

REGIONAL COMPARATIVE REPORT ON WOMEN'S EMPLOYMENT IN WESTERN BALKANS



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Regional Comparative Report on Women's Employment in Western Balkans

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Table of Contents

| | |
|---|-----------|
| List of Abbreviations | 8 |
| Executive summary | 9 |
| I Introduction | 12 |
| 2 State of play | 14 |
| 2.1 Women labour force participation | 14 |
| 2.2 Women employment | 20 |
| 2.3 Educational attainment of women in the workforce | 23 |
| 2.4 Unemployment | 24 |
| 2.5 Women employment by sectors of activity and the respective impact of COVID-19 | 27 |
| 2.6 Women employment by occupation | 31 |
| 2.7 Status in employment | 33 |
| 2.8 Informal employment | 35 |
| 2.9 Part-time work | 37 |
| 2.10 Gender pay gap | 38 |
| 2.11 Gender care gap | 41 |
| 3 Gender sensitivity of immediate COVID-19 policy response | 43 |
| 3.1 Tax delays and reductions | 43 |
| 3.2 Special support to selected sectors of the economy | 44 |
| 3.3 Financial support to companies and liquidity protection | 45 |
| 3.4 Social protection | 45 |
| 3.5 Encouragement of consumption and revitalization of the economy | 46 |
| 3.6 Support for job retention and labour market reintegration | 47 |
| 3.7 External partners initiatives | 48 |
| 4 Governance of employment policy and institutional strengthening | 50 |
| 4.1 An overview of the governance structure of employment policy | 50 |
| 4.2 Legal and policy framework | 56 |
| 4.3 Current progress of employment policy objectives | 57 |
| 4.4 Gender equality and employment policies | 63 |

| | | |
|----------|--|-----------|
| 5 | Public Employment Services | 66 |
| 5.1 | PES framework in Western Balkans | 66 |
| 5.2 | The role of PES in promoting women's employability and labour market integration | 69 |
| 5.3 | ALMPs in the Western Balkan economies | 75 |
| 5.4 | Expenditures on ALMP in Western Balkans | 76 |
| 6 | Entrepreneurship | 79 |
| 6.1 | Progress on governance of women entrepreneurship policy | 80 |
| 6.2 | State of play of women entrepreneurs in the Western Balkans | 83 |
| 7 | Conclusions | 86 |
| 7.1 | Main findings | 86 |
| 8 | Annex | 89 |
| 9 | References | 96 |

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List of Figures

| | | |
|------------|--|----|
| Figure 1. | Distribution of men and women populations of age 15-64 by main economic status, average rates during 2018-2020 | 15 |
| Figure 2. | Gender gaps in participation rates of population aged 15-64 in the WB economies during Q1.2018-Q3.2021 | 16 |
| Figure 3. | Change in labour force participation rates, by gender, 2018 -2021* (pps) | 17 |
| Figure 4. | Young people (share of 15-24 year-old age group) not in employment, education and training by gender in 2020 (%) | 20 |
| Figure 5. | Women quarterly employment rates for population (15+) in the Western Balkans economies during Q1.2020-Q3.2021 | 21 |
| Figure 6. | Gender gaps in employment of women aged 20-64 in the Western Balkan economies during 2018-2020 | 22 |
| Figure 7. | Educational attainment of employed of age 25+ in 2020 (%) | 24 |
| Figure 8. | Unemployment rates of women over 15 years old in the WB economies during Q1.2018-Q3.2021 | 25 |
| Figure 9. | Gender gap in unemployment rates in the WB economies during Q1.2018 – Q3.2021 | 26 |
| Figure 10. | Educational attainment of the unemployed in selected Western Balkan economies and EU-27 in 2020 (%) | 27 |
| Figure 11. | Employment shares by gender and sectors in the Western Balkan economies in 2019 | 28 |
| Figure 12. | Changes in employment shares in 2020 by sector | 30 |
| Figure 13. | Distribution of employed women by occupation in 2020 | 31 |
| Figure 14. | Distribution of men and women 15+ by status in employment | 33 |
| Figure 15. | Self-employment by status in 2020 (%) | 35 |
| Figure 16. | Informality shares during Q1.2018-Q2.2021 in selected WB economies (%) | 36 |
| Figure 17. | Incidence of part-time work by gender in the Western Balkans economies during 2018-2020 | 37 |
| Figure 18. | Total Budget of PES as percentage of GDP (2020) | 69 |
| Figure 19. | Ratio of registered unemployed jobseekers to total LFS unemployed and gender gap, 2020 | 71 |
| Figure 20. | Number of registered jobseekers per counsellor (2019) | 72 |
| Figure 21. | Distribution of job-seekers by education and gender in 2020 (%) | 73 |

| | | |
|------------|---|----|
| Figure 22. | Job-seekers employed through mediation (% of total registrants) (2018 - 2020) | 74 |
| Figure 23. | Firms with women participation in ownership (% of firms) | 84 |
| Figure 24. | Gender gap in employment rates of women aged 15-29I in the Western Balkan economies | 89 |
| Figure 25. | Trends in employment rates of youth and working age population | 90 |
| Figure 26. | Structure of employment and GDP by sector in Albania | 91 |
| Figure 27. | Structure of employment and GDP by sector in Bosnia and Herzegovina | 92 |
| Figure 28. | Structure of employment and GDP by sector in North Macedonia | 92 |
| Figure 29. | Structure of employment and GDP by sector in Montenegro | 93 |
| Figure 30. | Structure of employment and GDP by sector in Serbia | 93 |
| Figure 31. | Structure of employment and GDP by sector in Kosovo* | 94 |

List of Tables

| | | |
|-----------|--|----|
| Table 1. | Participation rates in WB economies during 2018-2020 for the population aged 15-64 | 16 |
| Table 2. | Tertiary educational attainment of population 30-34 years old (%) | 19 |
| Table 3. | Employment Rate (20-64) for Western Balkan economies during 2018-2020 | 21 |
| Table 4. | Percentage of women in managerial, and senior and middle management positions in 2020* | 32 |
| Table 5. | Gender pay gap by occupation in Western Balkan economies (%) | 39 |
| Table 6. | Gender pay gap by economic activity in Western Balkans (%) | 40 |
| Table 7. | Employment Policies Governance System in Western Balkan economies | 51 |
| Table 8. | Scores for Employment Policy Dimension in Western Balkans* | 62 |
| Table 9. | PES main budget components (% of total expenditure) | 70 |
| Table 10. | Expenditures on ALPM as percentage of GDP | 77 |
| Table 11. | Percentage change in expenditures on ALMP (%) | 77 |
| Table 12. | Coverage of ALMPs in Western Balkans economies during 2018-2020 | 78 |
| Table 13. | Scores for women's entrepreneurship in the Western Balkans | 80 |
| Table 14. | Distribution of registered unemployed jobseekers by age in 2020 (%) | 95 |

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

List of Abbreviations

| | |
|-------|--|
| ALMP | Active Labour Market Policies |
| CEB | Council of Europe Development Bank |
| EBRD | European Bank for Reconstruction and Development |
| ESAP | Employment and Social Affairs Platform |
| EIGE | European Institute for Gender Equality |
| EUPSR | European Pillar of Social Rights |
| FBiH | Federation of Bosnia and Herzegovina |
| GDP | Gross Domestic Product |
| ICT | Information and Communication Technology |
| IT | Information Technology |
| IMF | International Monetary Fund |
| LEA | Labour and Employment Agency |
| MCC | Millennium Challenge Cooperation |
| MoFE | Ministry of Finance and Economy of Albania |
| NAES | National Agency for Employment and Skills of Albania |
| NES | National Employment Service of Serbia |
| NEET | Neither in Employment nor in Education or Training |
| OECD | Organisation for Economic Co-operation and Development |
| PPS | Percentage points |
| PES | Public Employment Service |
| RFI | Rapid Financing Instrument |
| RCC | Regional Cooperation Council |
| RS | Republika Srpska |
| EAM | The Employment Agency of Montenegro |
| WB | Western Balkan |
| WEI | Women Empowerment Index |

design. In terms of outcomes, most of the measures were considered as neutral because they did not specifically address gender-based inequalities, such as lower access to finance and other resources by women-owned businesses, their higher vulnerability to shocks, a greater unpaid work burden, the small size of women-owned businesses and their high informal employment.

The Western Balkan economies need to commit to a continuity of reforms related to gender equality and improvement of women's situation in the labour market. In order to close gender gaps in participation, employment, pay, care, and entrepreneurship, the Western Balkan economies should engage in applying a gender-sensitive approach to all policies that might affect the state of women's situation in the labour market. Adding gender sensitivity to existing and new policies would enable their connection with women's context in the society, and if institutionalized, by laws or broad implementation and monitoring practices, would serve as an important step to achieve gender positive outcomes.

The implementation, monitoring and evaluation of employment policies, and women's entrepreneurship programmes remain areas for further improvement. The lack of statistical data disaggregated by gender concerning different indicators of the labour market, public employment services, gender-responsive budgeting, women entrepreneurs, imposes barriers towards the design of better policies. Their availability can unlock the development potential of women to their benefit and the benefit of the society as a whole. Making these data available should be a priority for policy partnerships to allow the systematic monitoring and evaluation of public policies and performance management. Additional effort is needed to support institutions in improving their staff capacities for the design and implementation of the gender-sensitive measures and integrating these into their everyday tasks, data analysis, monitoring and evaluation.



I Introduction

Since the spread of the COVID-19 pandemic in the first quarter of 2020, the Western Balkan economies have suffered socio-economic consequences. During Spring 2020, all respective governments undertook restrictive measures, starting from social distancing, school closures, closure of businesses operating in non-vital sectors and limited activity of the vital ones, curfews, and confinement to prevent the spread of the virus. These restrictions in economic activity were associated with a decline in demand for goods and services, international trade, GDP, and government revenues, while increasing the pressure to increase health expenditure, increasing social costs and the financial burden to the governments of some of these economies with already a limited fiscal space, i.e., limited ability to implement fiscal measures to support vulnerable individuals and companies. EBRD's assessment of Western Balkans economies, classified Montenegro as an economy with low fiscal space, Albania and Serbia with moderate space, and the other economies with a high fiscal policy space (EBRD, 2020).⁵ Compared to 2019, the 2020 real GDP growth rates were negative in all economies. Montenegro had the highest decrease of 15.3%, which could be explained by its high dependence on the tourism and travel sectors, which accounted for 30.9% of the GDP in 2019 but decreased to 8.8% in 2020. Serbia was the least affected economy in terms of GDP contraction.

The decrease in GDP and the restrictive measures undertaken by the Western Balkans governments were associated with deteriorating conditions in the labour market, particularly in the second quarter of 2020. The partial release of the restrictive measures by the end of spring 2020, raised expectations of a faster recovery in the labour market compared with that of other sectors of the economy, but although it improved, recovery was still subdued. In 2020, most WB economies suffered lower participation rates and high inactivity, but job retention measures contributed to lower decreases in the employment and unemployment rates.

Government responses towards job retention was mainly aimed through broad-based wage subsidies, but they were not designed with a gender-positive response perspective, nor were they designed to protect informal workers, unpaid family workers, and other vulnerable groups in the labour market. Furthermore, no considerations were given as to how the adopted measures would affect women-owned enterprises. Taking into account the labour market dynamics, the vulnerability of women employment and the potential spillovers of the crisis to other sectors of the economies, gender-positive recovery policies and practices are necessary to tackle those potential challenges.

Gender gaps in the labour market outcomes are persistent in the Western Balkans. Boosting women's participation to the rate of men in the Western Balkans would boost its Gross Domestic Product (GDP) by 20% (World Bank, 2018), and 5% of this increase would be due to the higher participation of women in entrepreneurship activities. Increasing women's access to economic opportunities should be a key objective in the Western Balkans. Gender equality is also an important part of the EU strategic



⁵ EBRD. 2020. Resilience to the COVID-19 shock in the EBRD regions. April. Available at: <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395291170800&d=&pagename=EBRD%2FContent%2FDownloadDocument> [Accessed 9 December 2021]

engagement. The COVID-19 pandemic has imposed new barriers to women's participation and employment. The pandemic lockdown disproportionately hit the sectors which employ a higher share of women, and increased pressures of unpaid care work within the household. The COVID-19 crisis has halted progress toward gender parity, but the magnitude of the effects on women employment differs across these economies, depending on the sectoral distribution of employment, the gender distribution within sectors and the size of the economic contraction.

Western Balkan economies have recorded progress in establishing mechanisms to tackle gender inequality and have strategies for gender equality in place. Some Western Balkan economies have made progress in providing gender-sensitive vocational guidance. Others, such as North Macedonia, have made progress in revising the legislation to avoid gender discrimination. Nevertheless, concerns are common and relate to the implementation and funding, rather than to the quality of the strategic documents. The PESs are the main institutions facilitating transition to work. They are typically responsible for registering the unemployed and paying out unemployment benefits, providing information about employment opportunities, supporting job search and placement services and delivering ALMPs. In some Western Balkan economies, the PES is responsible for provision of vocational training and career counselling. The PES offices across the region lack the necessary human and financial resources to address the challenges they face in meeting these responsibilities. The caseload of specialist staff is high by European standards and the outreach and coverage of support services for jobseekers are limited, given the high number of registered unemployed.

This report aims to provide a comparative overview of the women employment in WB economies. In doing so, the report focuses on providing new data to point to emerging and concerning trends in the labour market and in measuring gender gaps. The second chapter provides an analysis of the factual, state of play of gender employment in the Western Balkans, the gender gaps in the labour market, progress on equal participation across different sectors of the economy, the gender pay and gender care gap and how the COVID-19 pandemic has affected the situation of women. A gender-lens analysis of the design and outcomes of the COVID-19 measures is provided in Chapter 3. Chapter 4 provides an analysis of the institutional setup and the legislative and strategic framework towards gender equality, and Chapter 5 provides a detailed account of the PESs activities, and their impact on alleviating labour market gender inequality, including an analysis of ALMPs which address women's labour market integration and enhance their employability. Chapter 6 analyses women entrepreneurship and Chapter 7 concludes and provides some common policy recommendations.



2 State of play

Gender equality and empowerment are essential to sustainable economic development, productivity growth, increased competitiveness, and the social development of any economy. In the Western Balkans considerable progress has been recorded during the last decade to close gender gaps in education, but persistent gender gaps have been recorded in participation, employment, and pay. In the Western Balkans women's inactivity rates are quite high and their presence in the labour market is also characterised by high levels of informality, unpaid household work, unpaid care work, high shares of vulnerable employment, low representation in managerial positions, and high concentration in labour-intensive sectors and low-paid jobs.

The average women empowerment index (WEI) score for five of the Western Balkan economies⁶ was 77.3 out of 100 in 2020, close to the EU average score of 80 in 2019 (WEF, 2021).⁷ The index takes into account economic participation and opportunity, educational attainment, health and survival, and political empowerment. In the region, the highest scores were achieved by North Macedonia (97.7) and Serbia (78.0). Bosnia and Herzegovina (60.8) scored the lowest in 2020. Nevertheless, the WEI score for all economies improved compared to 2019. Data from 2019 WEI show that Kosovo* scored only 27.4, the lowest among the European economies (OECD, 2021).⁸ This chapter provides an analysis of the state of play of women's situation in the labour markets of the Western Balkan economies.

2.1 Women labour force participation

Figure 1 shows the distribution of the population aged 15-64 by gender and by main economic status - inactive, employed, or unemployed - and large gender differences are immediately evident. The figures indicate that the unexplored productive potential of the male population aged 15-64 years old extends from 22.6% in North Macedonia to 40.3% in Kosovo*, with a WB average of 28.6% during 2018-2020. However, more than half of the productive potential of women (50.6%) in the same age group remains untapped and a high variation is observed, from the lowest inactivity rate of 39.1% in Serbia to about 79.9% in Kosovo*. Compared to EU-27, the average share of men's inactivity in the WB economies is about 7 percentage points higher, but among women the difference is more than 18 percentage points higher. These gender participation gaps are contributing to a lower growth of the Western Balkan economies, undermining social and economic development and at the same time diminishing women's perspectives, their welfare, well-being, and their bargaining power.

