend more than 1% of their GDP on ECEC, with Iceland leading the group with 1.8% of GDP spent on ECEC and Sweden following with 1.6%. All other EU Member States spend no less than 0.5% of their GDP on ECEC (OECD, 2019).

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30 This widens inequalities in entering school, as those without PSE and PPE are often less prepared for primary school. In terms of access to public kindergartens, Britto et al. (2011) reported an unusual separation of roles between public and private kindergartens in Kosovo*, where the public and highly subsidised kindergartens were mainly attended by the upper quintiles of the population, while private and more expensive pre-school centres were mostly attended by the lowest quintile. This phenomenon fosters inequality for poorer families also because children at public kindergartens are entitled to free healthcare from medical centres, and kindergartens receive support from civil society and international partners with specialist training, specialist staff salaries, and contributions to equipment and materials.

31 In response to the National Plan, the MEST built five new public kindergartens in 2018, and is in the process of building seven additional kindergartens with EU funds in 2019.

Figure 1: Public spending on early childhood education and care as a % of GDP



Source: 2015 OECD data for EU Member States, 2019 national data for Kosovo* (most recent data)

The overall quality of childcare services in Kosovo* ranks just below the Western Balkans average. Kosovo* scores particularly well in materials, curriculum and learning, but relatively low in quality of infrastructure (World Bank, 2015a). However, the implementation of the well-designed competency-based curriculum for pre-primary education (5-6) that started in 2017 is facing many challenges. Teachers expressed their dissatisfaction with the insufficiency of the training and unclear instructions on how to implement the new curriculum. They felt unprepared and concerned regarding the implementation of the new curriculum. There is a need to build an effective system to monitor the work of private preschool institutions, to ensure that early childhood education policies and programmes are implemented accordingly (KEEN, 2019). To increase participation and improve the quality of pre-primary education, with support from the Swiss Caritas during the period 2017 – 2019, a total number of 56 pre-primary classes were equipped with inventory and accompanying material in several municipalities.

Public kindergartens provide good services, while the quality of pre-primary education in elementary schools is good but the duration is short. Kindergartens are open from 6.30 to 17.00 and offer both care and education. Children receive three meals a day and health check-ups from the local medical centres. Public kindergartens receive support from civil society and international partners in relation to specialist training, salaries of specialist staff, and contribution towards equipment and materials. PPE is also provided in primary schools in rehabilitated/refurbished classrooms that become available due to the reduced number of children in primary schools (except Pristina that is witnessing inward migration). International CSOs and other donors provide funds for refurbishing, equipping and resourcing PPE classes in primary schools. Learning is provided two hours per day, five days a week. Many argue that a total entitlement of ten hours a week is insufficient. Attendance in private kindergartens on the other hand is either full-time (eight hours a day) or part-time (four hours a day). PPE offered in primary schools is free of charge for all children (no parental fee is paid), except for extracurricular activities that require financial participation from parents. Administrative Instruction No. 15/2016 on Licensing and registering private preschool education institutions accelerated the procedures for licensing private preschool institutions. In the report published by the Division for Private Pre-university Education, it is noticed that 95 preschool institutions were licensed over the last three years. The programme for in-service training of educators working with

children of age 0-3 was drafted and implemented in cooperation with Save the Children and 50 educators benefited from the training in 2019 (KEEN, 2019).

A lack of trained inspectors hampers the adequate monitoring of ECEC provision. While MEST is in charge of licensing and monitoring the quality of services provided by licensed kindergartens, its regional inspectors are not trained to monitor services provided by kindergartens. Strengthening the capacity of education officials at the ministry and municipal levels should take place, to enable them to conduct external monitoring and evaluation of pre-primary education services and provide counselling to educational institutions. To monitor the competences for educators working with children of ages 3-5, a three-day training was organized with education inspectors and directors of preschool institutions to inform them about the educator competencies document, evaluation instrument and electronic database (KEEN, 2019).

The new law on early childhood education and care aims to improve access, quality and enrolment. In March 2019, the MEST established a working group to draft a new law on ECEC. This law aims (among other things) to facilitate the work and licensing of various pre-school entities (especially community-based and public-private partnership kindergartens) and make public kindergartens more accessible to poor families through the introduction of means-tested fees. The initial draft law was completed and sent to the MEST legal office for verification of compliance. It was also sent to the cabinet of the minister for comments. The drafting of the Law on Preschool Education, Early Childhood Education 0-6 years is in the 2021 government legislature programme.³²

Embedding community-based kindergartens in the new law will facilitate their expansion and increase access to ECEC. The community-based model has many advantages: kindergartens are smaller and easier to maintain; they can be established in each larger neighbourhood, thus improving accessibility and reducing travelling distance to the institution; they involve direct management by the community, thus guaranteeing sustainability and proper maintenance of kindergartens; they have greater autonomy (including financial), thus helping them to diversify their funding sources; and their start-up costs are lower since they mostly utilise unused public premises, which are reconstructed for the purpose of ECEC provision.

The introduction of means-tested fees for enrolment in public kindergartens could reduce enrolment gaps between the poorest and the wealthiest quintile. Given that only 3% of public providers and no private childcare providers offer full-day care for free (World Bank, 2015a), the introduction of lower fees for poorer families that is foreseen in the new draft law is a positive development and could help reduce the current enrolment gap between the poorest and wealthiest quintiles in Kosovo*.

Child benefits

Despite high child poverty rates, there is no targeted child benefit scheme in Kosovo*. The overall poverty rate for children in Kosovo* is higher than for the general population. According to the latest Kosovo* Consumption Poverty Report (KAS, 2019d) the overall poverty rate for children in 2017 (set at EUR 1.85 a day for an individual) was 22.8% compared to 18% for the whole population. Despite this, still there is no child benefit scheme in place in Kosovo*. Currently, children may only benefit from social assistance schemes if they belong to a family receiving such benefits. In fact, families

32 <https://kryeministri-ks.net/wp-content/uploads/2021/05/Programi-Legjislativ-per-vitin-2021.pdf>

who benefit from the social assistance scheme (SAS) additionally receive a child allowance of EUR 5 per month for each child under the age of 18.

A resolution from the Parliament requests the introduction of a universal child benefit scheme. On 7 November 2018, the Kosovo* Parliament adopted Resolution No. 06-R-014 calling for the introduction of the universal child benefit scheme. The Parliament demanded the Government to draft the legislation and to begin the implementation of the child benefit scheme in 2019. The resolution stated that the monthly child allowance should be decided based on household income, employment status of parents and age of the child. The new Government Programme 2021-2025 foresees the introduction of child benefits, amounting to a monthly EUR 20 for each child under the age of 2 and EUR 10 for children up to the age of 16.

Child benefits are also addressed by the proposed Social Insurance Fund. The concept document for the establishment of the Social Insurance Fund (SIF) recommended, among other things, the drafting of a new law that will determine the criteria and the amount of child benefits. The document suggests two models/options for child allowances: a) Universal child benefit. Households with more than one child would receive 100% of the amount for their first child, 50% for the second child and 25% for the third and any other children born thereafter; b) Targeted or means-tested child benefit scheme for households who have at least one employed person with an income below 60% of the median household income in Kosovo*. Households with more than one child would receive 100% of the amount for their first child, 50% for the second child and 25% for the third and any other children. As described, the Social Democratic Party took the lead of an ad hoc committee, but it remains unclear if the report on SIF was submitted to the Parliament before 22 August 2019, when the Parliament was dissolved.