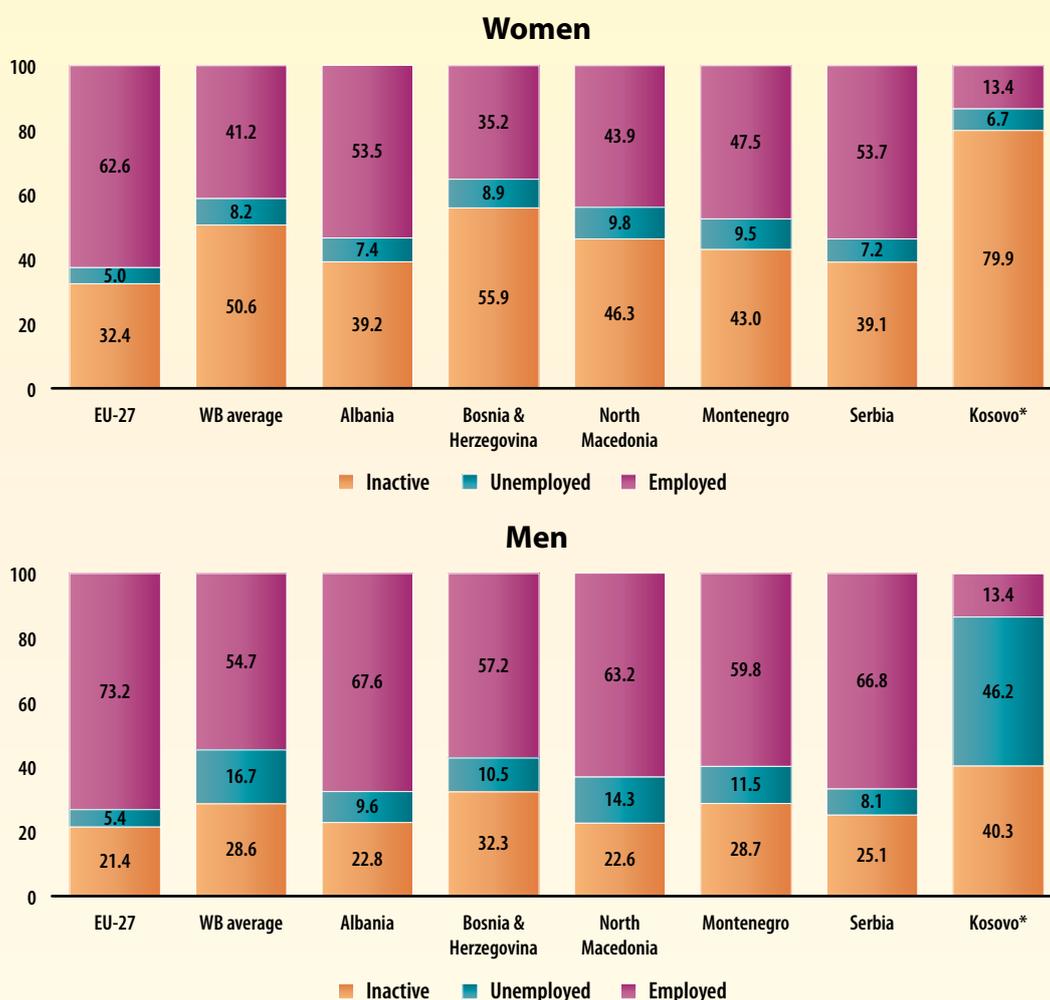


6 No data are available for Kosovo*

7 World Economic Forum, 2021. Global Gender Gap Report 2021. Insight Report. Available at https://www3.weforum.org/docs/WEF_GGGR_2021.pdf

8 OECD (2021). Competitiveness in South East Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris.

Figure 1. Distribution of men and women populations of age 15-64 by main economic status, average rates during 2018-2020



Source: Author's calculations based on data from WB Statistics Bureaus, and EUROSTAT 2022.

The participation rates for the age group 15-64 increased with little fluctuations until 2020 when the pandemic hit, except for Kosovo*, often considered as an outlier in WB average calculations (RCC, 2021b).⁹ Kosovo*'s participation rate for the age group 15-64 decreased from 40.9% in 2018, to 38.3% in 2020, which is much lower than the average of the other WB economies of 64.1% in 2018, 65.1% in 2019 and 64.4% in 2020. Altogether, the participation rates of the Western Balkans economies are below the EU-27 average of 73.0%. Albania has the highest labour force participation rate, with its rate only being 4 percentage points below that of the EU-27.

Women's participation rates for the population 15-64 years old in the WB economies increased in all economies in 2019, but men's rates in some economies decreased (Table I). The average participation rate of women in 2020 was 49.6%, compared to 70.5% for men. The average WB women's participation rate in 2020 were around 18 percentage points lower than EU-27 average rate, compared to a difference

⁹ RCC, (2021b). Economic Benefits of Gender Equality and Women Empowerment in The Western Balkans Six (GEWE) Study. Available at <https://www.rcc.int/download/docs/Economic%20benefits%20of%20gender%20equality%202021.pdf/7699e42296360f5320b3c51c040e8ab0.pdf>

of only 7.7 percentage points for men. Gender gaps in participation rates for the same age group have decreased during 2018-2020, but are still above 20 percentage points, about twice as large compared to EU-27 gap.

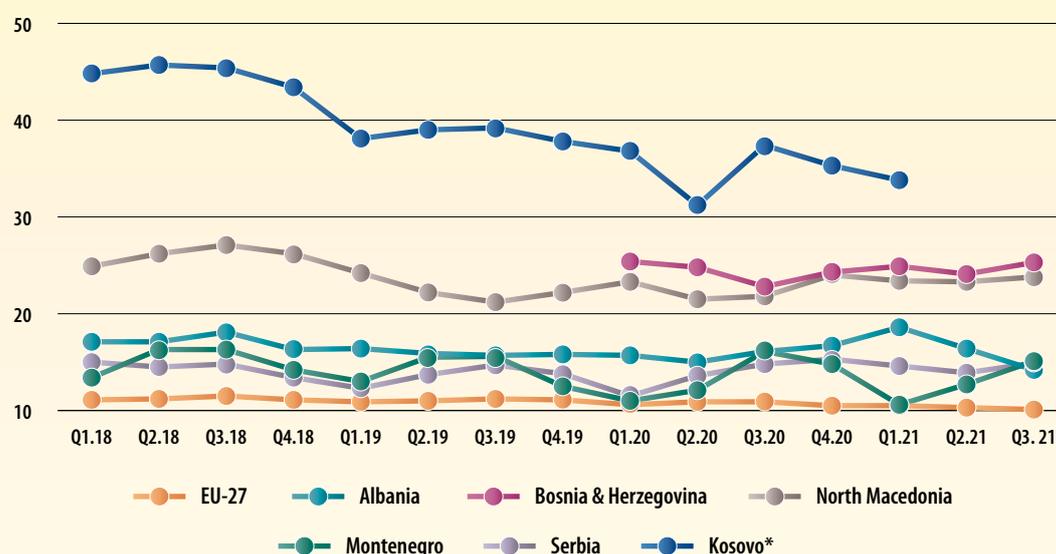
Table 1. Participation rates in WB economies during 2018-2020 for the population aged 15-64

| Economy | Men (%) | | | Women (%) | | | Gender gap (pps) | | |
|----------------------|---------|------|------|-----------|------|------|------------------|------|------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| EU-27 | 78.7 | 78.9 | 78.2 | 67.5 | 67.9 | 67.5 | 11.2 | 11.0 | 10.7 |
| Albania | 76.9 | 77.6 | 77.1 | 59.7 | 61.6 | 61.2 | 17.2 | 16.0 | 15.9 |
| Bosnia & Herzegovina | 66.4 | 66.4 | 70.4 | 41.8 | 44.4 | 46.1 | 24.6 | 22.0 | 24.3 |
| North Macedonia | 78.3 | 77.3 | 76.7 | 52.2 | 54.8 | 54.0 | 26.1 | 22.5 | 22.7 |
| Montenegro | 72.3 | 73.3 | 68.3 | 57.2 | 59.1 | 54.7 | 15.1 | 14.2 | 13.6 |
| Serbia | 75.1 | 75.0 | 74.6 | 60.6 | 61.3 | 60.8 | 14.5 | 13.7 | 13.8 |
| Kosovo* | 63.3 | 59.7 | 56.0 | 18.4 | 21.1 | 20.8 | 44.9 | 38.6 | 35.2 |
| WB average | 72.1 | 71.6 | 70.5 | 48.3 | 50.4 | 49.6 | 23.7 | 21.2 | 20.9 |

Source: EUPSR Social Scoreboard, 2021, and author's calculations.

Large gender gaps in participation rates and high variation in those gender gaps among economies are observed (Figure 2). In 2018, the average gap for the 15+ age group excluding Kosovo* was 19.5 percentage points. It decreased to 17.7 percentage points in 2019 and only slightly increased in 2020 when it reached 18.1. In 2020, the gender gaps for the other economies ranged from 13.6 percentage points in Montenegro to 24.3 in Bosnia and Herzegovina. Kosovo*'s gender gap in participation is much higher, but it has been falling despite the pandemic, decreasing from 44.9 in 2018 to 35.2 percentage points in 2020.

Figure 2. Gender gaps in participation rates of population aged 15-64 in the WB economies during Q1.2018-Q3.2021



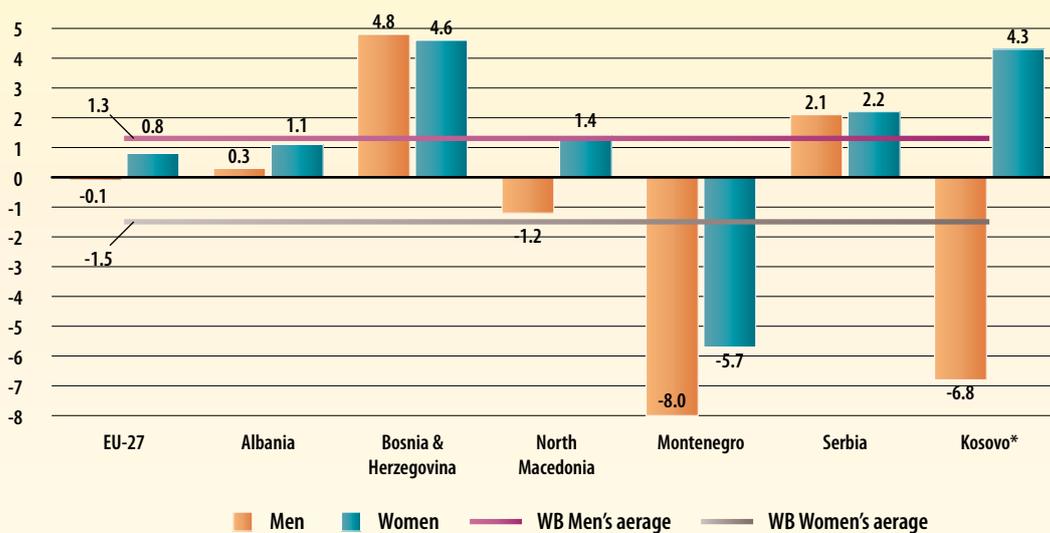
Source: Respective Statistics Bureaus of Western Balkan economies, 2022.

Quarterly data indicate that seasonal fluctuations in the gender participation gaps are similar among economies. Compared to EU-27, the gender participation gaps in WB economies show higher fluctuations. Gender participation gaps usually increase in the second and third quarters of every year. Albania shows the lowest seasonal fluctuations. Montenegro shows higher seasonal effects, with major increases in the gender gap during the second and third quarter which could be due to increased demand in the tourism sector during spring and summer being reflected in a higher share of men being employed. The narrowing trend in gender participation gaps was disrupted in the first quarter of 2020, when gender gaps started to increase. In 2021, Albania and Kosovo* have slightly narrowed the gaps; the other economies have fluctuated around the end of 2020 gap levels, except for Montenegro where the usual trend of increasing gaps in the second and third quarter seems to have persisted.

Figure 3 presents the changes in the magnitude of labour force participation rates for the population aged 15-64 during 2018-2021 in order to identify which economies have experienced the biggest changes. The figures for 2021 include the average of the first three quarters, except for Kosovo* which is represented by first quarter participation rates. The participation rates of women increased on average by 1.3 percentage points, while those of men decreased by 1.5 percentage points.

Montenegro, Kosovo* and Bosnia and Herzegovina have experienced the largest changes, but with different trends in changes in participation by gender. Interestingly, these are the economies with the lowest rates of participation. Although Bosnia and Herzegovina and Montenegro have similar levels of participation rates for the period under consideration, in Montenegro the participation rates decreased for both men and women, but they increased in Bosnia and Herzegovina. These differences in changes in participation rates point out that the dynamics of the individual Western Balkans' labour markets are different.

Figure 3. Change in labour force participation rates, by gender, 2018 -2021* (pps)



Source: Respective Statistics Bureaus of Western Balkan economies and Eurostat, 2022. *2021 average calculated as the average rate of the first three quarters of 2021

In Kosovo*, during 2018-2021 the men's participation rates decreased, while women's rates increased, together contributing to lower gender gaps. The improvement in the other economies is smaller, with Serbia experiencing a more even gender distribution of increased activity, Albania's women's participation rates rose by about 1 percentage point with only a minor increase in men's participation, while participation rates in North Macedonia have increased by 1.4 percentage points for women and decreased by 1.2 percentage points for men.

Labour force participation is expected to be highest during the age band of 25 - 54 years for both men and women. An exploration of age-disaggregated women labour force participation rates among Western Balkans economies would provide some useful insights on participation over the lifespan of women, as well as on the effects of childbearing. However, age-disaggregated participation data are rarely available, or when available, age groups are not comparable across economies. Looking at the available data disaggregated by age in some of the economies of the Western Balkans, there is an inverted U-shaped relationship between women participation and age. The participation rates of young women are about two thirds of the rate of those of higher ages, with about only one in every four young women being active (except for Kosovo*). The rates decrease again after the 50s, except for Kosovo* where the women participation rates are very similar across all ages.

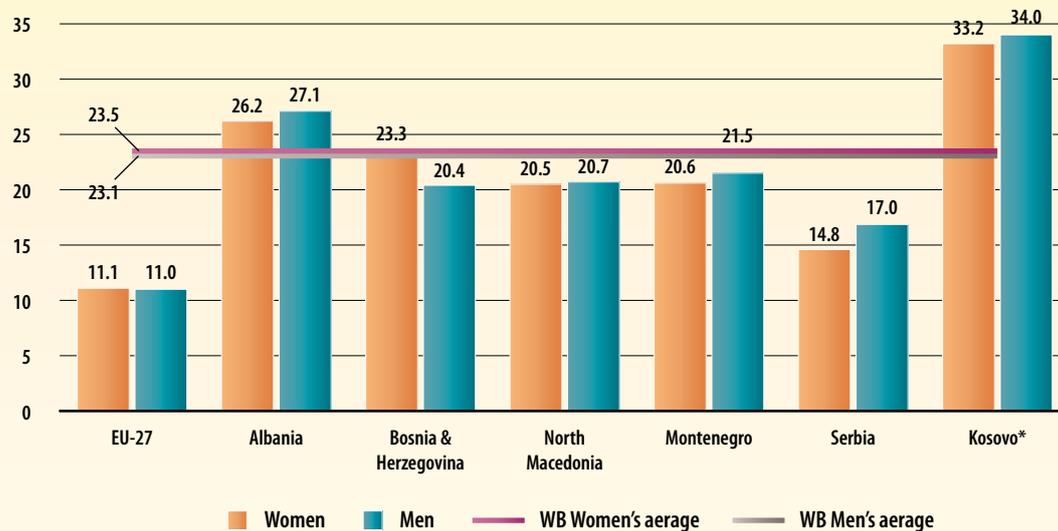
However, the lower engagement of young women in the labour market can be partly explained by their higher rates of enrolment in education. During 2015-2020, the proportion of women with tertiary education of the population 30-34 years old was higher than men's proportions in all Western Balkan economies, except for Kosovo* (Table 2). On average, 41.5% of the population of women 30-34 years old had a tertiary education degree in 2020, which was only 1.4% lower than the percentage for the EU-27. Since 2015, the improvement in the proportions of the population aged 30-34 with tertiary education has been greater for women than men, 13.6 to 7.5 percentage points, and greater than the improvement in the EU-27 proportions which were less than 1 percentage point for women and 3.5 percentage points for men. A comparison across WB economies shows that the range of tertiary education attainment of the population of women of age 30-34 years old in 2020 extends from 39.1% in Serbia to 45.3% in North Macedonia. No data are available since 2018 for Kosovo*, but available data indicate that in 2015 – 2018 the proportions are about half of the average of the other economies.

In 2020, Albania, North Macedonia and Serbia had gender gaps in tertiary educational attainment in favour of women of more than 11 percentage points, and Montenegro recorded a lower gap of 6.6 percentage points. Since 2015, the tertiary education attainment shares for women 30-34 years old in Kosovo* increased at a higher rate than men's and equalized in 2018. The tertiary education shares increased in all Western Balkan economies for both men and women, with the increase in women's shares being higher than men's, except for North Macedonia (Table 2).

In general, women with higher education are more likely to participate in the labour market as their opportunity cost of becoming inactive is higher. In the Western Balkan economies there is evidence that graduates of higher education have higher employment rates (EUPSR social scoreboard, 2021). With more women participating in higher education, today's low participation rates of young women may translate into higher shares of female labour force participants in the upcoming years. Evidence from the respective statistical offices of the Western Balkan economies suggests that the share of women that graduate from higher education exceeds 60%, with Kosovo* recording the highest share of 66.24%.

category of not having started to transition is experienced in Montenegro (6%), whilst it is highest in Serbia (11%) (UN Women, 2021).¹¹

Figure 4. Young people (share of 15-24 year-old age group) not in employment, education and training by gender in 2020 (%)



Source: EPSR 2021 for EU-27 and Albania, Statistical Office of Serbia, and ILOSTAT for Bosnia & Herzegovina, Montenegro, and North Macedonia.

2.2 Women employment

Before the crisis caused by the pandemic, employment rates were increasing in all Western Balkans economies for both men and women. The annual growth in employment rates of women and men aged 20-64 of each economy was positive with only minor exceptions during 2015-2020 (Table 3). Despite improvements, employment rates were below EU-27 rates. In 2020, the WB average employment rate for women 20-64 years old was 44.9%, while in EU-27 it was 66.9%. The gap with EU-27 stayed at 22 percentage points in 2019 and 2020.

Immediately before the COVID-19 pandemic, the highest employment rates were recorded in Albania for both men (74.7%) and women (59.7%), and the lowest rates were recorded in Kosovo* 42.8% for men and only 14.1% for women. Bosnia and Herzegovina also recorded low rates of employment, with only 38.0% of women in the age band 20-64 being employed. In 2020, the employment rates of women in the age group 20-64 decreased in Montenegro by 5.4 percentage points and in Albania by 0.9 percentage points. In contrast, these employment rates increased in Serbia and North Macedonia by less than one percentage point and in Bosnia and Herzegovina by two percentage points. In Montenegro, the gains in men's employment rates since 2015 were offset by the pandemic, but the situation of women worsened compared to 2015.



¹¹ UN Women (2021) Assessing the Lights and Shadows of Covid-19: A gender analysis of pandemic-related impacts on women and girls in Europe and Central Asia. UN Women Regional Office for Europe and Central Asia. Istanbul, Turkey

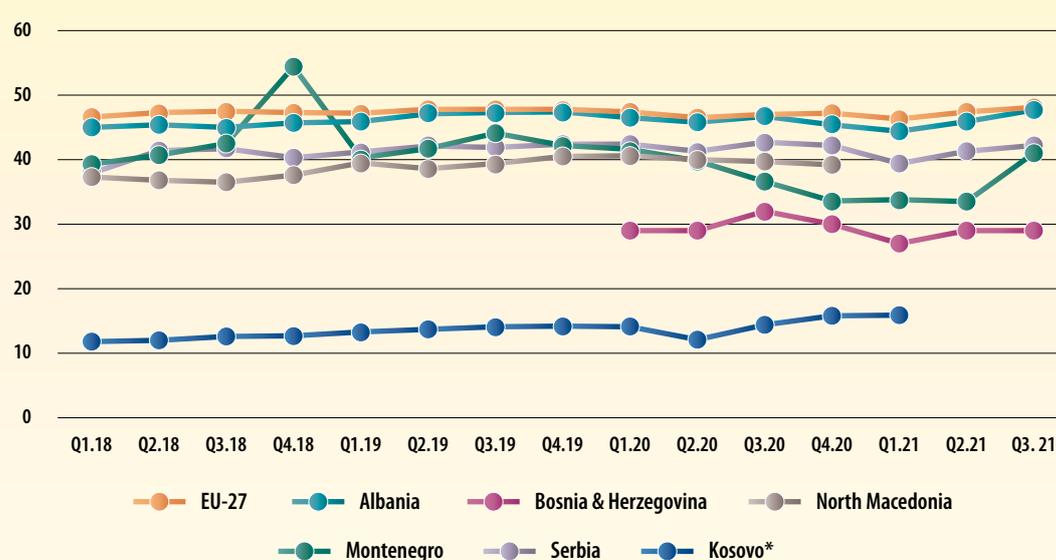
Table 3. Employment Rate (20-64) for Western Balkan economies during 2018-2020

| | Men | | | Women | | |
|----------------------|------|------|------|-------|------|------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| EU-27 | 78.2 | 78.9 | 78.0 | 66.6 | 67.4 | 66.9 |
| Albania | 73.9 | 74.7 | 74.0 | 57.4 | 59.7 | 58.8 |
| Bosnia & Herzegovina | 59.5 | 61.6 | 64.9 | 35.8 | 38.0 | 40.0 |
| North Macedonia | 66.6 | 69.7 | 68.9 | 45.2 | 48.4 | 49.0 |
| Montenegro | 66.7 | 67.5 | 61.7 | 52.9 | 54.2 | 48.8 |
| Serbia | 70.5 | 72.1 | 72.9 | 55.8 | 58.2 | 58.9 |
| Kosovo* | 45.3 | 46.2 | 42.8 | 12.3 | 13.9 | 14.1 |
| WB average | 63.8 | 65.3 | 64.2 | 43.2 | 45.4 | 44.9 |

Source: EUPSR Social Scoreboard, 2021.

The COVID-19 recovery has been slow. As shown in Figure 5, starting from the third quarter of 2020 when economic activity resumed with only minor restrictions and the impact of government measures related to job retention were reflected in the employment rates, women employment rates decreased reaching their low point in the first quarter of 2021. This trend is only different in Kosovo*. A recovery of the rates is recorded in the second and third quarters of 2021. Uncertainty regarding the outcome of the fourth quarter remains because of the increased number of infections during autumn 2021.

Figure 5. Women quarterly employment rates for population (15+) in the Western Balkans economies during Q1.2018-Q3.2021

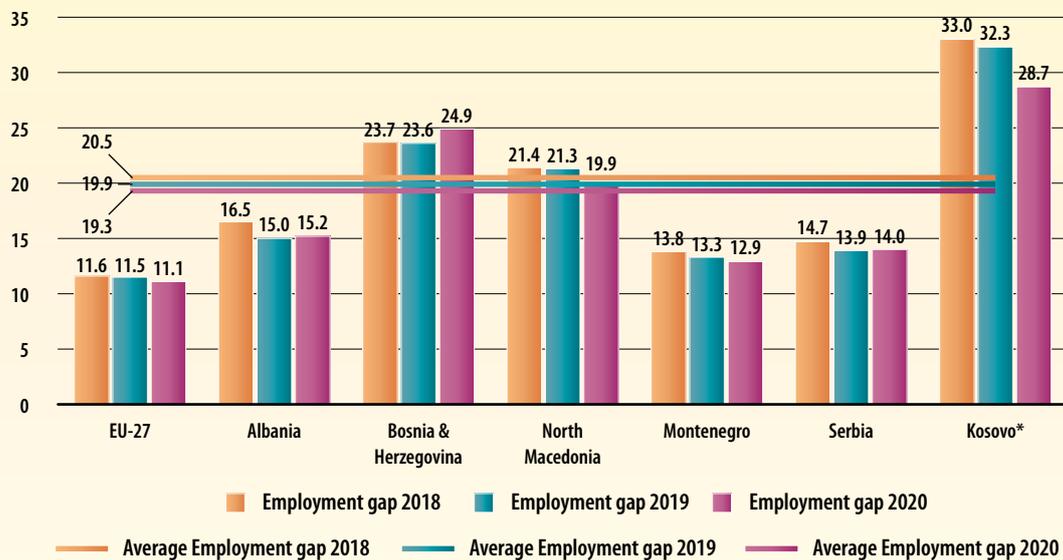


Source: Respective Statistics Bureaus of Western Balkan economies, 2022.

A further exploration of the women employment rates by age would provide more insights about their situation in the labour market, but data availability impedes such analysis. In general, young women's employment rates mimic those of the overall population and are always considerably lower (Figure 2 in Annex). In the last three years, the overall gaps between employment rates of 15–29 years old and 15+ were over 20 percentage points in Serbia, 9–14 percentage points in Albania, Montenegro, and North Macedonia, whilst the lowest gap is recorded in Kosovo*, of less than two percentage points.¹²

Although the pandemic increased the burden of household work for women, the 2020 gender gap in employment for the population aged 20–64 has not been much affected by the crisis, though the gap is no longer falling in all WB economies. The size of the gap remains a problem across all economies; on average the gap is 19.3 percentage points, a figure that is high compared to the gap in the EU-27 of 11.1 percentage points. The gap is particularly high in Kosovo* (28.7 pp), followed by Bosnia and Herzegovina (24.9 pp), and North Macedonia (19.9 pp). The lowest gap in 2020 was recorded in Montenegro (12.9 pp). Compared to the previous year, Kosovo* has recorded the largest decrease of 3.6 percentage points. The 2020 gender gap in employment widened by 1.3 percentage points in Bosnia and Herzegovina compared to the 2019 gap, has remained unchanged in Albania and Serbia, and narrowed by 0.4 percentage points in North Macedonia and Montenegro. The gender gaps in the employment rates of young women are considerably lower compared with the older working age population. Nevertheless, rather than displaying clear decreasing trends they show random fluctuations (Figure 1 in Annex).

Figure 6. Gender gaps in employment of women aged 20–64 in the Western Balkan economies during 2018–2020



Source: Respective Statistics Bureaus of Western Balkan economies, and ILOSTAT, 2022.¹³



¹² Data for Kosovo* only allow comparison with the 15–34 age group, which may have contributed to a relatively low age gap.

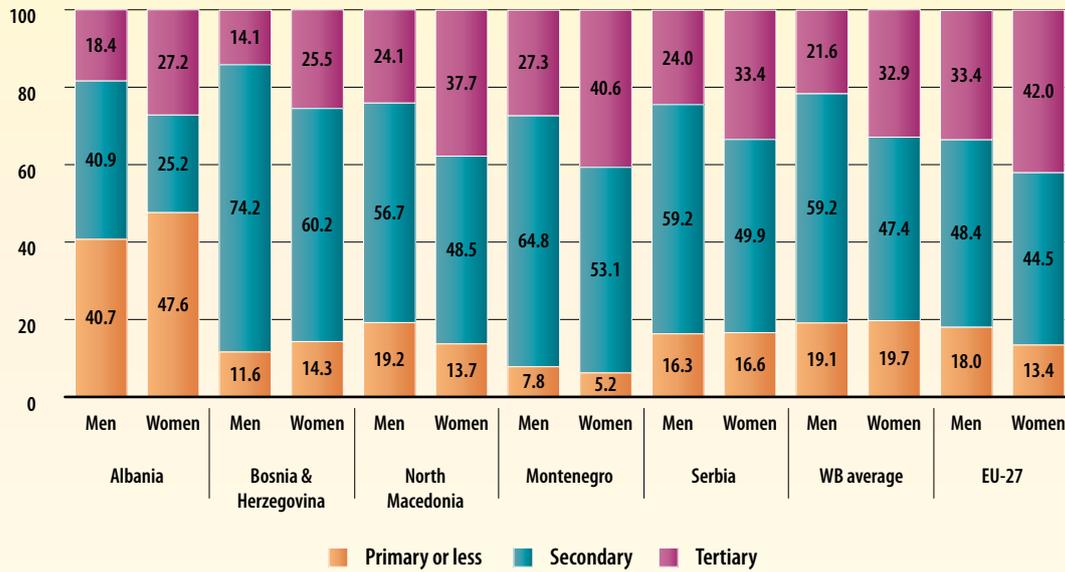
¹³ <https://www.ilo.org/shinyapps/bulkexplorer37/>

2.3 Educational attainment of women in the workforce

The composition of the labour force in terms of educational attainment is an important indicator of the skills base of both men and women. Figure 7 plots the population of employed men and women over 25 years old by three education levels (primary or less, secondary and tertiary) for all the Western Balkan economies in 2020. As shown in Figure 7, on average, more than 67% of the employed women over 25 years old in the WB economies have only completed primary or secondary education levels, compared with 57.9% in the EU-27. The average percentage of men with the same education level surpass 78% in the WB economies, while in EU-27 they account for about 66%. The total of women with low or medium levels of education varies from 59.3% of the employed women in Montenegro to 74.5% in Bosnia and Herzegovina. The highest shares of employed have secondary education levels, and in some of these economies, such as Albania, women with primary education account for a considerable share of employed women, 47.6%.

In addition, the figure confirms that employed women of more than 25 years old are typically better educated than employed men of the same age as indicated by the higher proportions of women with tertiary education levels. On average, the percentage of women in employment with higher education is 32.9% compared with 21.6% for men, meaning that women with a higher education degree are more likely to participate in the labour market and to explore their potential. The average share of women with tertiary education in the EU-27 is 9.1 percentage points higher than the average of the WB economies. The gender gaps in the secondary education level are in favour of men, while women with tertiary level have higher rates in all economies. The average gender gap in tertiary education shares is 11.3 percentage points in favour of women and is higher than the EU-27 average of 8.5 percentage points. The lowest gap is recorded in Albania with 8.9 percentage points in favour of women, whilst in other economies the gender gap in tertiary education proportions range from 9.4 percentage points in Serbia to 13.6 percentage points in North Macedonia.

Figure 7. Educational attainment of employed of age 25+ in 2020 (%)



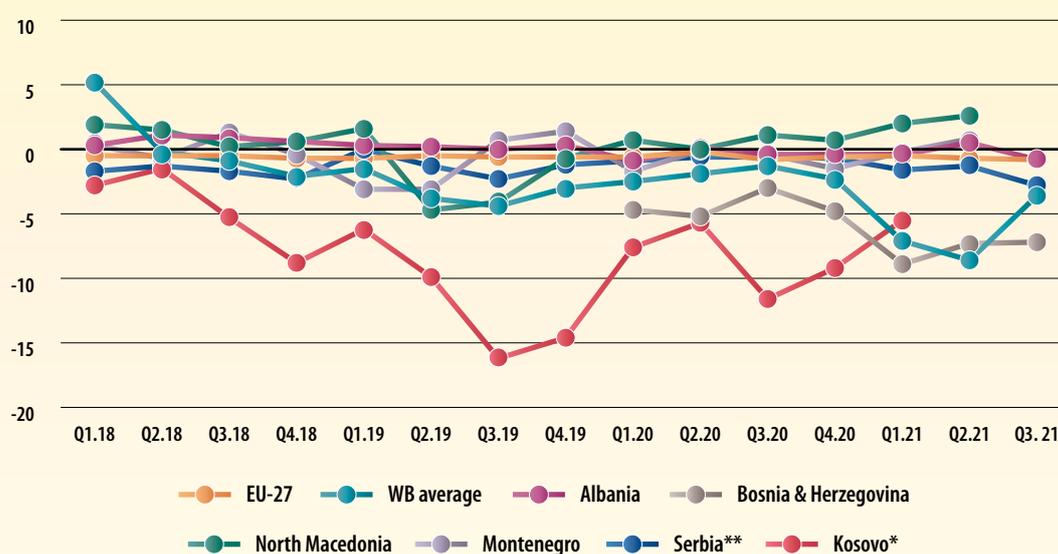
Source: Own calculations based on data from Respective Statistics Bureaus of Western Balkan economies, and ILOSTAT (2022).¹⁴ WB average calculated using available data.