2.3.2 Social protection

The majority of workers in Kosovo* are not covered by health insurance and there is no insurance against injuries and related illnesses sustained in the course of performing work³³. As stipulated by Article 5 of the Law on Safety and Health at Work, if workers are not insured with an insurance company, employers in Kosovo* bear all medical treatment expenses for employee/s who have suffered an injury at work, but this is not implemented for occupational illness. Moreover, the compensation system for non-fatal and fatal accidents is not yet in place.

A small share of the workforce is covered by private health insurance. Staff hired mostly by international organisations and the banking sector in Kosovo* are covered by private health insurance schemes. The share of workforce covered by private health insurance is very small. According to a recent survey (Farnsworth et al., 2016) only 6% of Kosovars declared to have private health insurance.

Sickness benefit is limited to 20 days and is largely covered by employers. Employees are granted a 100% salary replacement for up to 20 days a year for sickness leave according to both the Labour Law (Nr.03/L-212, Article 89) and the General Collective Agreement (Article 49) signed in 2014 by the Union of Independent Syndicates, the Kosovo* Chamber of Commerce on behalf of employers, and the Kosovo* government. Although it is not explicitly made clear who bears the replacement responsibility, in reality, it is employers who continue to pay the wage while the person is on sick leave without receiving any compensation from the government. There is, however, no data available concerning the scope of Kosovo* employers' costs on sickness benefit replacements.

33 Article 60 in Labour Law No. 2010/03-L-212 on Compensation for Occupational Injuries.

There is legal ambiguity regarding benefits in the case of work-related diseases. The Labour Law regulates (articles 76-78) that in cases of professional sickness employees' wages are replaced at 70% for a period of between 10-90 days; while the General Collective Agreement (Article 89.2) stipulates that the employees have instead a right to a 100% replacement for 90 days in cases of injury or professional sickness.

Employers bear the responsibility for recovery costs in cases of work accidents. Article 60 of the Labour Law stipulates that the employer bears the responsibility to cover employees' expenditures in cases of injury at work, which in practice has been implemented often by employers in the form of coverage of hospital costs during interventions in cases of employee injuries (Boletini, 2018).

The law on work-related disability pensions was adopted but implementation has not started yet. A flat, minimum disability pension (currently set at EUR 75) is only granted to individuals younger than 65 years old who have 100% disability from work-related injuries or diseases

Individuals with long-term injuries, who do not qualify for a disability pension, are expected to find private solutions to treat their injuries. The absence of longer-term sickness protection at work causes serious poverty of injured employees who have to find private solutions, namely, rely on private loans and support from other family members to recuperate from work-related injury (see Boletini 2018).

The current maternity leave is considered long where the financial burden is borne largely by the employer. Table 8 shows the number of beneficiaries between 2011 and 2020 and includes government compensation of 50% of the average economy wage for 3 months.

Table 8. Number of beneficiaries who received paid maternity leave from the government by sector, 2011-2019

Year	Civil Servants	Public Sector	Private Sector	Total	Total government expenditure in EUR
2011	364	256	128	748	256,833
2012	203	560	363	1,126	506,319
2013	238	570	462	1,270	523,212
2014	204	531	624	1,359	592,711
2015	185	519	729	1,433	958,372
2016	265	570	940	1,775	1,155,320
2017	248	548	1,083	1,879	1,260,842
2018				2,152	1,432,547
2019		1,098	1,390	2,488	1,642,699
2020		992	1,694	2,686	1,819,031

Source: Employment Agency (2021)

Combined parental leave is negligible. Additional combined parental leave (either paid or unpaid) beyond maternity leave is very limited or inexistent in Kosovo* (paternal leave is limited to 2 paid days). According to Law No. 05/L -023 on the Protection of Breastfeeding, nursing mothers that return to work from maternity leave after 6 months, if not utilising the maternity leave after the sixth month of the leave, from the sixth month up to one year, have the right of using two hours of paid break daily during the working hours, additional to the regular break. The Law does not

explicitly state the rights for mothers that return to work prior to 6 months, which may leave room for misinterpretation by employers.

The drafted Labour Law and the proposed Social Insurance Fund aim to address shortcomings of the current social protection policy. As stated earlier, the newly drafted Labour Law is aiming to partially transfer the financial burden of maternity leave from employer to the government, to introduce home-based work and telework as forms of employment relationship, and to introduce the term 'dependent work' that refers to informal employment. The draft Labour Law aims to improve working conditions in Kosovo* to the level comparable to European standards, taking into account the current state of the economy in Kosovo* and its need for further development. The basis of this reform is the transposition of EU and best practices of EU member states in field of labour law. At the same time, the development of the Social Insurance Fund would regulate work invalidity, sick leave, unemployment insurance, age pension, family pension, early retirement, parental leave, unemployment insurance and children allowance for employees. All these could provide stronger employment protection and increased union and worker participation in industrial relations. The new government is planning to undertake a reform, but it is not clear on their approach.

2.3.3 Unemployment benefits

There is no unemployment benefit per se in place in Kosovo* to serve as a temporary bridge to reemployment. The Concept Document of the former MLSW adopted in late 2018 proposed unemployment benefits. The Ministry proposed the creation of an unemployment protection insurance programme as part of a general public social insurance institution. The document (MLSW 2018: 43-44) sketches an unemployment benefit (financed from future insurance contributions) issued under the condition of willingness to participate in retraining and labour activation institutions when: (1) an individual has been in uninterrupted employment for at least 24 months; (2) employment has ended due to employer's bankruptcy, or due to technological changes and reorganisation. The length of the benefit was proposed to be a maximum of six months while replacement would take into account prior earnings/contributions.

Current financial support to the unemployed mainly comes in the form of social assistance. The social assistance scheme is considered a last-resort income support scheme designed to provide financial support to those in poverty (World Bank, 2019b). There are mainly two types of beneficiaries who receive social assistance: category I, all household members must be either incapable of working or not of working age; category II covers families with one member able to work, at least one child under five years old³⁴ or those who are permanent guardians of an orphan under 15 years old. The family member capable of working must obtain a confirmation from the employment office that confirms his or her unemployment, and that he or she is actively seeking work.

Despite activation efforts, dependency on social assistance persists. When an individual, who is a recipient of social assistance, gets a job that generates an income, he/she loses the right to receive SAS. Moreover, the emphasis of the social assistance scheme on increased activation is aimed at reducing social assistance dependency. For instance, category II individuals, who are capable of working, must maintain their registration as unemployed with the EA to demonstrate their unemployed status and bona fide efforts to find a job. However, given the low minimum wage and

34 The criterion of having a child under 5 for Category II eligibility is considered arbitrary and counterintuitive by most local and international stakeholders (e.g. UNICEF, KOMPF). It is unclear why Category II beneficiaries should become ineligible when the age of their youngest child reaches five. While one could use, for instance, compulsory school starting age to justify an age limit, the cost of raising a child does not become significantly less and/or discontinuous at the age of five.

poor working conditions in Kosovo*, beneficiaries may opt for remaining under social assistance schemes. Moreover, those in social assistance schemes may engage in informal work when possible, in order not to lose the social assistance.

The unemployed who are part of the social assistance scheme receive other benefits. The benefits include payment of a portion of the electricity bill, exemption from fees in primary and secondary healthcare services, coverage of student tuition fees, exemption from payment of other utilities, and exemption from municipal administration tax payments (World Bank, 2019b).

The main form of support to the unemployed comes in the form of Active Labour Market Measures (ALMM) implemented through Employment Agency, which although still low it has increased over the years. The main form of support to the unemployed, other than social assistance, comes in the form of ALMP programmes listed under Table 3. Despite attempts of the EARK to activate social assistance beneficiaries, due to social assistance and accompanying other benefits, a very limited number of beneficiaries have joined the scheme. In 2019, only 97 social assistance beneficiaries have participated in ALMPs and only 51 were intermediated. EARK does not have data about participation of social assistance beneficiaries in trainings provided by VTCs.