2.4 Unemployment

The unemployment rates of women over 15 years of age in Western Balkan economies are higher than the EU-27 rates (Figure 8). Quarterly rates during 2018-2021 were more than double the EU-27 unemployment rates, except for the first quarter of 2018. Job retention measures undertaken by the governments of WB economies, together with a decline in activity rates (except for North Macedonia), led to only a moderate increase in the unemployment rates in 2020. In the second quarter of 2020, compared to the first quarter, women’s unemployment rates for the same age group decreased by 2.6 percentage points in Serbia, remained unchanged in Albania, and increased by the highest amount, 0.8 percentage points in Kosovo*. During the same period, average unemployment rates decreased by 0.6 percentage points in the WB economies, and by 0.3 percentage points in EU-27. On average, in the Western Balkans, the highest increase in the unemployment rates was recorded in the fourth quarter of 2020 and the first quarter of 2021, and a decreasing trend is evident afterwards.

¹⁴ The source of data for EU is Eurostat, for Albania is INSTAT, for North Macedonia, Serbia and Montenegro is ILOSTAT. Available at: https://www.ilo.org/shinyapps/bulkexplorer42/?lang=en&segment=indicator&id=EMP_TEMP_SEX_AGE_EDU_NB_A

Figure 8. Unemployment rates of women over 15 years old in the WB economies during Q1.2018-Q3.2021

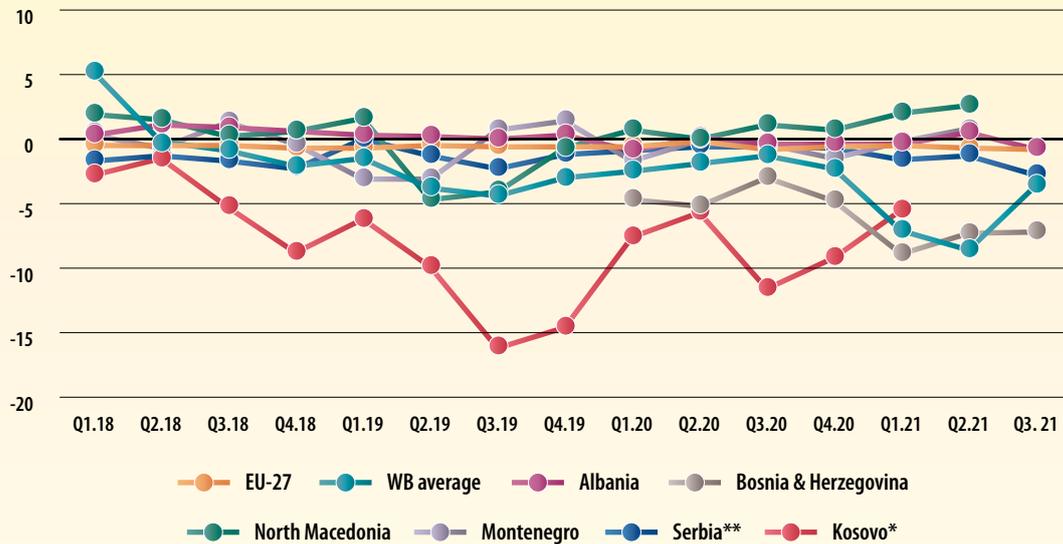


Source: ILOSTAT for North Macedonia, EUROSTAT for EU-27, Statistics Bureaus of other WB economies. **Series Break in 2021. WB average calculated using available data.

The unemployment rate amongst active women is typically higher than that of men. The overall gender gap in unemployment rates for 2020 was low compared to the employment gender gap; the average gender gap in unemployment rates for the population of age 15-74 was 2.4 percentage points. The lowest gap for 2020 was recorded in North Macedonia, where women have a lower unemployment rate than men, with a difference of -0.8 percentage points. A low gap of less than one percentage point and comparable to the unemployment gap of 0.6 percentage points in the EU-27, was recorded in Albania (0.4 pp), Serbia (0.7 pp) and Montenegro (0.9 pp). Kosovo* and Bosnia and Herzegovina had considerably higher gaps of 8.8 and 4.4 percentage points, respectively. In 2021, the WB average gender unemployment gap decreased in the first quarter, i.e., the decrease in women unemployment rates was smaller than the men's rates. Individual gender gaps in unemployment rates, in general, closed in the second quarter of 2021, although the average of the WB economies showed an increase. In some of the economies, women unemployment rates have also been lower than men's rates. The opposite change in the average gender gap in the second and third quarter of 2021 are partially due to the lack of unemployment rate data in some of the economies that have higher women unemployment rates, such as Montenegro and Kosovo*. It is important to also note that no clear trends are recorded in closing the gender gaps in unemployment rates in individual economies and the range of the gaps is very different across WB economies.

Despite the seemingly better performance regarding unemployment gender gaps, a word of caution is in order here; small gender gaps in unemployment rates could be a result of higher inactivity rates of women (as seen in Figure 1), as discouraged women job-seekers disproportionately drop out of the labour market. Furthermore, official unemployment rates do not take into account informally employed workers and workers with temporary contracts who are often the first to be laid off by employers.

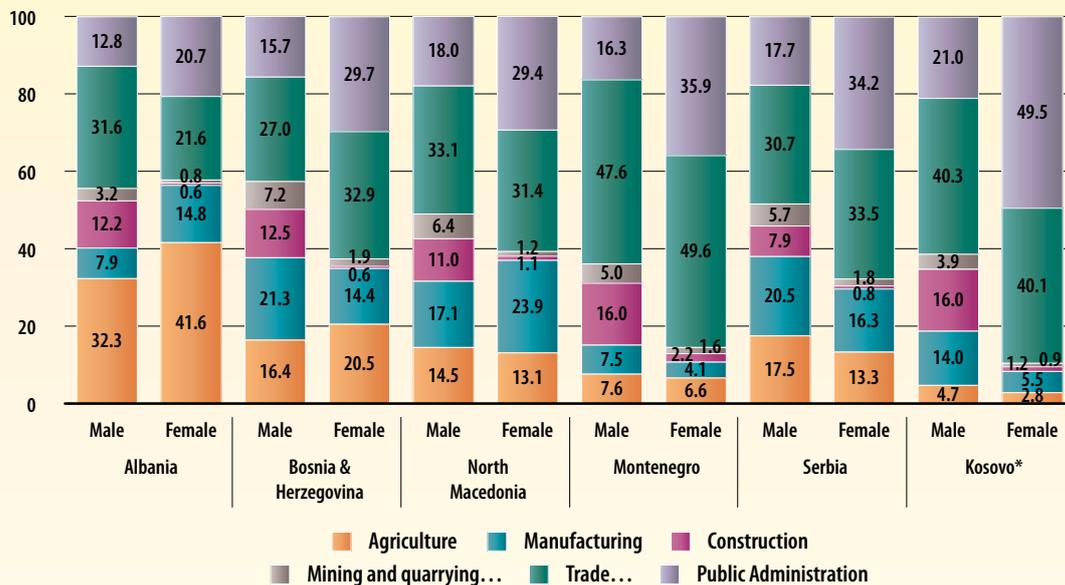
Figure 9. Gender gap in unemployment rates in the WB economies during Q1.2018 – Q3.2021



Source: Author's calculations based on unemployment rate data: ILOSTAT for North Macedonia, EUROSTAT for EU-27, Statistics Bureaus of other WB economies.
 **Series Break in 2021. WB average calculated using available data.

Although women with higher education are more likely to participate in the labour market, evidence also suggests that many women with higher education are not able to find employment. The distribution of the unemployment by educational attainment in Figure 10 indicates that women with higher education account for a higher share of unemployment compared to men. On average, in 2020, women with tertiary education accounted for 29.6% of the unemployed women, exactly the same as their share of employment, whilst men with tertiary education accounted for just 18.3%. These percentages are higher than the EU-27 average shares of 27.2% for women and 19.7% for men. The lowest shares are recorded in Kosovo*, with 21.0%, and the highest shares are recorded in Albania and North Macedonia, where one in every three unemployed women has a tertiary education diploma, and a woman with higher education is more than twice as likely to face unemployment as a man with the same education level. The data also show that men with secondary education are more likely to be unemployed.

Figure 11. Employment shares by gender and sectors in the Western Balkan economies in 2019



Source: Author's calculations based on data from ILOSTAT (2022)

Figure 12 provides 2020 changes in employment rates of the most prominent sectors in terms of women's share in employment in five of the Western Balkan economies.¹⁶ Changes in Construction and Mining and quarrying seem to be particularly large in percentage terms, but in terms of gender these sectors are dominated by men, i.e., big proportional changes may have happened in these sectors, but the impact is negligible in terms of overall women's employment. The impact on women employment was particularly high in Trade, Transportation, Accommodation and Food, and Business and Administrative Services in Montenegro that has the highest shares of employees in this sector, with one in every two working women being employed in this sector. The decline in employment shares of the sector has been higher for women than for men, which is supported by the discussion provided in the previous section. In Albania, the decline of women and men employment in this sector was 1.5%. In the other economies, women employment in this sector increased with the increase in Kosovo* being higher than in North Macedonia and Serbia.

Public administration is the second most important sector of employment in most of these economies. It accounts for a considerable share, especially in Kosovo*, where about 50% of employed women work in this sector. In Kosovo* the public administration size shrank only slightly in 2020, but the change affected men mostly. The shares of public administration employment are also high in Montenegro and North Macedonia. In the latter economy, employment in the Public Administration increased in 2020, with the increase in women employment being higher. In Montenegro, the share of men in the Public Administration increased, whilst the share of women decreased.

Another important sector of employment for both men and women is the manufacturing sector. In Albania and North Macedonia, the shares of women that work in this sector is higher than men. In



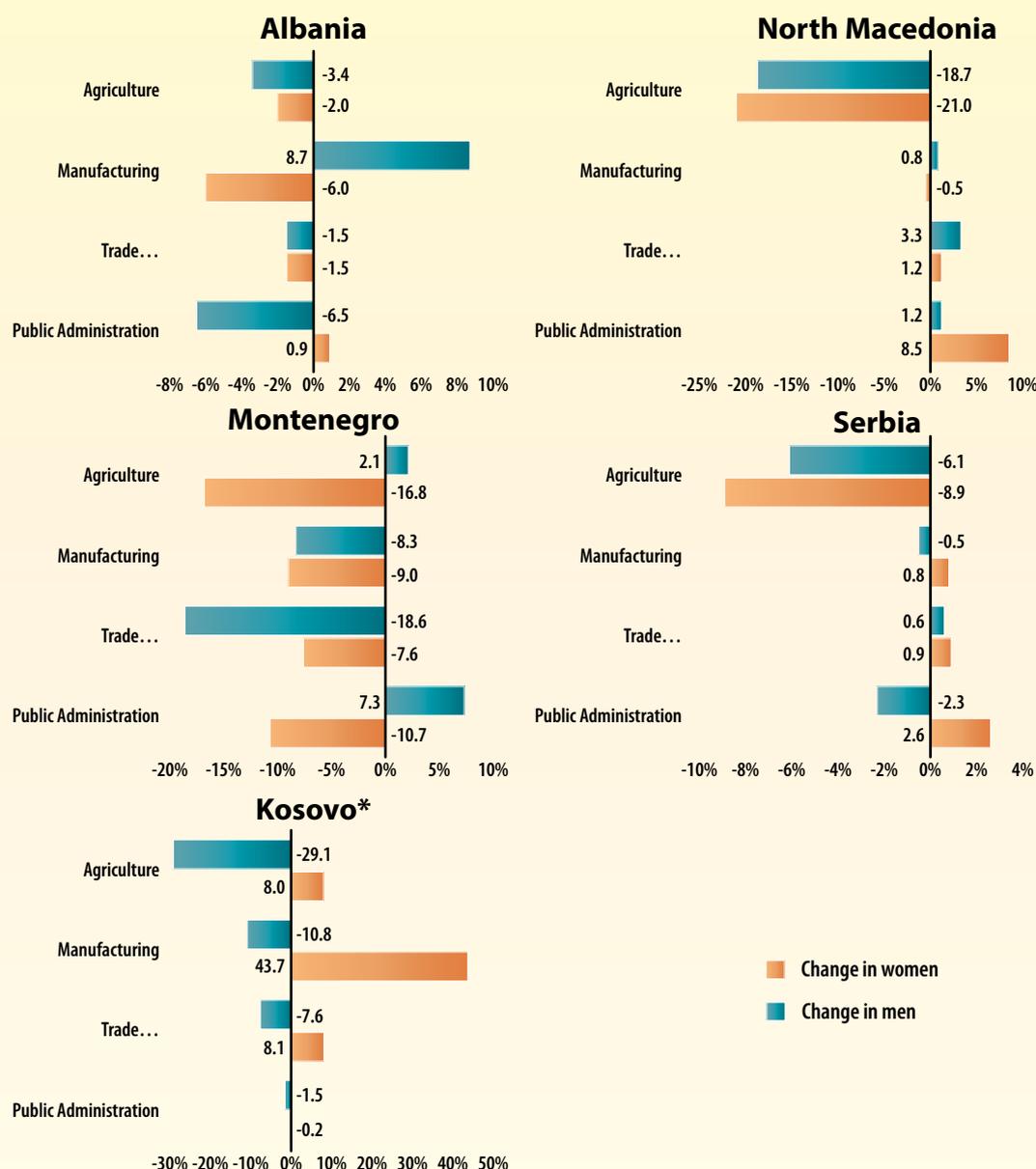
¹⁶ Data for 2020 employment shares by sector for Bosnia and Herzegovina had a break in the series which makes them incomparable to previous periods.

Albania, employment of women in this sector shrank by 6%, compared to only 0.5% in North Macedonia. The COVID-19 crisis hit the manufacturing sector affecting both men and women in Montenegro, albeit this is not an important sector of employment. In Serbia the manufacturing sector maintained its employment share, while in Kosovo* employment of women in the sector increased considerably, yet part of the high increase could be due to starting from a low base of 5.5%.

A more detailed view of women's employment by sector of economic activity in 2019, enriched with data on the structure of GDP of the same sectors and year for each Western Balkan economy is provided in Figures 3 – 8 in Annex I. In Albania, Agriculture, Wholesale and retail trade, and Construction are the sectors with the highest contribution to GDP. As seen in section 2.2, more than 40% of women are employed in agriculture, but their share in construction is low. Within the Trade, Transportation, Accommodation and Food, and Business and Administrative Services, women are more represented in the wholesale and retail trade and administrative support services, are equally represented in the accommodation and food services although the share of this sector in total employment is lower. In terms of GDP, manufacturing is the next most important sector and is dominated by women employment. The higher shares in the public administration group are dominated by women's employment in education, human, health, and social work activities. These figures indicate that women are more likely to be employed in labour-intensive sectors.

The situation in terms of the sectoral distribution of employment is similar in Bosnia and Herzegovina, although the structure of the economy is different. Trade, Transportation, Accommodation and Food, and Business and Administrative Services, and Public Administration are the most important sectors in terms of contribution to GDP and are both the most important sectors in terms of women employment (Figure 4 in Annex). The third most important sector is manufacturing, dominated by men employment, followed by agriculture, which employs more women.

In North Macedonia, manufacturing is the sector with the highest contribution to GDP, followed by wholesale and retail trade, construction, and agriculture, which are the same sectors that employ the highest proportion of women, except for construction. Other than these, women's employment is concentrated in human, health and social work activities, education, and public administration (Figure 5 in Annex).

Figure 12. Changes in employment shares in 2020 by sector

Source: Author's calculations using data from ILOSTAT (2021)¹⁷.

Construction is the highest contributor to GDP in Montenegro, followed by trade, and accommodation and food service activities. The latter employ a considerable share of women, but more than a quarter of women are employed in the education sector. Administrative and other support services, including human and health services, are again among the most important sectors of women employment. Accommodation and Food, and Business and Administrative Services, is the most important sector in terms of contribution to GDP in Montenegro, after construction (Figure 6 in Annex).