The current nature of ALMM targeting towards the unemployed needs to be reformed. In recent years, the national public employment agency has developed a profiling tool to help determine the distance of a jobseeker from labour market integration. However, the tool appears to have been maintained mainly for analytical work and does not appear to be actively used to target those most in need.

2.3.4 Minimum income

The SAS is the only cash transfer programme of social protection linked to poverty reduction; however, it is not a guaranteed minimum income scheme. As noted by the World Bank (2019: 22), the social assistance scheme is not a guaranteed minimum income scheme, as it provides a flat rate and is not meant to enable those who receive it to be brought to a guaranteed minimum income. The scheme does not complement other public transfers or incomes of applicants with the objective to bring recipients to a pre-defined guaranteed minimum income standard (World Bank, 2019b). Instead, it is a fixed-amount flat-rate benefit. Law No.4/L-096 stipulates that the monthly amount of SAS is set based on the number of family members and based on the cost of the minimum food basket.

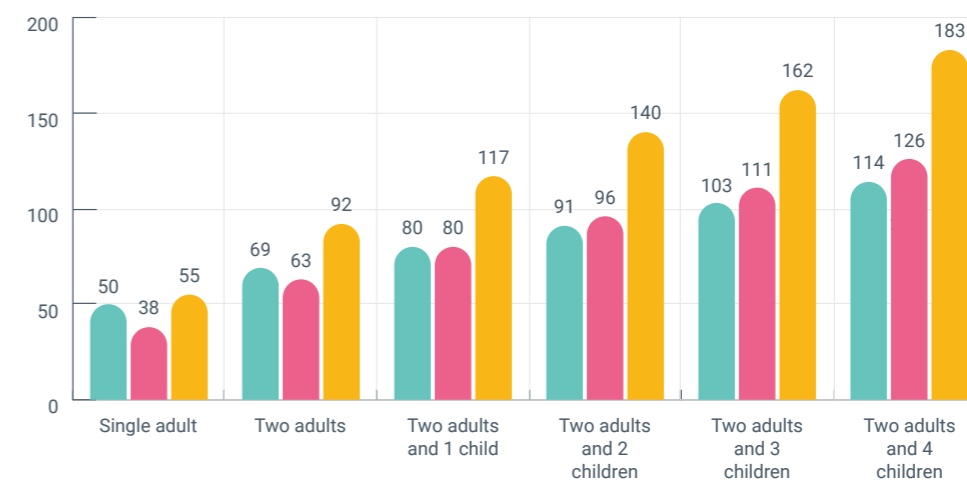
The current design of SAS does not promote activation and productive use of available labour. Apart from the reasons explained earlier, the possibilities for activation are also restricted by the profile of SAS beneficiaries who are registered as unemployed. Compared to the general pool of unemployed, they are more disadvantaged in the labour market and more distant to jobs due to longer unemployment spells, less work experience, lower education attainment, and less willingness to be trained (World Bank, 2019b).

Targeting accuracy of the SAS is good, but the coverage of the poor receiving SAS is low. The number of households receiving social assistance in Kosovo* in March 2019 was 24,995 while the total number of beneficiaries was 102,335 (KAS, 2019b). According to a recent World Bank report, the proportion of SAS beneficiaries in each population quintile is progressive, with nearly 85% of SAS recipients belonging to the bottom 40% and about 70% of SAS beneficiaries belonging to the

poorest quintile (World Bank, 2019b). However, the coverage of the poor is low - in 2016, about two-thirds of the poorest quintile did not receive any SAS benefits (World Bank, 2019b). Hence, the targeting accuracy appears to be a result of a high poverty rate and a small beneficiary base rather than appropriate targeting of the poor. Fortunately, nearly 20% of the poorest 40% in Kosovo* receive remittances, which provide an important safety net for these families (World Bank, 2019b).

The average level of SAS benefits per person increased significantly over the last years; however, the adequacy of SAS benefits varies greatly by household size. The equivalence scale of the SAS assumes disproportionately high economies of scale for larger families thus affecting the adequacy of SAS benefits for these families. After the second family member, the benefit amount for additional members is EUR 7.5 per month for adults and EUR 12.5 for children (World Bank, 2019b). Most authors (World Bank, 2019b; UNICEF, 2017b; IMF 2016; Elezaj, 2014) argue that the benefits for additional family members do not reflect their consumption needs, thus resulting in significant differences with regard to the adequacy of the SAS for households of different sizes (see Figure 2). While the Monthly Standard Gross Rate (MSGR) for a single adult lifts the beneficiary out of the extreme poverty line and almost out of poverty, the MSGR is around 30% lower than the poverty line for families with more than two members, even if these are children (assumed lower consumption) and accounting for child allowances of EUR 5 (UNICEF, 2017b).

Figure 2: The adequacy of the SAS benefits according to household size



Source: UNICEF, 2017b (data from the MLSW and KAS, 2016 and 2017)

The absence of automatic price indexation of SAS benefits³⁵ and the eligibility criterion of having a child under age five for Category II remain the main weaknesses in the adequacy of the scheme. The latter was introduced due to budget constraints, and under the assumption that the child's caretaker would be able to find a job easier when the child is at this age. However, in reality, the chances of the caretaker to find a job are generally low, hence the family is removed from the scheme although their financial situation may have not improved. In fact, these families are left out of the scheme when the needs of the child only increase (higher food consumption, need for learning materials and clothing for school, etc.) (UNICEF, 2017b).

³⁵ Although the WB reported that despite the lack of formal inflation indexation of the SAS benefit, discretionary increases of the benefit amount by Kosovo* Government had more than offset the benefit erosion and led to an increase in the real value of SAS.

The MLSW has been working to reform the SAS scheme. The previous MLSW is seeking to reform the Social Assistance Scheme aimed to eliminate discrimination in the programme design and promote inclusion. The World Bank conducted an assessment to inform the direction of the social assistance reform. The report suggests the removal of current categories I and II to avoid an a priori exclusion of some poor households; the application of an equivalence scale that will give more weight to larger households; and the improvement of targeting measures through a more comprehensive means test that takes into account all observable incomes and household members and does not disqualify beneficiary families based on a single source of income. Reforming social assistance is one of the aims set in the Government Programme 2021-2025, though it is not clear what it entails.

Kosovo* has high in-work poverty (IWP)³⁶ rates, especially among the self-employed. The overall IWP rate was 15.2% in 2017 (see ESPN's TR1). Most in-work poverty in Kosovo* is found among self-employed individuals, young and middle-aged employees, and low-educated workers. In terms of gender, more in-work poverty is found among male employees than female employees. However, the overall IWP rate declined by 6.8 percentage points (p.p.) during the reference period, 2012 to 2017. The highest decline in IWP occurred among young employees, low-educated employees, and women. The high IWP results from a number of factors, namely a low overall employment rate (29.8% in 2017), a particularly low employment rate among women (12.5%), and a workforce dominated by individuals with secondary and lower education (52.6%).

There is no package of potential direct policies that would enable Kosovo* to tackle in-work poverty in a deliberate manner. For example, there are no policies to exempt low-income earners from social charges, and so, irrespective of income level, wage earners are required to pay social contributions. In addition, there are no formal income transfer schemes for low-income earners. Nor are there any tax credits for low-income earners, or child tax credit.