The two most important sectors in terms of their contribution to GDP in Serbia coincide with the two most important sectors in terms of women employment, which are Trade, Transportation, Accommodation and Food, and Business and Administrative Services, and Public Administration, Community, Social and

¹⁷<https://ilostat ilo.org/topics/employment/>

other Services and Activities (Figure 7 in Annex). Manufacturing is third in importance to GDP and in terms of women employment, but it employs a higher share of men than women.

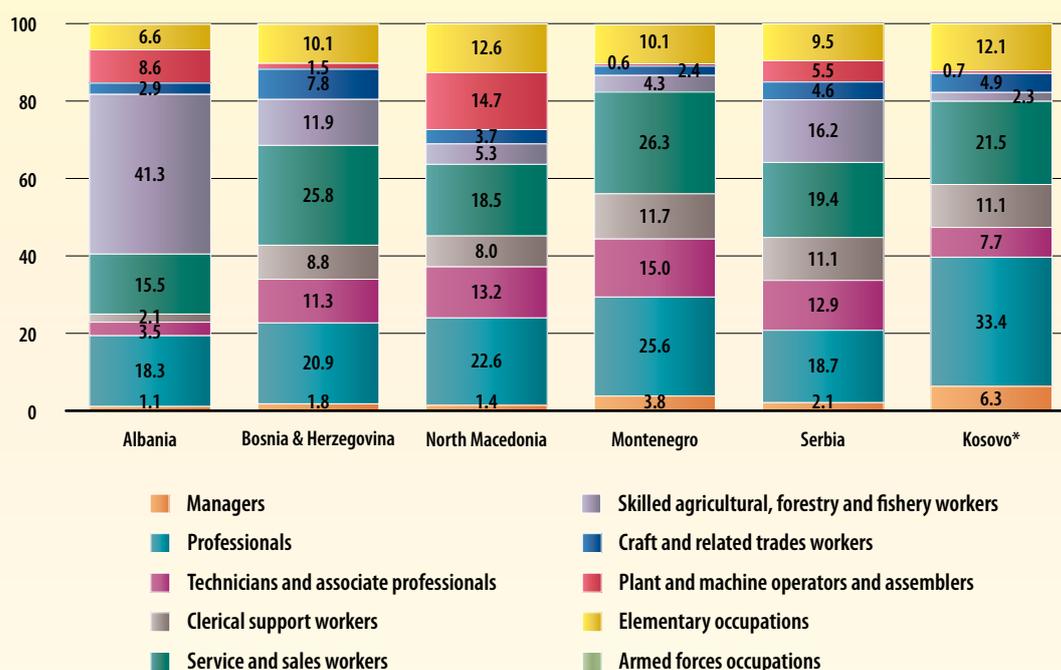
In Kosovo*, manufacturing and trade are equal contributors to GDP, but the share of women in trade services is considerably higher (Figure 8 in Annex). Women's employment is highly concentrated in education, human, health and social work activities, public and private administrative services, accommodation, and food services.

These findings indicate that although the economies of the Western Balkan have different structures, the employment of women by sector follow similar trends: their employment is concentrated in labour-intensive sectors, such as the wholesale and retail trade, education, human, health, and social work sectors. Manufacturing and agriculture also employ a high share of women, typically with low-education, low pay and less favourable work conditions.

2.6 Women employment by occupation

The evidence above indicates that a large share of employed women is concentrated in the services sectors that are usually characterized by low pay, long working hours, seasonality, and oftentimes informal working arrangements. It is important though to provide evidence on what positions women hold within these sectors. However, detailed data on employment by sectors and occupations are not available. The figure below shows the distribution of employed women by broad groups of occupations classified using ISCO-08.

Figure 13. Distribution of employed women by occupation in 2020

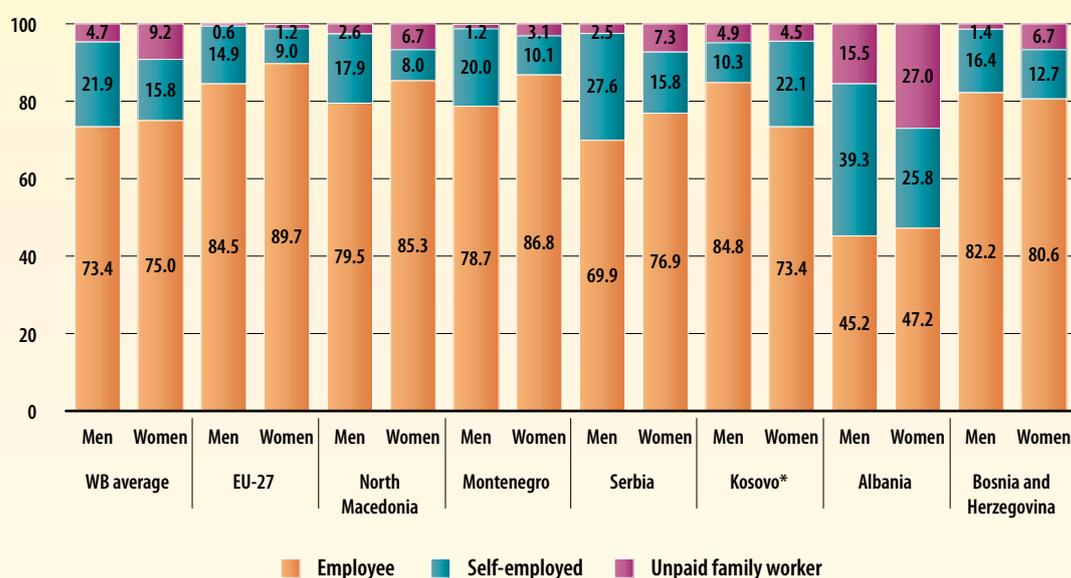


Source: Respective Statistics Bureaus of Albania, Bosnia and Herzegovina, North Macedonia, and Serbia, 2022. Data for Montenegro and Kosovo* are from ILOSTAT, 2022.

2.7 Status in employment

The status in employment is an indicator of the level of financial security of the worker; a high proportion of unpaid family workers indicate low-income levels, similarly when a high proportion of the employed are own-account workers. High proportion of these statuses in employment are considered as indicators of vulnerable employment (ILO, 2007).¹⁹ Figure 14 presents the distribution of men's and women's employment by status in 2020 for the working population more than 15 years old.²⁰

Figure 14. Distribution of men and women 15+ by status in employment



Source: Respective Statistics Bureaus of Western Balkan economies, 2022.

Gender differences are evident, in particular in the shares of the self-employed, but so are differences between economies. Albania shows a different structure by status in employment with the lowest share of salaried workers in the region, and a higher share in self-employment. One explanation for the different picture is the high share of employment in agriculture. Own-account workers and unpaid family members are considered as being in more vulnerable employment, as they are associated with poor economic prospects and low levels of empowerment.

Within economies, the proportion of employees looks almost equal between men and women. The average share of employees in 2020 was 75.0% of the total employed for women and 73.4% for men. These figures are lower than the corresponding EU-27 share of 89.7% for women and 84.5% for men. The proportions of women in wage and salaried employment were higher than the corresponding

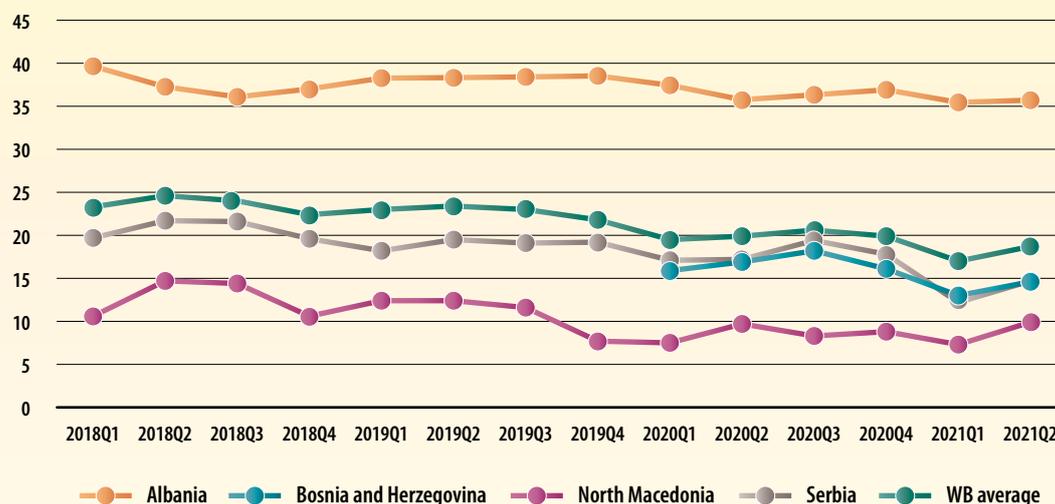
¹⁹ ILO: Key Indicators of the Labour Market, 4th Edition (Geneva, 2007), Chapter I, section A, "Decent employment and the Millennium Development Goals: Description and analysis of the new target".

²⁰ Data for Kosovo* belong to the age group 15-64

Data on informality in the labour markets of the Western Balkan economies are scarce, and gender-disaggregated indicators are often missing. In Albania, the total informality share of total employment in the non-agriculture sector slightly increased from 28.6% in 2018 to 29.1% in 2020 (INSTAT, 2021)²⁶, with women's share being around 12 percentage points lower than men's in 2020 (21.9% vs 34.0%). This share could have been a lot higher had the government not introduced a programme to tackle informal work arrangements.²⁷ In Serbia, the level of women's informality rates decreased from 23.4% in 2016 to 18.6% in 2019 and 17.4% in 2020, with an almost constant gender gap at 2 percentage points. In North Macedonia, women informality rates improved from 15.3% in 2018 to 10.6% in 2020 and with men's shares being higher by an almost constant amount of 5 percentage points. Official statistics on informality rates in the labour market for the other economies are not available. There is evidence that informal employment includes 25 –33 % of labour force in Montenegro,²⁸ and about 10% in Kosovo* (Färnsveden et al., 2014).²⁹

ILO's statistics on women informal employment in some of the WB economies presented in Figure 16 indicate that average shares of Albania, North Macedonia and Serbia decreased from 23.3% in the first quarter of 2018 to 20.7% in the first quarter of 2020. Data for Bosnia and Herzegovina become available in 2020 and contribute to a decrease in the average shares. During 2020, informal employment among women generally increased. The increase may be a consequence of the COVID-19 impact on the labour market and particularly earnings, as many women may have found informal employment as an alternative approach to compensate for job or income losses. In the first quarter of 2021, women informal employment decreased, but it increased again in the following quarter in the selected WB economies, reaching on average 18.7%.

Figure 16. Informality shares during Q1.2018–Q2.2021 in selected WB economies (%)



Source: ILOSTAT, 2022 for Bosnia and Herzegovina, North Macedonia and Serbia; INSTAT for Albania.



26 INSTAT. 2021. Statistics on informality in the Albanian economy. Tirana. Albania

27 See section on ALMPs.

28 World Bank, 2017. The Western Balkans, Reviving up the engines of growth and prosperity, 2017.

29 Färnsveden, U., Qosaj – Mustafa, A., & Farnsworth, N. (2014). Kosovo* Country Gender Profile Orgut Consulting <https://womensnetwork.org/wp-content/uploads/2018/10/20140513160130237.pdf>

Figure 17 presents the incidence of part-time employment by gender during 2018-2020 in the Western Balkans economies. The data confirm that women are more likely to work part-time than men in all economies, except for Montenegro that shows no gender gap. On average, in the Western Balkans part-time employment accounted for 20.3% of women's employment, and 16.1% of men's. The share of women in part-time employment is lower than the EU-27 average of 29.7% in 2020. In contrast, men's share in part-time in the Western Balkans is higher than the EU-27 average of 8.4% in 2020.

By the end of 2020, about 21% of employed women in the Western Balkans were in part-time employment. Montenegro recorded the lowest rate of 8.5%, and North Macedonia, the highest share of 27.8%. It is also evident, that in 2020, part-time work incidence for women increased in all economies, different from the decrease in their EU-27 share. The changes were the highest in North Macedonia and Kosovo* with about a 10 percentage points increase. Data on part-time work by age groups are not available, but there is evidence that young workers are more likely than adults to work part time (ILO, 2013).³² For instance, in Albania the share of young people 15-24 years old is about twice as high as the share of employed people 25-54 years old in part-time employment (INSTAT, 2022).³³ This may suggest that part-time work facilitates smoother transitions of young persons from school to work, but it may also reflect the inability of youth to find full-time work.

2.10 Gender pay gap

Table 5 displays the gender pay gap by occupation in Albania, Bosnia, North Macedonia, and Serbia for the latest available year. For Albania, and Bosnia and Herzegovina, the gender pay gap is calculated using 2020 gross monthly wages, whereas, for Serbia, and North Macedonia, this measure was lastly calculated in 2018. There is evidence that the overall unadjusted gender pay gap in monthly wages in Kosovo* is 10.7% (Gashi and Adnett, 2020),³⁴ but no official data disaggregated by occupation are available. The estimated wage gap in Montenegro was 13.9%³⁵ (Montenegrin Ministry for Human and Minority Rights, 2017).³⁶ Overall, Bosnia and Herzegovina has the largest gender pay gap; on average, men are paid 37.8% more than women. The gender pay gap is 15.8% in North Macedonia, 8.8% in Serbia, and 6.6% in Albania. The average of these WB economies is 17.3% and is higher than the gender pay gap of 14.1% in EU-27 in 2019. Despite having the lowest gender pay gap in the region, women in Albania still earn less than men in all occupations but managerial ones, in which women earn on average 2.6% more than their men counterparts. In the rest of the economies, the gender pay gap for managerial occupations is relatively large and favours men.



32 ILO: Global Employment Trends for Youth 2013: A generation at risk (Geneva, 2013); https://www.ilo.org/global/research/global-reports/youth/2013/WCMS_212423/lang--en/index.htm.

33 http://databaza.instat.gov.al/pxweb/sq/DST/START__TP__LFS__LFSV/NewLFSY014/table/tableViewLayout1/?rxid=b5069c81-9c75-4560-905a-2cb719af3ada

34 Gashi, A and Adnett, N. (2020). Are women really paid more than men in Kosovo? Unpicking the evidence, South Eastern European Journal of Economics and Business, 15(2): 83-95

35 In the document, it is unclear which year does the gender pay gap figure refers to.

36 Montenegrin Ministry for Human and Minority Rights, 2017, Action Plan For Achieving Gender Equality (APAGE) 2017-2021 with the Implementation Program for 2017-2018, Available at: <https://wapi.gov.me/download-preview/77dce535-ea50-438d-8968-25aa4ce62257?version=1.0>.

Overall, the largest gender pay gap is among craft and related trades workers. The gap is more prominent in Bosnia and Herzegovina, peaking at 80%, followed by North Macedonia with 26.5%, Serbia with 23.8%, and Albania with 22.9%. The same pattern is evident with plant and machine operators and assemblers in all economies, in which men earn significantly more than women. These findings are as expected given that these occupations consist of traditionally men predominated tasks. The same can be concluded for the armed forces.

Table 5. Gender pay gap by occupation in Western Balkan economies (%)³⁷

| Occupation groups according to ISCO-08 | Albania | Bosnia & Herzegovina | North Macedonia | Serbia |
|--|---------|----------------------|-----------------|--------|
| Managers | -2.6 | 66.7 | 23.9 | 5.3 |
| Professionals | 18.3 | -27.0 | 21.4 | 19.0 |
| Technicians and Associate Professionals | 12.4 | 5.6 | 22.5 | 19.3 |
| Clerical Support Workers | 5.1 | -11.1 | 4.4 | 5.4 |
| Services and Sales Workers | 24.2 | -3.6 | 9.1 | 10.1 |
| Skilled Agricultural, Forestry and Fishery Workers | 9.7 | 3.6 | -17.9 | 4.5 |
| Craft and Related Trades Workers | 22.9 | 79.9 | 26.5 | 23.8 |
| Plant and Machine Operators, and Assemblers | 23.1 | 93.1 | 27.0 | 17.7 |
| Elementary Occupations | 6.2 | 45.8 | 16.1 | 15.4 |
| Armed Forces Occupations | 2.5 | 88.9 | - | - |
| Overall | 6.6 | 37.8 | 15.8 | 8.8 |

Source: Respective Statistics Bureaus of Albania, Bosnia and Herzegovina, North Macedonia, and Serbia, 2022. Data for Montenegro and Kosovo were not available.*

In Albania the gender gap is the largest among service and sales workers (24.2%), which is one of the third most important group of occupations for women (see Figure 7). This gap is much smaller in Serbia (10.1%) and North Macedonia (9.1%), where the incidence of these groups of occupations among women is higher. By contrast, in Bosnia and Herzegovina, women working in service and sales occupations earn on average 3.6% more than men in the same occupation. Professional and clerical support occupations follow the same trend: in Serbia, North Macedonia, and Albania, the gender pay gap is positive, while in Bosnia and Herzegovina, men professionals and clerical workers earn on average 27% and 11% less than women professionals and clerical workers, respectively.