2.3.5 Old age income and pensions

Kosovo* runs a three-pillar pension system. The system was introduced in 2002 in line with the advice of the World Bank and other international organisations working in Kosovo*. Originally, the pension system was organised as follows:

Pillar I: A flat-rate basic pension for all residents aged 65 or above, in the beginning connected to the cost of a minimum food basket (2 100 calories per day) increased few times by government decision and since April 2021 it is set at EUR 100 per month.

Pillar II: Mandatory individual pension savings, consisting of the minimum 10% of gross salaries paid equally by employers and employees and managed by the autonomous body Kosovo* Pension Savings Trust (KPST). Pension contributors of the KPST, if their savings at the time of retirement are less or up to EUR 3 000 the full amount will be transferred to any bank account in Kosovo* that contributors provide. If the balance is equal to or over Eur 3 000 shall be qualified for a Phased Withdrawal of pension savings. In this case the contributor can withdraw immediately 20% of the savings and each month, the bank shall make a payment of minimum OF EUR 200 or 1% of the



³⁶ IWP is measured on the basis of the Household Budget Survey (HBS) rather than the European Union Statistics on Income and Living Conditions (EU-SILC). A person is considered at risk of in-work poverty if he/she is in employment and lives in a household that is at risk of poverty according to HBS data. A person is in employment when he/she worked for more than half of the income reference year. Employed individuals can be waged employees or self-employed. A household is at risk of poverty (or "income poor") if its equivalised disposable income is below 60% of the national equivalised disposable household median income. The population covered is those aged 18-64.

pension savings balance if that balance is over EUR 20 000. In total the maximum payment period of the pension from Pillar II will be 100 months, which means that when person reaches age of 73 will not have only the basic pension of EUR 100 per month.

The public funded Pillar I, makes the bulk of the pension system in Kosovo*. Pillar I is entirely financed through general taxation. When the pension system was introduced in 2002, Pillar I consisted of a universal, flat-rate basic pension issued to all 65-year-old citizens; it was later complemented with a pension on full permanent disability (2004). Pension amount in both cases at the beginning of these pension schemes were calculated based on the costs of 2 100 calories of food per day for an individual. However, since 2006 (with the transfer of power from the United Nations Mission in Kosovo* to local institutions) and especially after the declaration of independence in 2008, Pillar I was continually layered from politics in the form of separate schemes for particular groups causing variation in payments, in disability measurements, and age qualification criteria. As of 2020 there are more than 23 pension schemes and sub-schemes. Pension schemes were introduced in different times covering different groups as follows:

- a. Individuals who had at least 15 years of work experience before 1999 receive contributory pension at age 65. Beneficiaries of this scheme receive also benefits from Pillar II if they have paid contributions in this Pillar. More than 49 000 beneficiaries incurred a total costs of EUR 119.9 million for 2020. The number of beneficiaries in this scheme will start to decrease in year 2031 due to the condition of having 15 years of work experience before 1999. Technically, persons born in 1966 will be the last ones who possibly can fulfil this condition.
- b. Family and work invalidity pension also related to work before 1999. On December 2020 there were more than 3 700 beneficiaries of family pension and more than 80 work-invalidity pension beneficiaries with a total cost of around EUR 4.5 million.

Pillar II is related to contributions paid in KPST and is foreseen to become the main pension scheme in the long term. Pillar II is based on the model called defined contribution, whereby benefits are not known (as they depend on contributions to the fund and returns from the investments that KPST manages) on but contribution is regulated. The pension savings are managed by KPST, an autonomous body whose board (usually involving international experts as well as local ones) is elected by the Parliament. Assets under the management of the KPST in 2020 were close to two billion. KPST reports every year about investment returns which are mainly positive. The KPST applies a cautious approach to its investments, which is regulated very strictly by the law. In 2020 due to the Covid-19 pandemic crisis and according to the Law on Economic Recovery, the government decided that every citizen who has savings in KPST can withdraw 10% of their savings. The Law foresees reimbursement of these beneficiaries whose pension savings amounted up to EUR 9 999. By December 31, 2020, 397 557 applicants had applied successfully and withdrew EUR 185 418.

The pension savings in Pillar II are currently low. Savings are low due to numerous factors but mainly due to low salaries, a short period of contribution to Pillar II (19 years since the beginning of the Pillar II) and most importantly due to the low pension contribution of only 10%, which is the lowest in Europe. The average monthly contribution in 2020 was EUR 43. In 2020, contributions received were EUR 194 364 329 whereby the pension payments were EUR 49 608 754.

Pillar III is very small (less than 1%) and underdeveloped, encompassing the Kosovo*-Slovenian Pension Fund.

The pension reform aims to introduce a fourth pillar for the first time to the pension system. The proposed reform plans to tie all pension payments as a percentage of market wages. Aiming to prevent further growth of expenditures and schemes financed from the government revenues, the previous MLSW initiated a concept document of reforms in the late 2018. The document proposes the establishment of a Social Insurance Fund to manage old-age pensions, pensions due to disability at work, sickness allowances, unemployment protection and children's allowances. The fund would be financed from employers' and employees' contributions.

The reform also aims to end the layering of the general tax-financed pensions benefiting powerful interest groups by establishing universal rules and increasing the income of ("average") pensioners. The main proposed changes regarding pensions are:

- i. Former Pillar I, financed through general taxation, will be named Pillar Zero (0). Basic old-age pensions will be means-tested to individual income and set to at least 20% of the median market individual income or not less than 50% of the minimal wage. For disability pensions, the rules that determine the level of disability for ordinary citizens will now also apply to invalids of war. Also the reform foresees on scheme for all persons with disabilities;
- ii. In Pillar II, the old-age pension income will be calculated by dividing the overall saving (savings in Pillar I plus Savings in Pillar II) by the average life expectancy after age 65 (144 months in 2018). If the resulting pension income is lower than 60% of the median income (which corresponds to the income poverty threshold according to the EU definition), the basic pension (Pillar 0) will be added to it entirely or only to cover the difference. Pensioners with income equal to or higher than 60% of the median will not receive the basic pension
- iii. Pillar I will kick in to finance the pension of retirees after they have spent their savings in Pillar II (that is, after 144 months), under the same terms they sustained in Pillar II, until the end of one's life. Thus, if an individual used to receive EUR 100 a month from Pillar II for 144 months, Pillar I will continue to pay EUR 100 after 144 months and until the end of one's life. This will be financed from contributions from employers (1.5%) and employees (1.5%).

2.3.6 Health care

The current health system should guarantee universal access for everyone, but user fees and other out-of-pocket payments place a heavy burden on the poor. Depending on services required, patients incur some co-payment costs. In the primary sector, except for vulnerable population groups that are exempt by law, patients pay user fees (co-payment) of EUR 1. Secondary and tertiary care fees depend on the type of treatment and the medical institution. For instance, specialised treatment in the Psychiatric Clinic of Kosovo* University Clinical Centre costs EUR 5, some other clinic might charge a different price. In addition, most patients pay for their medicines. The World Bank most recent estimates indicate that out-of-pocket expenditures accounted for 30.6 percent of the total in 2017, up from an estimated 28.3 percent in 2015, which exceed the recommended WHO threshold of about 20 percent of total health expenditures. The 2017 World Bank report indicates that high out-of-pocket spending contributes to impoverishment in Kosovo* with an estimated 7 percent increase in the poverty headcount associated with out-of-pocket health care payments, mostly on medicines. Therefore, it is strongly suggested that the mandatory health insurance scheme should therefore prioritize spending on drugs, both to reduce out of pocket spending and improve quality of care (World Bank, 2017a).

Access to health care is limited. It is estimated that 18% of the population does not seek services even in case of illness, due to economic reasons (ERP 2021-2023). While there was no difference by gender, this seems to have affected older people more than younger people. The most commonly stated reasons for not consulting a doctor were that they 'wanted to wait and see if the problem got better on its own' (34%) or they could not afford it (27%). Other reasons for not utilising healthcare services included that they could not take time off from work or from caring for others (11%); and fear of doctors, hospitals, examinations or treatment (5%), among other reasons (Farnsworth et al., 2016).

Utilisation of preventive care remains very low. According to a recent survey, 53.9% of survey respondents never had a general health examination. Very few people used screening tests to detect cancer – as many as 97.4% of surveyed citizens have never been screened for colon cancer, and 95.3% never have had a colonoscopy. Among women, 91.1% have never been screened for breast cancer, while 44.2% had never heard of a mammogram (Farnsworth et al., 2016). Low utilisation hence may partially relate to a lack of knowledge regarding the availability of affordable, and in some cases free, healthcare preventive services.

Despite improvements, the number of doctors and the number of hospital beds remain significantly lower than the EU average. In 2019, there were 3,855 public beds (1,981 in secondary care and 1,874 in tertiary institutions) and 576 beds in private institutions, resulting in a total of 4,431 beds (KAS, 2020b) or 2.5 per 1,000 inhabitants³⁷, which is less than half of the EU average of 5³⁸ beds per 1 000 inhabitants. Furthermore, according to the most recent data, in 2018, Kosovo* had only 170 physicians per 100,000 inhabitants, 23 dentists, 30 pharmacists, 553 nursing professionals and 5 midwives. These numbers are lower than in neighbouring economies and EU-27 (372, 74, 89, 577 and 38 respectively) (Eurostat).

The outmigration of health professionals will weaken the already fragile system. According to the German Federal Employment Agency, 7 204 Kosovars were working in the medical sector in 2019, reflecting an increase of 809 compared to the previous year.³⁹ The same source highlights that the demand for care workers is expected to increase, since Germany will be short of approximately 200 000 caregivers five years from now, according to forecasts. The healthcare sector has more workers than it can accommodate in Kosovo* (GAP, 2020). According to the Kosovo* Doctors Chamber, there were more than 600 doctors in Kosovo* in December 2019. Of these, 60 were specialists who were unemployed as a consequence of the budgetary constraints and mismatch between the number of students in specific fields and job vacancies. The chamber issued 115 migration-supporting documents to doctors in 2019, but only 5 in 2018 (GAP, 2020). Additional pressing challenges for Kosovo* are the average age of doctors, which is 53 years, and the fact that the Ministry of Health is not opening up new positions. The chairman of the Federation of Health Unions of Kosovo* (FSSHK) said in an interview with the GAP Institute that each year about 350 nursing students graduate from the public education system and 4 000 do so from the private system. In 2018, 1 400 graduates competed for 100 vacant nursing positions. In 2020, to respond to the pandemic, 608 new doctors were employed and 1 500 health graduates were engaged in specialist areas. In a survey conducted by FSSHK in 2014, 60.6% of surveyed nurses replied that they were inclined to emigrate, their main

37 The KAS population estimation for 2018 is used, estimated at 1,798,506: <https://ask.rks-gov.net/media/5022/estimation-population-2018.pdf>

38 https://ec.europa.eu/eurostat/databrowser/view/hlth_rs_bds/default/table?lang=en

39 See the news report in DW: <https://www.dw.com/en/balkan-nurses-headed-to-german-hospitals-a-lush-business-for-intermediaries/a-51960206>

reasons being higher pay (29%) and professional development (27%). According to the German Institute for Employment Research (2019), the demand for healthcare employment will continue to rise in the future in light of current social and economic trends. In July 2019, the German Federal Minister of Health Jens Spahn visited Kosovo*, where he announced that Germany needs 70 000 nurses. The concern raised by the FSSHK chairman is that nurses are initially recruited to provide care for older persons and perform other similar tasks, i.e. their skills are underutilised.

The MoH and the Health Insurance Fund (HIF) did not roll out the mandatory health insurance. The law on health insurance intended to ensure funding for health insurance mainly from personal income tax. However, further analysis revealed that the revenue for health insurance would be insufficient, and the law should be promulgated. The HIF was working to promulgate the law and drafted a revised version of the law. In the meantime, the HIF developed certain aspects of the secondary legislation, namely Administrative Instructions to determine the prices of medicines and medical devices as well as the criteria for exemption from payment for certain categories. It also worked on the HIF information system and e-prescription, and testing started. Finally, HIF continued to recruit staff since they need to strengthen their own capacities before premiums can be collected. The HIF also conducted a financial analysis of the collection of premiums and expenditures of the HIF for the next three years. In the Government Programme 2021-2025 and ERP 2021-2023, the amendment and approval of the Law on Health Insurance is foreseen, together with the plan for drafting of the secondary legislation for determining the criteria for exemption from payment of contribution and human and infrastructure capacity building for the HIF related to collection of contributions.

The inability to establish a functioning Health Information System (HIS) is hampering adequate planning and delivery of healthcare services. The current HIS has been abandoned and a new process for the development of HIS has been initiated by the MoH. In 2019 the HIS was being rolled out in 29 municipalities, limited to primary healthcare facilities. Full operationalization of the HIS is one of the aims of the 2021-2025 Government Programme.

A Concept Document from the MLSW considers financing of healthcare from national revenues (rather than contributions) and managed by an autonomous fund. The proposal is based on the concern that in the context of Kosovo*, if mandatory health insurances starts with implementation based on the existing (2014) concept, it could have various negative consequences such as increased public revenues spent on public sector wages by the employer (government) contributions; potential for increased public revenues spent on health insurance benefits for various social groups, limited amount of contributions received from employers and employees due to relatively low employment rate; exclusion of the unemployed population in cases they are not officially accounted as poor; most health insurance funds could be used to pay for services from private health service providers, and other.

2.3.7 Inclusion of people with disabilities

The legal framework guarantees equal rights and non-discrimination for people with disabilities; however, it has several weaknesses related to the content. The vague language of the Law on Disability Pensions places several categories of PWDs at risk of not qualifying for a disability pension, while the rigorous criteria require a person to be "totally and permanently disabled and incapable of any form of occupational activity" in order to qualify for a disability pension. Also, many laws are incompatible with the needs of PWDs as PWDs are rarely consulted during the process of drafting laws that affect them.

Although there is no reliable data on the violation of property and inheritance rights among PWDs, there are reports that suggest families frequently exclude PWD members from inheritance processes (USAID, 2018).

There is a limited access to educational facilities and limited learning materials for students with visual and hearing disabilities. Most educational facilities (at all levels) do not provide appropriate physical infrastructure for students. In addition, there is lack of learning materials for students with visual and hearing disabilities, such as a lack of digitalized or recorded lectures in Albanian and learning materials in braille. Children with intellectual disabilities such as Down Syndrome or autism have yet to be integrated into the education system (USAID, 2018). In 2020, with support from municipality of Prishtina a new building for Down Syndrome is being constructed, where services and support for children will be provided.

The legal provision for employing one PWD per every 50 employees is not being implemented. According to a USAID report (2018), none of the central and local level institutions that were monitored adhered to this mandatory quota. Factors that contribute to this lack of implementation include inadequate enforcement mechanisms, low fines for breaking this law, and insufficient knowledge among employers about the existence of the law (USAID, 2018).