Table 6 presents the gender pay gap by economic activity in Albania, North Macedonia, Serbia and Kosovo*.³⁸ The overall gender pay gap is the largest in North Macedonia (16.7%), followed by Serbia (8.8%) and Albania (6.6%). Further, the sector with the most prominent gender pay gap across all

³⁷ Data correspond to the latest available year: Serbia and North Macedonia (2018); Albania and Bosnia (2020).

³⁸ Data for other economies were not available.

economies in the study is “Mining and quarrying; manufacturing; electricity, gas, steam, air conditioning supply; water supply; sewerage, waste management, and remediation activities”. In this sector, men earn on average, 72.9%, 11.3%, 10.5%, and 31.9% more than women in Kosovo*, North Macedonia, Serbia, and Albania, respectively. Men working in construction earn on average 22.4% and 5.9% less than women in Serbia and Albania, respectively. Although construction is a sector dominated by men workers, women in this sector occupy administrative positions which may partly explain the gaps.

Regarding wholesale and retail, men earn on average more than women in all economies. The gender pay gap is even more significant in the information and communication sector, in which men earn on average 25.3% more than women in North Macedonia and 18.3% more than women in Kosovo*. In the rest of the economies, the gender wage gap is slightly smaller.

Concerning financial and insurance activities, in Kosovo* men earn on average 2.1% less than women; on the contrary, men earn on average 20.1% more than women in Serbia, 17.2% more in North Macedonia, and 14.2% more than women in Albania. Men also earn more than women in real estate activities and public administration and defence. The gap is more prominent in North Macedonia, where men earn on average 29.8% and 45.9% more than women, respectively. Lastly, male workers engaged in arts, entertainment and recreation, repair of household goods, and other services earn 65.8% more than women in Kosovo* and 8% less than women in North Macedonia. In Albania, the gender pay gap in this sector is almost inexistent, and in Serbia 3.6%.

Table 6. Gender pay gap by economic activity in Western Balkans (%)³⁹

| Economic activity according to NACE Rev2 | Albania | North Macedonia | Serbia | Kosovo* |
|---|----------------|------------------------|---------------|----------------|
| Agriculture, forestry and fishing | 6.2 | 2.1 | - | 51.1 |
| Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities | 31.9 | 11.3 | 10.5 | 72.9 |
| Construction | -5.9 | -7.8 | -22.4 | 8.4 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities | 9 | 8.9 | 4.8 | 28.1 |
| Information and communication | 12.3 | 25.3 | 14.5 | 18.3 |
| Financial and insurance activities | 14.2 | 17.2 | 20.1 | -2.1 |
| Real estate activities; Professional, scientific, and technical activities; administrative and support service activities | 2.5 | 3.1 | 6.2 | 18.0 |
| Public administration and defence; compulsory social security; education; human health and social work activities | 12.9 | 16.7 | 7.7 | 8.9 |
| Arts, entertainment and recreation, repair of household goods and other services | 0.4 | -6.3 | 3.6 | 65.8 |
| Overall | 6.6 | 16.7 | 8.8 | - |

Source: Respective Statistics Bureaus of Albania, Bosnia and Herzegovina, North Macedonia, and Serbia, 2022.

Data for Montenegro and Kosovo* were not available.



³⁹ Data correspond to the latest available year: Serbia and North Macedonia (2018); Albania, and Kosovo*, (2020).

The findings from previous sections provide some insights into the causes of the gender pay gap. Women's access to education has increased and their education attainment has improved considerably, even surpassing that of men, which raises expectations of a lower gender pay gap in the future. However, in the Western Balkans it is expected that female participation rates will rise in the future. These new women workers will tend to have, on average, a lower level of educational attainment than those women currently working. Accordingly, this rise in the female participation rate will tend to increase the gender pay gap, so the future movement of the gender pay gap is uncertain.

The persisting gender gaps in pay co-existing with increases in women's educational gap over men are difficult to reconcile. However, several explanations have been advanced. First, a low demand for workers with higher-level education. Less-development economies, with low technological development and reliance on low-productivity low-income sectors, such as agriculture, do not have a high demand for highly skilled workers, at least not high enough to exert pressure on wages. Hence, the finding on higher unemployment shares of the highly educated women across Western Balkan economies could be interpreted as excess labour supply of highly educated women, which may contribute to the gender pay gap. Second, a higher volume of men in the labour force. Men's labour force outnumbers the women's labour force in all Western Balkan economies, and the same is true for the number of highly educated women. That means that, although highly educated women may receive high income, as in the case of women in the group of managers in Albania, their low numbers cannot outweigh the higher volume of highly educated men currently in the labour force. In addition, occupational and sectoral segregation, and gender discrimination at the workplace tend to substantially depress women's wages. The concentration of men in sectors and occupations that pay higher wages, and women in low-pay ones contributes to a higher gender wage gap.

2.11 Gender care gap

Data on gender care gaps in the Western Balkan economies are scarce. Although there is agreement on its importance for the well-being of the household, unpaid care work is commonly left out of policy agendas due to a common misperception that, unlike standard work measures, it is too difficult to measure. Only in Albania, Serbia and Kosovo* is there evidence on the extent of women's engagement in unpaid care work, through Time Use Surveys (TUS) conducted in various years.

Unpaid household work is one of the main causes of inactivity. In Serbia, women spent on average 2.3 times more time on unpaid work compared to men (SORS, 2015).⁴⁰ In Kosovo* (MCC, 2016)⁴¹ the ratio is slightly higher, 2.6, but in Albania women's unpaid work is more than 11 times that of men. Most of the unpaid care is related to children's care. In Serbia women dedicate around 5 hours a day to unpaid work, and in Albania 5.4 hours (women with higher education spend a little bit less) compared to an average of only 13 minutes for men (INSTAT, 2013).⁴² Taking care of their children or other persons accounts for most of the women's unpaid work time, whereas men spent their unpaid work in tasks



40 Time Use Survey, 2015. SORS .

41 Time Use Survey, 2016. Millennium Challenge Cooperation.

42 INSTAT. 2013. Gender statistics in Albania: Better Data to Better Monitor the Status of Women in Informal Employment, Unpaid Work and Work in Rural Areas and Agriculture. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/--stat/documents/presentation/wcms_314033.pdf [Accessed 05 January 2022]

related to maintenance services and taking care of their own children. The average time spent on unpaid work increases with the presence of young children, considerably more so for women than for men.

The data also shows that men work in paid work longer hours than women. A man in Kosovo* spends on average 4.6 more time on market work than a woman, in Albania 2.3 times more, and in Serbia about 2 times. In Serbia, in 2015 women spent in paid work on average two hours and four minutes, and one hour more than men in total on market and non-market work, while in Albania these time amounts were almost equal.

These data confirm the stereotypes that are grounded in the WB societies, where women are expected to work more in the household and less in paid jobs. The uneven distribution of unpaid work can be explained partly by persistent behaviours, barriers and constraints imposed by tradition, culture, regulations, lack of family-friendly policies, and gender-based comparative advantages in unpaid work (Alonso et al., 2019).⁴³ COVID-19 increased the burden of household unpaid work for women, and evidence suggests that in 2020 the gender gap in unpaid work deteriorated, and the psychological and mental health of women has been affected as a consequence (UN Women, 2021).⁴⁴

The unequal distribution of unpaid care work between women and men negatively affects their economic empowerment and labour market participation. Women who bear most of the responsibility for unpaid care work are less likely to be engaged in paid employment, and if active in the labour market, they are more likely to be engaged in part-time or informal employment, and earn less than their men peers (OECD, 2014).⁴⁵ Some estimates suggest that, had the work of women in the household been paid at the minimum price per hour, a total of EUR 116 per month should have been set aside in 2010, and EUR 138 in 2015 in Serbia. Other estimates for Albania based on its TUS data suggest that unpaid work accounts for around 60.0 % of GDP (Bridgman et al., 2018).⁴⁶



43 Alonso C., Brussevich M., Dabla-Norris E., Kinoshita Y, and Kochhar K. 2019. Reducing and Redistributing Unpaid Work: Stronger Policies to Support Gender Equality. IMF Working Paper. Fiscal Affairs Department. Washington DC Available at: <https://www.imf.org/~/media/Files/Publications/WP/2019/wp19225-print.pdf>.ashx [Accessed 05 January 2022]

44 UN Women. 2020. The impact of Covid-19 on women's and men's lives and livelihoods in Albania: Results of a Rapid Gender Assessment. Available at: https://www.jointsdgfund.org/sites/default/files/2021-01/web_the%20impact%20of%20covid-19%20on%20womens%20and%20mens%20lives%20and%20livelihoods%20in%20albania.pdf [Accessed 05 January 2022]

45 OECD. 2014. Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes. December. Paris. France

46 Bridgman, B., G. Duernecker, and B. Herrendorf, 2018. "Structural Transformation, Marketization, and Household Production Around the World," *Journal of Development Economics* 133, 102-126. Available at: https://www.researchgate.net/publication/322836647_Structural_transformation_marketization_and_household_production_around_the_world/citations [Accessed 18 January 2022]



3 Gender sensitivity of immediate COVID-19 policy response

At the onset of the COVID-19 pandemic the governments of the WB economies responded by imposing lockdowns and social distancing to prevent the spread of the virus. These were followed with other economic, fiscal, and monetary measures to support vital and strategic sectors, businesses, the wellbeing of the citizens, maintaining the existing employment levels and liquidity of economic actors. The focus was on mitigating the economic consequences of COVID-19. The support packages were different among the Western Balkans economies; however, they can be organized into several broad categories as per the scope of this study. This chapter provides a short description of these categories, and for each category, an analysis of the gender-sensitivity of the measures as per their design and outcome.

3.1 Tax delays and reductions

All governments adopted measures related to tax deferments and reductions, although the specific measures were quite different across economies. All governments delayed (advanced) payment of corporate income taxes, financial statement submissions and personal income taxes. The government of Albania also delayed rent payments for small businesses and households; property taxes were delayed in Bosnia and Herzegovina, North Macedonia removed interest on delayed payment of VAT charges up to 7 days after submitting VAT return, and in Serbia and Montenegro payment of social security contributions was also delayed. Tax reductions were less common, but important changes were introduced in North Macedonia, where the VAT rate was reduced from 18 % to 10 % for restaurant services and catering and the period for tax loss carry forward was increased from 3 years to 5 years. The estimated impact on liquidity due to these measures were around EUR 1.5 million in Albania and Serbia, EUR 2 million in Serbia, and EUR 45 million in Montenegro. The number of businesses that benefitted from these measures in Albania was 123,000, but no disaggregation is available on the gender of the owner or manager. No data are available on the number of beneficiaries in other economies.

There is common agreement is that these measures were gender neutral. None of them fulfilled the criteria of gender-sensitive approach in the design phase. No gender analysis was conducted prior to introducing the measures. In that sense, the majority of measures did not take into consideration existing gender gaps or the different impact of adverse effects of COVID-19 on women. Gender was not taken into account when reporting on the number of beneficiaries of the measures, hence it was

deemed irrelevant for attainment of the objectives. The approach was a general one, covering all active businesses; thus, the impact was the same as the composition of active enterprises in the economy. Nevertheless, the postponement of business tax payment for small businesses may have provided higher relief to women, as they account for a higher share among the own-account workers.

3.2 Special support to selected sectors of the economy

In addition to the extended support of the health sector, measures targeting strategic and priority sectors of development were included as part of support packages in all economies. In Albania, wage subsidy support was provided to workers in the tourism and accommodation sector, public transport and oil sector (EUR 1.17 million, 6 227 beneficiaries). In Bosnia and Herzegovina, support was provided for the payment of: minimum gross wage to around 40 000 employees, paid leave and current operational expenses in the sector of tourism and catering, transport and communications, agriculture and food industry and export companies (EUR 251 million). In North Macedonia, seven measures were adopted to support micro, small and medium size enterprises who engage in the production or processing of agricultural products. Special provisions were approved for the encouragement of public private partnerships in the viticultural and tobacco industries. In Montenegro, around EUR 73 million credit line support was provided for tourism and catering, transport, services, production and food processing. Social security contributions were paid to farmers who regularly pay contributions, and one-off payments were given to professional fishermen. In Serbia, about EUR 270 million support was provided to agriculture, licensed travel agencies and the hotel industry as support for their operations. In Kosovo*, support was provided for the agriculture sector through doubling the budget for the Direct Payments Program for 2020 (EUR 24 million) and subsidising the interest rates on agricultural loans (EUR 2 million).

The approach followed for the design of the support packages was sector-based, with the main support going to companies operating in sectors that were badly hit by the pandemic lockdown and the respective restrictions. The design of the support packages did not consider any statistics related to women employment in these sectors, or any prior assessment of the number of women beneficiaries. In some cases, because of the way they were designed the gender-gap related impact was negative. For example, the support of the agriculture sector is deemed to have had general positive outcomes in terms of sector support and general economic impact. However, in the Western Balkan economies the majority of registered farms are owned by men, with only a minor share of agricultural holdings registered to women, who typically own smaller farms than those owned by men. In addition, women are more likely to informally engage in the agricultural workforce as unpaid household workers. In that case, the outcome could be wider gender gaps, although the intervention has resulted in better-off conditions for both men and women than in the absence thereof.

However, there are some positive outcomes as well, such as the support provided in the accommodation and food services sector, in which women-owned SMEs mostly operate. Although these support grants were gender blind by design, it is believed that they helped women to maintain their businesses to some extent. The new provisions in North Macedonia may have had some positive impact on women, as

they own 30 % of businesses in the viticulture and tobacco industries. However, gender-disaggregated information is missing thus impeding a better assessment of the gender-sensitivity of this measure. In contrast, the agriculture support provided in Kosovo* may have had a negative impact because women are under-represented in agriculture.

3.3 Financial support to companies and liquidity protection

Another important intervention category aimed at protecting the liquidity of companies and ensuring credit flows to the economy. All governments established credit risk guarantee schemes, ensuring interest-free or low-interest loans for micro and SMEs companies. Banks were advised to consider relief to individuals and businesses affected by COVID-19, including reviewing current service fees and avoiding charging fees to handle exposure modifications. The programmes addressed investment in working capital and subsidized social security contributions, partial or in full, for compulsory insurance for the three months of lockdown in 2020 for companies with substantially reduced turnovers.

The approach has been to support all active businesses, hence in general the design of the measures was gender blind. This general approach, and the concentration of women employment in the service sector, i.e., in less capital-intensive activities, the low share of women-owned enterprises and their high share of micro enterprises with fewer assets and limited access to finance, puts them in a disadvantaged position when taking on additional risk with new loans. The outcome in terms of narrowing gender gaps is potentially negative because it could lead to a deepening of the existing gender gap in entrepreneurship. However, some program peculiarities are worth mentioning here. In North Macedonia, the credit guarantee scheme had an option for 30% non-return grants for companies who are either established by women, employ young people, are export-oriented or rely on digitalization in their work. Additional funds were provided for the development of digital platforms for new markets of textile companies and competitiveness improvement. The textile industry employs mostly women, so the outcomes of this intervention can be considered as being gender positive.

3.4 Social protection

Several measures were adopted with the goal to protect the living standards of the population. Common measures included payment of monthly wages for employees as a proportion of or equal to the statutory minimum wage, salary bonuses for employees in the health sector, extra payments for beneficiaries of the social assistance schemes, unemployment benefit schemes, and social and pension schemes for the lockdown months. Other measures included the introduction of frameworks for financial institutions and banks to provide restructuring of loans at no additional costs and forbidding loan default enforcement. The governments of North Macedonia and Bosnia and Herzegovina also introduced price freezes on basic products.

3.7 External partners initiatives

Development partners and donors provided a coordinated support to the governments of Western Balkan economies, starting from concrete support to the health sector to acquire essential health equipment, to grants and loans for a more structured response to the acute consequences of the virus on the economy as well as medium- and long-term interventions to mitigate its impact. The EU and the European investment Bank (EIB) mobilized a total of EUR 3.3 billion to support the Western Balkans. The EU supplied almost EUR 42 million for immediate support to the Western Balkans health sector to procure medical equipment such as masks, ventilators, visors, and testing kits. The EU quickly provided vulnerable individuals, such as Roma, with essential food and hygiene packages, and put in place specific support for helping the elderly, children, victims of domestic violence and minorities to ride out the crisis. The EU's Instrument contributing to Peace and Stability provided EUR 8 million for vulnerable migrants. The EU allocated EUR 70 million in grants to the Western Balkans to ensure availability and access to reliable, effective and EU authorized COVID-19 vaccines. In collaboration with WHO, another EUR 7 million aimed to prepare the region for the effective reception and administration of COVID-19 vaccines (EC, 2021f).⁵⁰

The EU allocated funding for EUR 1.7 billion of loans focusing on SMEs, start-ups and innovative companies, farmers and agri-businesses, rural and tourism enterprises, as well as women- and youth-led businesses. The EU is also providing almost EUR 762 million to support recovery from the social and economic impact of the crisis, with special attention to the most vulnerable and to providing a lifeline for Western Balkans businesses (EC, 2021f).⁵¹ The support package included the possibility to join the Joint Procurement Agreement, and to access the EU Solidarity Fund, which is expected to provide an additional EUR 140 million to the region. The Council of Europe Development Bank (CEB) has provided a total of EUR 275 million in loans to WB economies. Altogether, these three components equate to total COVID-19 support of EUR 3.7bn (Marrano, 2021),⁵² or about 60% of the total support in these economies.

In collaboration with the International Monetary Fund (IMF), the EU is also providing EUR 750 million in Macro-Financial Assistance, to support Western Balkan governments that requested help with balancing their payment crisis. This assistance accounts for 30-55% of total EU funds for the Western Balkan economies that benefitted from it. The EU total funding accounted for from 1.2% of GDP in Serbia to 4.0% of GDP in Kosovo* (Marrano, 2021).⁵³

The IMF accounts for about 30% of the total external partners' support. The IMF provided, on average, around 10% of total external official funding for the public sector in the Western Balkans, under the IMF's Rapid Financing Instrument (RFI). With the exception of Serbia, other Western Balkan



50 European Commission, (2021f). EU support to Western Balkans in tackling COVID-19. Available at https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-12/17.12.2021-coronavirus_support_wb.pdf

51 European Commission, (2021f). EU support to Western Balkans in tackling COVID-19. Available at https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-12/17.12.2021-coronavirus_support_wb.pdf

52 Marrano, G. M., 2021. Not alone. Financial support to the Western Balkans. Available at <https://www.suerf.org/policynotes/27375/not-alone-financial-support-of-the-western-balkans>

53 Marrano, G. M., 2021. Not alone. Financial support to the Western Balkans. Available at <https://www.suerf.org/policynotes/27375/not-alone-financial-support-of-the-western-balkans>

economies applied for these funds for the purpose of facing COVID-19 emergency. They obtained 100% of the funds, except for Kosovo* which obtained 50% of the quota.

The support provided by the World Bank accounts for the remaining 10% of total external official funding for the public sector in the Western Balkan economies. North Macedonia is receiving the highest share (23% of the support). In addition, in some of the Western Balkan economies the World Bank re-oriented some previous projects to address the COVID-19 emergency.

The United Nations (UN) engaged in developing a Social and Economic Response Plan in Albania. In Bosnia and Herzegovina, the UNDP aided procurement of vital medical supplies and equipment in cooperation with contributing partners, including the Delegation of EU, the Kingdom of Norway, Sweden, Switzerland, and Austria's Government. The United Nations provided EUR 8 million for the rapid response. It also supported an inclusive and multi-sectoral crisis management response to COVID-19 pandemic, with a more effective vertical and horizontal coordination, as well as impact assessments of the private sector, social protection, and the labour market. In North Macedonia, the United State Agency for International Development (USAID) allocated around EUR 408, 000 to support the economic recovery from the Covid-19 pandemic (USAID, 2020). In Serbia, UN focused on three main areas: healthcare response, humanitarian response and socio- economic impact assessment and response.

Some small-scale projects specifically supported women. In Albania, the International Labour Organisation provided cash transfers for women textile workers in ten companies to establish healthy and safe conditions in the workplace. Additional support was provided by the Open Society Foundation in Albania to a group of 70 women entrepreneurs affected by the pandemic (SHGPAZ, 2020).⁵⁴ In Bosnia and Herzegovina, international organizations also partnered projects targeting women entrepreneurs aiding twelve to overcome the effects of the COVID-19 pandemic. The assistance comprised tailor-made services like counselling and educational services and non-refundable cash payments of up to EUR 30,600. In addition, the ILO in collaboration with the German Development Agency (GIZ) and UNDP, provided grants, advisory services, and investment incentives to ensure business continuity and start new companies for micro, small, and medium-sized enterprises, particularly those owned or managed by women, in the following sectors: metal and wood processing, textile, garment and footwear, agriculture, and tourism.



54 SHGPAZ. 2020. Press Release: Recovery and capacity building of 70 women entrepreneurs after COVID-19 damage. Available at: <https://shgpaz.al/2020/07/01/rimekembja-dhe-forcimi-i-kapaciteteve-te-70-grave-sipermarrese-pas-demeve-te-covid-19/> [Accessed 10 December 2021]

of relevant legislation with the EU *acquis communautaire* is contained in chapters 2 and 19. Employment also constituted a core of the “inclusive growth” pillar of the SEE 2020 Strategy. Support to institutions implementing employment policies is also delivered through projects such as the Regional Cooperation Council’s (RCC) and ILO’s Employment and Social Affairs Platform (ESAP), which have worked on building up the capacity of PESs in the region through activities (ex. the regional benchlearning initiative).

Table 7. Employment Policies Governance Systems in Western Balkan economies

| Economy | Main Institutions and their functions |
|---------|---|
| Albania | <p>Ministry of Finance and Economy (MoFE)</p> <ul style="list-style-type: none"> • analyse periodically labour market trends • forecast possible developments • draft new policies to increase employment and reduce unemployment by designing programmes/measures to promote employment and self-employment • lead the National Labour Council • coordinate the Integrated Policy Management Group on Employment and Skills • engage in vocational education policies by drafting policies and supporting providers of vocational education and training • supervise and maintain direct communication with the implementing agency for employment policies in the economy (NAES) <p>The Directorate for Employment and Vocational Training Policies within the MoFE</p> <ul style="list-style-type: none"> • develop, coordinate and ensure implementation of employment and VET policies in the economy • draft policies to ensure good employment practices in the economy • draft active and passive labour market policies • develop laws and other legal initiatives to ensure implementation of strategies and key objectives • monitor institutional governance of the sector <p>National Agency for Employment and Skills (NAES)</p> <ul style="list-style-type: none"> • implement policy in the areas of employment and skills development in the economy • administer and implement employment promotion programmes • administer regional / local employment structures (12 Regional Offices and 40 Local Employment Offices) • guarantee the level of quality of services provided as per the legal and administrative framework • engage in vocational education policies by drafting policies and supporting providers of vocational education and training |

| | |
|--------------------------------------|---|
| <p>Bosnia and Herzegovina</p> | <p>Ministry of Civil Affairs of Bosnia and Herzegovina</p> <ul style="list-style-type: none"> responsible for performing tasks within the jurisdiction at the state level establish basic principles of coordination of activities harmonize the plans of entity authorities define the strategy at the international level, in the field of labour, employment, social protection and pensions <p>Labour and Employment Agency (LEA)</p> <ul style="list-style-type: none"> represent the Agency in the field of employment in the areas within its competencies cooperate with agencies, institutions, and international organizations meet international obligations undertaken in the field of employment in coordination with the Ministry of Civil Affairs of Bosnia and Herzegovina monitor the application of international standards and policies in the field of employment participate in the implementation of employment policies in cooperation with entity employment services coordinate activities in domestic and international projects propose to the Council of Ministers, long-term, medium-term, and annual plans for labour market policy guidelines and active employment measures Institutions at entity level has jurisdiction to regulate in the field of labour and employment legislative bodies are responsible for passing laws and by-laws in the field of labour legislation <p>In Federation of Bosnia and Herzegovina: Federal Ministry of Labour and Social Policy and Federal Employment Institute, 10 cantonal ministries in charge for labour and employment and 74 offices at local/municipal level</p> <p>In Republika Srpska, Ministry of Labour and War Veterans, Labour Inspectorate and Employment Institute-6 regional offices and 63 offices at local/municipal level</p> |
| <p>North Macedonia</p> | <p>Ministry of Labour and Social Policy</p> <ul style="list-style-type: none"> draft new policies to increase employment and reduce unemployment by designing programs/measures to promote employment and self-employment coordinate the process of development of employment strategies and policies cooperate with a large number of public institutions for the implementation of employment strategies and policies <p>Employment Service Agency (ESA)</p> <ul style="list-style-type: none"> direct implementation of the relevant and active labour market programmes and measures (30 employment centres) keep records of unemployed persons with information on their qualifications, knowledge, and experience develop robust performance monitoring system for the adoption and implementation of ALMPs and other policies register and deregister the employment status of the individuals on the compulsory social insurance register keep a record of employers and their needs for workers |

| | |
|--------------------------|--|
| <p>Montenegro</p> | <p>Responsible ministries/bodies: The Ministry of Economic Development, Department for Labour and Employment responsible for:</p> <ul style="list-style-type: none"> • drafts proposals for economic policy in Montenegro • monitors economic policy implementation • creates a strategic and legislative framework in the field of labour, employment and occupational health and safety • participate in the social dialogue and access to the labour market • Adoption of a “National Strategy for Employment”; • Implementation of programmes under EU Funds • Ensuring optimal conditions for access to and participation in the labour market; • Ensuring solidarity and equal rights and opportunities; • General Collective Agreement; • Union registration; • Safety at work legislation; • Labour market statistics. <p>At the local level, the municipalities are responsible for:</p> <ul style="list-style-type: none"> • Stimulating entrepreneurial development; • Implementing matters transferred to the field social welfare and employment by the central administration; • Implementation of Employment Agency of Montenegro; • Labour market activation measures on a voluntary basis. (European Committee of the Regions, 2022)⁵⁷ <p>The Public Employment Service: central institution in the labour market with main functions as follows:</p> <ul style="list-style-type: none"> • Conduct labour market research, • mediation in employment; • advise and inform employers and the unemployed on employment opportunities; • keep records in the field of employment; • secure unemployment insurance rights; • organize the training and education of unemployed persons; • provide vocational guidance, information and counselling; • prepare analytical, planning and information bases for proposing, implementing and evaluating ALMPs; • preparation and implementation of ALMPs; • adapt the information system to changes in the labour market and provide public information; • analyse occupational development and occupation nomenclature; implement international employment agreements and cooperation in the field of employment at the international level. |
|--------------------------|--|

terms of the governance of social and employment policy and freedom of movement of workers, the European Commission (2021) considers that the economy has made some progress, whilst there is no specific and separate body to promote access to equal rights and equal treatment for workers and family members, aside from the framework created by the Law on Antidiscrimination.

The complex governance structure of Bosnia and Herzegovina determines the complexity of the governance of employment policy in BiH. In Republika Srpska, employment policy and the organization of employment services is at entity level, while in the Federation of Bosnia and Herzegovina, there is an additional level - cantonal level. The latest report of the European Commission on the progress of Bosnia and Herzegovina states that limited progress was achieved with regards to labour legislation, and serious challenges remain to be addressed in the field of employment and social inclusion, especially related to coordination among the responsible institutions across the country. Regarding employment policy, there is still no BiH-wide employment strategy in place. Some progress was achieved related to development of entities and BiH-wide employment strategies and efforts should be taken to adopt them (EC, 2021j).⁵⁹

The latest Progress Report of the European Commission (2021i)⁶⁰ states the limited progress of Montenegro in the area of Social Policy and Employment. More work is needed to ensure alignment with European legislation, whilst in the short-run important challenges remain the increase of active measures targeting the employment of young people, long-term unemployed and people from vulnerable groups. A strengthening of the capacity of bodies and institutions dealing with and implementing social and employment reforms is necessary, as well as strengthening cooperation with social partners and NGO's. Appropriate monitoring of the implementation of the government strategy for employment is jeopardized by the lack of systematically collected data; the coverage of ALMPs remains insufficient, and the independent operation of PES and the Tax Administration induces informal work. On the positive side, in July 2021, Montenegro has endorsed the Western Balkans Declaration on ensuring sustainable labour market integration of young people and has also committed to taking concrete steps to implement the Youth Guarantee scheme (EC, 2021).

Serbia is moderately advanced towards harmonisation with EU *acquis* in the area of social policy and employment. It was the first non-EU economy to introduce the Gender Equality Index (Grevio and Council of Europe, 2018).⁶¹ In May 2021, Serbia adopted the Law on Prohibition of Discrimination, which includes areas of proceedings in the field of labour, provision of public services and use of facilities and areas, in the field of education and vocational training, due to political or trade union affiliation, etc. The PES of Serbia is the only public employment service in the Western Balkans that explicitly recognizes improvement of women's position in the labour market as one of its objectives. The labour market has seen considerable improvements in recent years, but structural problems, demographic and migration challenges remain. There is a lack of adequate financial and institutional resources for employment and social policies to ensure a more systematic targeting of youth, women and the long-term unemployed. An ex-post evaluation of the implementation of the previous "National Employment



59 European Commission, (2021j). Bosnia and Herzegovina 2021 Report. Available at https://ec.europa.eu/neighbourhood-enlargement/bosnia-and-herzegovina-report-2021_en Accessed 11/04/2022

60 European Commission, (2021i). Montenegro 2021 Report. Available at https://ec.europa.eu/neighbourhood-enlargement/montenegro-report-2021_en Accessed 16 January 2022

61 GREVIO & Council of Europe (2018) Report submitted by Serbia pursuant to Article 68, paragraph 1 of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Baseline Report) available at <https://rm.coe.int/state-report-serbia/pdfa/168094afec> accessed 17 January 2022

Strategy (2011 – 2020)” found that despite being the largest vulnerable group in the labour market, women were not targeted by specific programmes. The evaluation concluded that active labour market policy programmes have to some extent contributed to improving the absolute and relative position of women in the labour market and reducing the gaps between men and women (UNWOMEN, 2022).⁶² This evaluation also highlighted that when it comes to participation in all measures, positive gender discrimination is noticeable. According to this evaluation, the representation of women in ALMP measures was around 53% until 2018, only to increase significantly in 2019, when it amounted to 56%. Consequently, the evaluation found that the target planned by the Strategy has been unequivocally achieved. According to this evaluation, over time, women’s participation in financial measures also increased from 51% in 2011 to 55% in 2019⁶³.

In Kosovo*, all legislation in the area of employment has undergone an EU integration analysis,⁶⁴ to ensure approximation with the EU acquis. Labour market policies and labour market reforms have been part of strategic planning in Kosovo*, since they are important to improve labour market outcomes, especially in terms of overcoming the skills gap in the labour market, but the implementation of the “National Development Strategy 2016-2021” has been limited, including measures in improving labour market outcomes.

4.2 Legal and policy framework

In the Western Balkans, the legal framework for decent work, labour rights and employment initiate in the respective Constitutions and are laid down in key legislation such as a Labour Code/Law, which includes the hierarchy of the legal norms in the area of labour and employment, ensuring a complete and operational legal basis aligned with international standards. The economies of the region have ratified a significant number of conventions of the International Labour Organization (ILO) related to employment services and policies. The key employment legislation has been adopted and revised continuously as part of the approximation to the EU acquis to ensure mandates, areas of responsibilities and core functions are aligned. The recent employment strategic documents and guidelines approved in Western Balkan economies present the strategic objectives for the economy’s employment policies and contain policy priorities in the fields of employment, education and social inclusion regarding job creation, labour taxation and wage setting; enhancement of labour and improved access to employment, skills and competences; better functioning of labour markets and improved effectiveness of social dialogue; promotion of equal opportunities for all, fostering social inclusion and fighting poverty. The PES framework in the region’s economies aims to increase the employability of the workforce, through the provision of employment services and programmes, promotion of and support for self-employment and vocational training.