Unemployment is high among PWDs. Evidence from a survey with 404 PWD in 2019 (UNDP, 2019) has found that 15 % were employed. When it comes to disclosing their health issues at work, ten percent reported to not have discussed their disability. About 40% of employed individuals reported not facing any challenges in their workplace, while others reported numerous challenges such as low wages (29%), poor working conditions (19%), lack of access to infrastructure (16%), lack of health insurance and other benefits (15%), lack of transport (13%) and discrimination based on disability (11%) among other challenges. Responses provided from 210 interviewed businesses suggest that the main reason why businesses have not hired persons with disabilities is that no job applications have been received from persons with disabilities (62%) and key challenges to hiring/encouraging persons with disabilities are lack of experience in hiring persons with disabilities (32%), inadequate work conditions 32%, and the nature of work being such that it cannot be effectively performed by persons with disabilities (29%). Business suggested several strategies for increasing employment of PWDs, namely, awareness raising for employment of PWDs, flexible work schedule and access to assistive technology. Without employment, PWD lack access to their own resources and therefore become dependent on government-provided social assistance coupled with support from their families. Such dependency can place PWD in a vulnerable position and undermine their ability to participate in decision-making at home and in public spaces.

There is a lack of appropriate healthcare for people with disabilities. This includes inappropriate services for PWDs and weak capacities of medical personnel in working with PWDs. Insufficient capacities, combined with the lack of specialists in several fields, leads to frequent misdiagnosis of both physical and intellectual disabilities, followed by inadequate treatment and prescriptions. Further, hospitals and other medical facilities do not offer any rehabilitation services for PWDs.

The National Strategy on the Rights of Persons with Disabilities 2013-2022 provides guidelines to protect and promote the rights of PWDs; however, implementation is inadequate. The 2015 Progress Report on the Strategy implementation reported underperformance: out of the planned 93 indicators, 49 were incomplete, under development, or had not started yet. Many factors contribute to this, including insufficient budget allocation, lack of political will, and weak enforcement mechanisms.

The National Commission for Reporting and Implementing the Strategy has never been functional, thus undermining an adequate evaluation of the Strategy's implementation. In addition, the National Disabilities Council has not been operational since the 2017 elections, exacerbating the problem of inadequate monitoring mechanisms (USAID, 2018). The 2020 European Commission progress report indicates that a comprehensive new law on persons with disabilities has not yet been adopted and authorities are not effectively implementing existing legislation, including the Law on Paraplegic and Tetraplegic Persons. The administrative instruction on rehabilitation and supporting equipment for persons with disabilities also needs to be drafted and adopted. The implementation of the Law on Blind Persons and the Law on Employment (of which a part regulates the employment of people with disabilities in the public institutions) is equally limited. A strategy for people with disabilities is in place but a new action plan for the 2020-2023 period remains to be adopted. Authorities should increase financial support to scale up community-based social and health services and increase efforts to effectively integrate people with disabilities into the educational system.

Based on the latest World Health Organisation World Disability Report, which suggests that 15% of the world population lives with a disability, we can assume there are anywhere between 170,000 to 260,000 people with disabilities in Kosovo*.

2.3.8 Long-term care

Most of the long-term care in Kosovo* is provided informally at the household level. Most citizens of Kosovo* believe that caring for the elderly at home by family members is an obligation and the most appropriate way of helping their aging loved ones. A recent WB study (2015) reveals that citizens of Kosovo* believe that it is their obligation to take care of their parents and that the care needs of the elders can be best met at home by family members.

Despite recent advances, there are still fewer publicly provided long-term care services in Kosovo* than elsewhere in the region. Residential elderly care is provided in the main House for Elderly without Family Care in Pristina (HEWFC) and in the three community-based elderly care centres in municipalities of Skenderaj, Gurakoc/Istog and Gračanica. HEWFC is managed by MLSW, while community-based centres are managed by municipalities since January 2016. The budget for these centres is planned as part of the Ministry of Finance, Labour and Transfers budget. In Quarter 4 of 2020, there were 65 residents in the Pristina House for Elderly without Family Care (capacity 110), 7 residents in Gračanica community-based centre (capacity 10), 19 in the centre in Gurakoc (capacity 20) and 20 in the centre in Skenderaj (capacity 17) (KAS, 2021). As stipulated in the Government Programme for 2021-2025, 5 additional elderly houses are planned to be constructed.

Only people over 65 years of age and without family care can benefit from public residential care. According to AI 10/2014, in order to be eligible for public residential care, applicants must be Kosovo* citizens, over 65 years of age, without biological or adopted children and without a mental disorder or communicable disease. All costs are covered by the MLSW. Three categories of people are placed in such homes: dependent, semi-dependent and independent persons.

There is concern regarding the quality of services in residential care centres. The current format and quality of formal residential care for the elderly are seen by most participants in a WB survey as inadequate in addressing the care needs of the elderly and therefore mostly incompatible with social norms (World Bank, 2015). The report of the Office of the Ombudsperson in Kosovo* (2016) revealed that the old infrastructure and a lack of required medical staff affected the quality of services that

were provided at the HEWFC. Community-based centres, on the other hand, had good internal infrastructure and provided enough medicaments for the residents; however, they lack in-house medical doctors; have inadequate infrastructure for persons with disabilities; lack psychologists and physiotherapists; and offer limited daily activities.

Public day care services are limited to Pristina. Pristina is the only municipality that runs public day care centres for the elderly. Two Socio-Cultural Centres for Elderly offer recreational activities for socialisation of elderly people and food and can accommodate up to 40 people each. In 2020, a centre was constructed in Ferizaj. According to the WB report (2015), the demand for such centres throughout Kosovo* is very high.

Private day care and residential care centres are available, but very few can afford them. Private services are mostly found in urban areas and offer varying services, from basic day care to quality residential care. They are generally expensive and cannot be afforded by the majority considering modest pensions, something confirmed in a recent WB survey (World Bank, 2015). The same survey revealed that some private centres provided price discounts based on the elders' monthly income, family situation, type of room, elder's health condition, and elder's status as a war invalid (World Bank, 2015).

Shtime Institute is the only residential facility providing care for individuals diagnosed with mental illnesses. According to KAS, there were 62 residents in the Shtime Institute in the 4th quarter of 2020 of which 42 Albanians, 10 Serbs and 10 from other nationalities (KAS, 2021d). Most long-term mental health cases are however dealt with in the Community Mental Health Centres, which were established in the main regions in Kosovo*. These are day care centres that provide treatment and care for patients, while they are expected to spend the rest of the time with their families.

The current situation gives Kosovo* a distinct advantage in the modernization of long-term care services. The rising demand for care services in Kosovo* provides an opportunity to develop a modern formal care system. The service is not yet regulated, and accessibility of such services is very limited and not affordable for the majority of families. The MLSW Strategy 2017-2021, foresees the shift in provision of eldercare, by introducing family foster care for older people. The MLSW plans to work with interested families to train and license them.

2.3.9 Housing and assistance for the homeless

Housing assistance in Kosovo* is provided as part of a broader policy approach that aims at improving the situation of different vulnerable groups. The assistance targets households receiving social assistance (including Roma, Ashkali and Egyptians), displaced persons, returnees and repatriated persons, and women who are victims of domestic violence (limited to provision of temporary shelter). Interventions, therefore, are fragmented and do not address the housing needs of all residents. Most cases of homelessness in Kosovo* fit into two ETHOS-light⁴⁰ categories: a) category 3 ("houselessness")—many IDPs, refugees and victims of domestic violence live temporarily in institutions or shelters; and b) category 5 ("living in inadequate housing")—many potential beneficiaries of social housing programmes in Kosovo* live in unfit housing or in extreme overcrowding.

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<https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion>

The limited assistance with social housing currently excludes working households. The Law on Financing Specific Housing Programmes (Law No. 03/L-164) was adopted in 2010 aiming to provide access to adequate housing for those in need who are unable to afford it. The legal framework in Kosovo* establishes a points system, whereby potential beneficiaries are awarded points across several categories: housing status; income/employment; structure of the family; health condition; disability. Priority is given to the families of martyrs in the former conflict; single-parent families; or families caring for orphans and families receiving social assistance.

There is no official definition of homelessness. In addition, previous attempts to measure homelessness (e.g. the 2011 census) have not succeeded. Unlike other economies where people living rough are almost universally defined as homeless, this is not the case in Kosovo*. The ESPN national report states that most cases of homelessness in Kosovo* refer to internally displaced persons [IDPs], refugees, repatriated persons (mostly returned migrants from EU Member States [often forced return]) and victims of domestic violence living temporarily in institutions or shelters), or people living in inadequate housing, namely in unfit housing or in extreme overcrowded conditions (Baptista and Marlier, 2019).

Data on housing needs are incomplete. According to the Law on Financing Specific Housing Programmes (Law No. 03/L-164), municipalities are required to conduct housing needs assessments and prepare three-year social housing programmes. As of 2019, only 22 out of 38 municipalities in Kosovo* have prepared these programmes, and only 11 programmes are still effective, since the three-year validity period for the remaining municipalities has passed (MESP, 2019).

As data from other 16 municipalities are absent, it is impossible to estimate the total number of households in need of housing assistance in Kosovo*. More accurate data expected to become available during 2019, as the European Commission (EC) has assisted the Ministry of Environment and Spatial Planning (MESP) to develop a national database on social housing. The database will include precise information on current beneficiaries/tenants and the total number of households in need of social housing.

The implementation of existing municipal three-year housing programmes is very low as municipalities lack funding. According to incomplete records from the MESP, 51 social housing facilities with a total of 1,178 social housing units were built across Kosovo* between 2003 and 2018 (MESP, 2019). To address shortages of social housing units in Kosovo*, the MESP was planning to pilot the construction of 200 new social housing units in two municipalities (not yet selected) and then extend the project to other municipalities if the model proves successful. The MESP is negotiating with the Western Balkans Investment Framework (WBIF) and Council of Europe Development Bank (CEB) to obtain a soft loan for the finalisation of the two pilot projects. **A combination of funding approaches is used by municipalities to implement housing projects.** In the absence of government funding, municipalities have identified alternative funding mechanisms. The Pristina municipality has adopted a public/private partnership approach to developing its housing projects. The residential blocks are constructed on the municipal property by a private developer, after which a certain number of units are placed under municipal ownership for use as social housing, while the remaining units are sold by the developer. The Pristina municipality completed two projects using this approach, one for allocation of apartments for rental use for martyr's families, invalids and veterans of war and the other for families receiving social assistance. Other municipalities provided construction materials and direct funds to households to improve their housing situation. Key challenges to meeting housing needs for vulnerable groups in Kosovo* are the lack of comply

with legal requirements to assess the housing needs; lack of accurate and reliable data on housing needs in each municipality and an absence of a national strategy on homelessness (Baptista and Marlier, 2019).

Housing conditions of Roma, Ashkali and Egyptian community remain poor. There are still approximately 100 informal settlements with overcrowded conditions, inadequate access to water, electricity, waste collection, public transport and roads in Kosovo* (HRC, 2016). The National Strategy for Inclusion of Roma and Ashkali 2017-2021 has assessed the number of people experiencing housing vulnerability at around 6,000 persons.

The government is planning to support housing. The government plans to draft the Law for Social Housing and design policies and plans in accordance with situation analysis. The Feasibility Plan for Social Housing will be completed, the aim is to leave no one behind, thus secure housing for everyone. A novelty to this government programme is the foreseen support for sustainable housing for households with 4 members through "120x120" and "150x150", where the beneficiary households will become owners of apartments by paying from EURO 120 to EURO 150 per month for 120 to maximum 159 months. The annual cost of this programme is estimated to be EURO 22 million, which will be reimbursed gradually to the institution that is planned to be established.

2.3.10 Access to essential services

Access to power supply is universal. In terms of affordability, beneficiaries of social assistance receive energy cost assistance. Every year, the government of Kosovo* allocates EUR 4.5 million for energy cost assistance to families that receive social assistance and it continues covering electricity costs for North Mitrovica (in 2021, EURO 11 million are planned). The maximum monthly amount allocated per household is EUR 20. The KAS report for Q4 of 2020, reports that 25 679 families benefited from this assistance.

KAS reports that 89.5% of Kosovo* population are connected to water supply systems (2016), however expert reports suggest lower figures (76%). MICS 2019/2020 data indicated that 98% of household members are using improved sources of drinking water and 92% of household members were using improved sources of drinking water either in their dwelling/yard/plot or within 30 minutes round trip collection (KAS, 2020f). Rural areas (15%) and particularly households from Roma, Ashkali and Egyptian communities (21%) are more prone to live in areas with un-improved sewage services. About 60% of households had piped water into the dwelling, 73.5% in urban areas and 46.8% in rural areas. A survey found that 75.9% of the household population stated that drinking water was available in sufficient quantities.

The quality of water and reliability of supply from water systems is adequate. According to the National Institute of Public Health, the quality of water provided by water systems is appropriate. However, the concern is with the 20% of the population who does not have access to water supply systems operated by RWCs. In terms of reliability, only 1.74% of the clients connected to water supply systems of RWCs do not have uninterrupted water supply, while 0.18% of them reported low water pressure from the system (ARRU, 2019). The 2019/2020 MICS survey reports that 23.1% of the tested household's drinking water had E. coli contamination in household drinking water.

One-third of households in Kosovo* are not connected to a sewage system. The MICS 2019/2020 found that 90.5% of household members were using improved sanitation facilities (98.2% in urban

compared to 76.2% in rural areas), out of which 85.4% were using piped sewer system and 89.7% of household members using improved sanitation facilities which are not shared (KAS, 2020b). The wastewater from sewage systems in Kosovo* is mostly untreated - at the end of 2018, only 0.7% of the economy's wastewater was treated, while the majority was either partially treated or not treated at all. The donor community is assisting Kosovo* in building additional wastewater treatment facilities.

There is high internet penetration and usage in Kosovo*. In 2020, 96.4% of households had an internet connection from a device at home (higher than in 2019 (93.2%) (KAS, 2021c). Internet usage is also intensive, with 95.6% of individuals reporting using it every day in the last three months, marking an increase in comparison to the year 2019 (90.7%). The report includes information on the usage of the internet for e-government, e-trade and personal reasons but does not contain information on the purpose of usage, i.e. if usage is for information, communication, problem-solving, content creation. Almost every fourth individual has used the internet for private purposes for activities such as public services, government agencies or administration over the last 12 months.

Utilisation of railways is decreasing, while access and utilisation of motorways has improved significantly. There are 333 km of railways in total in Kosovo*. The number of passengers has been constantly falling since 2011 - from 357,000 in 2011 to 58,820 in 2020 (KAS, 2021b). In terms of roads, there are a total of 2,379 km of roads in Kosovo*, of which 97% (2,378.7km) are asphalted. In particular, the network of highways has increased significantly, from 38 km in 2011 to 137.2 km in 2020 (Ibid.).

3 Conclusion

Kosovo* has been hit by the COVID-19 crisis, which to some extent slowed down implementation of foreseen reforms. Economic activity is estimated to have fallen 6 percent in 2020 and the economy is expected to return to the previous growth levels only in 2022. During 2020, the primary focus of the government was to manage the health situation and also to support financially citizens and businesses, while planned reforms stagnated. The draft Labour Law was not approved, the pension and social reforms were not completed. The government implemented measures within the Emergency Fiscal Package, Economic Recovery Programme and some of the measures that derived from the Law on Economic Recovery. Particular focus was devoted to social assistance beneficiaries, pensioners, individuals that lost their jobs and businesses that were hit by pandemic.

The main weaknesses in the Pillar remain in implementing the legal provisions. This stems from limited commitment, insufficient budget, limited cooperation between institutions, limited capacities of institutions, and limited data to track progress.

Women, youth, people with disabilities and Roma Ashkali and Egyptian communities are the most vulnerable groups with regards to employment. Efforts to support these groups should be intensified, through ALMMs but also from other ministries. For example, only 4% of agriculture subsidies are benefiting women while women account for more than half of agriculture sector. Similar discrepancies in accessing public funds are observed across most ministries and agencies (see Kosovo* Programme for Gender Studies 2020-2024)⁴¹.

Overall, Kosovo* stands well in terms of the legal framework related to labour relations. Protection against discrimination and equal access for all is safeguarded through numerous legal provisions. Kosovo* has also developed national strategic documents that aim to redress gender imbalances, support the employability of youth and increase the integration of members from Roma, Ashkali and Egyptian communities. The applicable Labour Law and Law on Safety and Health at Work present a sound basis to protect workers and ensure their access to decent jobs. Kosovo* has institutions mandated to oversee the implementation of the regulatory framework.

Kosovo* was on the path of undergoing significant social protection reforms; however limited progress has been made. The plans to improve access to early childhood education and care through the facilitation of community-based kindergartens and the introduction of means-tested fees in public kindergartens have not been undertaken. The current government has these items in the 2021-2025 programme. The government is planning to construct new kindergartens and adapt unused school buildings. The government also foresees subsidising kindergartens for families in need. Furthermore, efforts to establish the Social Insurance Fund aim to provide unemployment protection, while the housing reform foresees the inclusion of persons at risk of in-work poverty among the beneficiaries of social housing. The Law for Health Insurance will be revised and capacities for its implementation will be enhanced. There appears to be commitment from the government to reform pensions in order to ensure pensions for young generations. In addition, a

41 <https://abgj.rks-gov.net/assets/cms/uploads/files/Programi%20i%20Kosov%C3%ABs%20p%C3%ABr%20Barazi%20Gjinore%202020-2024%20-%20ANGLISHT.pdf>

new draft law on maternity and parental leave planned to introduce paternal leave for the first time and lift the burden from the employer. There was also an initial proposal by the previous MLSW in the Concept Document to introduce unemployment and sickness benefit.

Kosovo* should explore a better mix of financing sources, in particular by utilising contributions, but the discussions on the right balance should be informed both by local context and the European developments. Another goal of the potential reform should be the rise of relevance of contributions in financing social protection against social risks such as old age, invalidity at work, long-term sickness, unemployment protection, etc. However, in doing so, the government needs to find the right balance. The low employment rate implies that the contributions collected will likely result in relatively limited budgets collected, also relatively low capacities in terms of governance of public institutions suggest that it could be challenging to ensure highly qualified human resources to successfully manage contributions. These points should be seriously considered before any decision on the future saving charges (contributions) for Kosovo* Pensions Savings Trust is taken. In addition, the European level developments show that population is aging, the nature of jobs is often changing (e.g. part-time and short-term jobs are more present).

Social housing lacks attention and data. There is limited information about needs for social housing and also information about the state of existing social housing. Some municipalities do not possess any social housing (for example Dragash). The current government aims to support housing for those in need and new couples-the latter one to be financed through instalment payments and subsidies from the government.

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5 Key policy priorities for the short to medium term

Education, training and lifelong learning

Increase investments in preschool childcare facilities, also in rural areas; and

Increase participation in education of children with special needs and those from Roma, Ashkali and Egyptian communities.

Gender Equality

Utilise the legal right to apply affirmative actions, to achieve gender equality. Good practices implemented during COVID-19 crisis should be replicated and extended

Develop entrepreneurship programmes, tailored to support women in entrepreneurship, accompanied with follow-up business development support;

Increase access of women to property; and

Amend the Labour Law by introducing mandatory paternity leave.

Equal opportunities

Enforce implementation of legal provisions to increase employment of persons with disability and those from Roma, Ashkali and Egyptian communities

Active support to employment

Further increase budget for ALMMs with specific focus on women and youth; and

Enhance the service provision of the Employment Offices in order to offer individualised assistance and support in enhancing employability.

Secure and adaptable employment

Reduce the length of the maximum duration of the fixed term contract;

Ensure that internship is paid and is recognised as working experience;

Regulate volunteer work to be accounted and employment experience; and

Address informal employment, based on recommendations provided from the EU commissioned assessment within the project

Wages

Ensure that workers are not paid below the national minimum wage.

Revise the minimum wage.

Information about employment conditions and protection in case of dismissals

Increase effectiveness of courts in employment cases.

Social dialogue and involvement of workers

Increase representativeness of private sector in the trade unions;

Increase participation of women in trade unions and in decision making positions;

Enhance capacities of social partners, particularly of trade unions; and

Increase direct consultations with workers.

Work-life balance

The new government should take into account the draft Labour Law amendments with regards to the like home-based work and include possibilities for transfer from full to part-time work; and

Ensure that Labour Law is implemented, so workers do not work more hours than what is foreseen by Law and that they are paid over-time hours.

Healthy, safe and well-adapted work environment and data protection

Continue enhancing capacities of labour inspectors to oversee the implementation of Labour Law and Law on Safety and Health; and

Develop legislation in the area of occupational health, including a list of occupational illnesses.

Childcare and support to children

Adopt the new draft law on Early Childhood Education and Care and begin its implementation. Promote and support community-based kindergartens.

Finalise the core curriculum for pre-school education (0-4) and start its implementation. Train educators on the new curriculum.

Increase the number of inspectors and improve their capacities to monitor provision of early school education in public and private kindergartens.

Undertake an assessment for the poor education quality and take concrete steps for improving the quality of education

Social protection

Undertake the pension reform and introduce the social insurance



Introduce work-related insurance schemes, including protection from long-term absence from work due to illness.

Unemployment benefits

Introduce unemployment insurance through the planned Social Insurance Fund.

Improve the quality and the target of ALMPs.

Minimum income

Complete the reforms of the social assistance scheme. The WB report provides a comprehensive list of modifications that should improve inclusion and efficiency of SAS.

Old age income and pensions

Complete the pension reform.

Health care

Amend the Health Insurance Law in accordance with consultations with all stakeholders.

Fully functionalise the Health Information System and start utilising data for evidence-based planning.

Inclusion of people with disabilities

Enforce the implementation of mandatory quota for PWD in companies that employ more than 50 workers.

Long-term care

Complete the legal framework to begin with the provision of foster care for the elderly. Train and license families that are interested to provide foster care. Develop a scheme that will provide cash benefits for foster care families.

Expand access to day care services for the elderly in municipalities outside Pristina.

Housing and assistance for the homeless

Adopt the new law on social housing and begin its implementation.

Enforce the completion of three-year social housing plans by all municipalities and prepare the first national social housing strategy based on municipal reports.

Functionalise the online data system.

Create a separate budget line/code for social housing projects within the MESP and municipal budgets.

Formally define homelessness and collect accurate data on homelessness in the upcoming 2022 Census.

Access to essential services

Expand access to potable water the population that does not have access to water supply systems.

Increase the share of households connected to a sewage system.

Increase the number of wastewater treatment facilities.

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