62 UNWOMEN (2022). Gender Equality Index of the Republic of Serbia 2021: Digitalization, future of work and gender equality Available at: <https://eca.unwomen.org/sites/default/files/Field%20Office%20ECA/Attachments/Publications/2021/10/Gender%20Equality%20Index%20for%20Serbia%202021.pdf> Accessed 20 January 2022

63 Ex-post analiza Nacionalne strategije zapošljavanja za period 2011-2020. godine: https://www.minrzs.gov.rs/sites/default/files/2021-02/6.Ex-post%20analiza_final.pdf

64 The proposed legislation, apart from a budgetary analysis, is required to provide an analysis of the approximation with the EU acquis, to ensure that the adopted laws are in line with EU regulations and requirements.

Beyond the lock-in-effects of existing programmes and practices, the Economic Reform Programme (ERP) represents the currently highest-level expression of policy dialogue on economic and social issues between the Western Balkan governments and the European Union. There are challenges in the process of formulating the ERPs and in prioritizing reform because some of the economies do not provide comprehensive diagnostic statistics for given fields. The role of labour market institutions in creating social cohesion remains below expectations (Grevio and Council of Europe, 2018).

4.3 Current progress of employment policy objectives

Implementation and evaluation of strategies and plans and the lack of institutional resilience are among the important challenges faced by economies in the region. These may be due to the fragmented structure of the public employment administration, while the regional and local agencies and offices play a crucial role in service delivery but have little capacity to monitor and evaluate. Public resources are not always allocated efficiently but rather according to political interests. Politics continue to play a role in the functioning of the public administration and SOEs, which are sometimes inefficient and capture markets, preventing innovation and productivity gains (OECD, 2021).⁶⁵

The Western Balkan economies have started to adapt their regulatory frameworks to the EU *acquis*, although progress has been uneven. In Serbia, most of the legislative framework governing the labour market has been aligned with the *acquis*. Progress has also been significant in Montenegro and North Macedonia. Bosnia and Herzegovina does not have a state-level programme for the adoption of the *acquis*, whereas two of its entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS), have started to harmonize their labour laws with the EU *acquis*. Progress has been slow in Kosovo*. All the Western Balkan economies need to identify and address the remaining gaps in their employment regulatory frameworks (OECD, 2021).

The Western Balkan economies overall have made little progress in tackling informal employment, although some relevant measures have recently been introduced. Improvements have been made in monitoring the implementation of employment policies although monitoring reports are often not publicly available; administrative and labour force survey data are not fully exploited, and rigorous programmes' evaluations are often missing.

The analysis of the informal economy and informal employment provided in the ERP concludes that Albania still lacks a comprehensive strategy to tackle and monitor all aspects of informality, and would benefit from a clear action plan with baselines, including clear and measurable targets to establish the regular performance-based monitoring of its implementation and results (EC, 2021c).⁶⁶ To foster the formalization of the labour market, and as part of the response to the COVID-19 pandemic, Albania adopted a new employment programme to subsidize formal employment of unemployed people who

⁶⁵ OECD (2021c). Multi-dimensional Review of the Western Balkans : Assessing Opportunities and Constraints. <https://doi.org/10.1787/4d5cbc2a-en> Accessed 16 January 2022

⁶⁶ European Commission (2021c). Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's Overview and Country Assessments. Institutional Paper 158 available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf Accessed 14 January 2022

(OECD, 2021).⁷¹ In FBiH, the amended “Law on Labour”⁷² introduced the rule that work contracts must be in a written form, that employment needs to be registered and that proof of social security contributions must be provided within 15 days of signature of a contract. The “Employment Strategy of Republika Srpska 2016-2020” was the key policy document that defines the basic activities and active policy measures of the Employment Institute of Republika Srpska (EIRS). Progress has been achieved in developing and implementing new tools, such as a profiling tool, customer relation management application, calendar for counselling and an individual employment plan (OECD, 2021).⁷³

North Macedonia has improved its regulatory framework related to employment governance and policy. In 2018, the Law on Private Employment Agencies was adopted, whilst the Law on Labour Relations was amended. The key pillars of North Macedonia’s employment policy framework are the “National Employment Strategy 2016-20”, the “Strategy for Formalization of the Informal Economy 2018-22”, and the “Action Plan for Youth Employment 2016-20” (OECD, 2021).⁷⁴ However, the regular monitoring of implementation of the employment strategy and the implementation of planned activities is limited.

Regarding policies to promote women employment, significant progress has been made in analysing gender inequalities through the development and publishing of national gender equality index. North Macedonia has also made significant progress in developing policies to reduce gender inequality, such as the “Law on Equal Opportunities for Women and Men”, the “Strategy for Gender Equality 2013-20”, the “Law on Prevention and Protection against Discrimination”. The “National Strategy for Employment 2016-20”, “National Action Plan for Employment 2018-20” and “National Action Plan for Youth Employment 2016-20” form the strategic basis for ALMPs and specify their target groups. In order to improve the business environment and to stimulate the formalization of informal economy and employment, the government of North Macedonia adopted the “Strategy for the Formalisation of the Informal Economy 2018-2022”. This strategy recognises that the measures and policies that tackle informal employment should take into account the different informal work arrangements of women and men and expected outcomes. Several positive outcomes related to the status of women are specified, such as regulation of domestic work, adding value to unpaid work, and improving women’s access to finance. One of the specific objectives envisaged in the strategy that could have a positive outcome on the status of women in the informal economy is the introduction of new models for formalization of the activities in the sectors with high incidence of undeclared work (Ministry of Labour and Social Policy, 2018). The strategy identifies three main motives for engaging in informal business activities, but these motives are not properly addressed by the action plan (EC, 2021e).⁷⁵ The strategy implementation focuses mainly on employment policies and stringent monitoring and inspection, while ignoring other important aspects contributing to the informal economy, such as the overall business environment or taxation, including social security contributions.



71 OECD (2021), *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

72 OECD (2021), *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

73 OECD (2021), *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

74 OECD (2021), *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

75 European Commission (2021e). North Macedonia ERP assessment. Available at <https://data.consilium.europa.eu/doc/document/ST-8099-2021-INIT/en/pdf>

Efforts to improve the currently ineffective institutional set-up and functioning of Montenegro's public employment service, the Employment Agency of Montenegro (EAM), are on-going. The EU is providing support to strengthen the operational capacity of the EAM in the areas of services' digitalisation, capacity building and labour mobility. The digitalization of the EAM and revision of the procedures should facilitate its work and improve the provision of tailor-made and targeted services (EC, 2021b). The "National Employment Strategy 2021-2024" was not adopted as planned in 2020. A professional training programmes for higher education graduates has been implemented for nearly a decade however no comprehensive analysis of its impact has been conducted. Up to 2019, around 3 000 unemployed graduates took part, only 50% of whom continued to be employed after participating in the programmes (EC, 2021i).⁷⁶ Prior to the COVID-19 pandemic, enrolment in dual VET education was rising significantly (834 in 2019/2020 compared to 277 in 2017/2018 and 570 in 2018/2019). However, as in many EU Member States, the pandemic had a negative impact on vocational education, as shown by the fall in the enrolment rate for 2020/2021 of 740 students. The establishment of a system for the continuous monitoring of the quality of apprenticeships provided by employers is expected to facilitate fact-based policy making, update the apprenticeship programmes and improve labour market transitions (EC, 2021b)⁷⁷.

High levels of informality remain an obstacle to improving labour market outcomes in Montenegro. While it is assumed that the wage-subsidy measures in response to the pandemic have prompted employers to formalize some of their employees, disincentives to formalization remain, requiring comprehensive measures to fight undeclared work. The Labour Law adopted in December 2019 aims to increase the flexibility of the labour market, but the effects of its implementation remain to be seen. The capacity of the Labour Inspectorate remains limited. A specific ALMP has been established since 2019, targeting young people and their participation in the labour market through employment or self-employment, however its effectiveness is as yet unknown. A horizontal policy overview combining various measures to activate youth, such as the EU Youth Guarantee, is lacking.

The COVID-19 crisis caused an increase in the mismatch between labour supply and demand in Serbia. The diagnostic report for education, employment and social policies presented in the ERP for Serbia (EC, 2021c)⁷⁸ states that the proposed measures in the areas of employment and social protection either lack clearly defined objectives or do not remedy the fundamental challenges. There were no measures promoting the formalization of labour in non-agricultural sectors and the funding for Active Labour Market Policies remains insufficient. Job retention schemes were rolled out effectively but there was no activity on expanding access to unemployed compensation schemes (EC, 2021d)⁷⁹.



76 European Commission, (2021i). Montenegro 2021 Report. Available at https://ec.europa.eu/neighbourhood-enlargement/montenegro-report-2021_en Accessed 16 January 2022

77 European Commission (2021b) Economic Reform Programme of Montenegro (2021-2023) Commission Assessment SWD (2021). Available at https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-09/assessment_of_montenegros_2021-2023_erp.pdf. Accessed 15 January 2022

78 European Commission (2021c). Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's Overview and Country Assessments. Institutional Paper 158 available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf Accessed 14 January 2022

79 European Commission (2021d) Economic reform programme of Serbia (2021-2023) - Commission assessment SWD(2021) 96 final available at https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-09/assessment_of_serbias_2021-2023_erp.pdf accessed 15 January 2022

Generally, active labour market policies (ALMPs) in Serbia cover only a fraction of unemployed and have limited reach to the majority of the unemployed and vulnerably employed. In addition, spending is insufficient, and the impact of ALMPs on the activation of the labour force remains limited. Established measures such as job-searching, training and job fairs reached only 27.6% of registered unemployed in 2019. The Serbian Economic Reform programmes acknowledge the low capacity of the ALMPs but does not propose adequate measures to address this situation (EC, 2021d).⁸⁰

Serbia has made progress in encouraging work-based learning with the adoption of the Law on dual education in 2017 and the bylaws to facilitate implementing the law. Although the necessary legal framework is now in place, the rollout of dual VET according to the Austrian, German and Swiss model will take until 2023 (EC, 2021c).⁸¹ The development of dual VET education is limited to a target of 8.8% of all VET education in 2023, a low target, given the difficult school-to work transitions and the partially outdated curricula. In order to facilitate school to work transitions Serbia has created the “My First Salary” programme, which targets young people without prior work experience. In 2020, the programme had around 8 000 beneficiaries.

Regarding the regulatory framework in Kosovo*, in 2018, the Ministry of Labour and Social Welfare (MLSW) prepared new draft laws on labour and on maternity and parental leave, which transpose 17 EU directives, but the drafts have still not been adopted. The employment policy framework comprises the “Sectoral Strategy and Action Plan of the MLSW 2018-2022”, the “Action Plan for Youth Employment 2018-2020” and the “Employment Policy 2019-2021”. The implementation of the labour law as well as the framework for the work of labour inspectorates, remains deficient. Limited progress has been made to address the extremely high gender employment gap and facilitate women’s labour market access. Kosovo* has made progress in strengthening institutional capacity to deliver ALMPs to vulnerable groups through the adoption of the Law on Social Enterprises. Strategic documents define the target groups for ALMPs as women from rural areas, women without other income, young NEET, long-term unemployed, people with disabilities and repatriates (OECD, 2021).⁸²

The “Sectoral Strategy of the Ministry of Labour and Social Welfare (2018-2022)” includes women as a target group; yet, they remain under-represented among the beneficiaries of measures implemented by the Employment Agency. The Agency for Gender Equality has prepared the “Kosovo* Programme for Gender Equality 2020-2024”, which outlines highly relevant activities to improve skills and eliminate discrimination in the labour market. The “Sectoral Strategy for Employment and Welfare 2018-2022” points to the lack of coordination between different programmes and services for social inclusion, and the lack of an integrated delivery of social and employment services at the local level.⁸³ Informality remains a problem, with only slightly more than half of the young people employed with a written contract. A scheme to regularize informal employment was established in May 2020 and has already delivered some positive results (OECD, 2021).⁸⁴

80 European Commission (2021d) Economic reform programme of Serbia (2021-2023) - Commission assessment SWD(2021) 96 final available at https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-09/assessment_of_serbias_2021-2023_erp.pdf accessed 15 January 2022

81 European Commission (2021c) 2021 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission’s Overview and Country Assessments. Institutional Paper 158

82 OECD (2021), Competitiveness in South East Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

83 OECD (2021), Competitiveness in South East Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

84 Williams, Colin. (2020). COVID-19 And Undeclared Work In The Western Balkans: Impacts, Challenges And Policy Responses. Available at 10.13140/RG.2.2.13904.74242. Accessed 17 January 2022

than being automatic. The lack of firm evidence on progress towards gender equality is often the cause of the poorly planned actions and initiatives, and mainstreaming gender into production of statistics requires immediate attention. The progress report of EC for Albania clearly states that efforts are required to ensure that all strategies at central and local level are gender mainstreamed and apply gender responsive budgeting (EC, 2021a).⁸⁹

In North Macedonia, the latest Operational Plans and ALMPs for 2021 had a specific gender approach employed in scoping, which resulted with half of the contracts signed for number of measures promoted under the plan to be split equally between women and men. As a result, the measures do not yet break gender stereotypes but partially reinforce them. Several positive experiences are listed in the “Strategy for Formalization of the Informal Economy 2018-2022” as measures related to elevating the status of women, for example: the regulation of domestic work; improving the access to finance and introducing new models for formalization of the temporary and occasional (daily) activities in the agriculture, domestic work, tourism and catering (Ministry of Labour and Social Policy, 2018).⁹⁰ Significant progress was recorded regarding the implementation of this measure. Namely, the reform process is ongoing and in 2022 the focus will be on developing new legislation and an electronic model for registering of temporary, occasional, and seasonal work engagements in agriculture, tourism, catering, personal and household services. The “National Employment Strategy 2021-2027” sets gender specific outcomes, although it is not clear how the respective policy actions will contribute to their achievement (EC, 2021c).⁹¹

The “2016–2020 Gender Equality Strategy” in Serbia was assessed as relatively weak in measures aimed at boosting women’s employment, entrepreneurship, and economic empowerment, as well as those aiming to improve the status of groups facing discrimination on multiple grounds (Arandarenko, 2021).⁹² The obligation to introduce gender responsive budgeting (GRB) was introduced for the first time in late 2016 and was to be fulfilled by authorities at all levels by 2020 at the latest. According to a recent assessment by UN Women (2019),⁹³ a significant number of institutions at central and local level have now applied gender responsive budgeting in both 2019 and 2020. In addition, local self-governments have also established their gender equality mechanisms. The new Strategy for Gender Equality 2021- 2030 was adopted on October 14, 2021.



89 European Commission, (2021a). Key findings of the 2021 European Commission Report on Albania available at: <https://europeanwesternbalkans.com/2021/10/19/key-findings-of-the-2021-european-commission-report-on-albania/> Accessed 16 January 2022

90 Ministry of Labor and Social Policy (2018) Strategy for formalization of the informal economy 2018-2022 Skopje, North Macedonia

91 European Commission (2021c) Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission’s Overview and Country Assessments. Institutional Paper 158 available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf Accessed 14 January 2022

92 Arandarenko, M., 2021. Performance of western Balkan economies regarding the European Pillar of Social Rights. 2021 Review on Serbia. Available at <https://www.esap.online/docs/154/performance-of-western-balkan-economies-regarding-the-european-pillar-of-social-rights-2021-review-on-serbia> accessed 27 January 2022

93 UN Women, (2019) Evaluation of The National Action Plan for The Implementation of the Serbia National Strategy for Gender Equality – Final Report available at: https://eca.unwomen.org/sites/default/files/Field%20Office%20ECA/Attachments/Publications/2019/Evaluation%20NAP%20for%20GE/Evaluation%20NAP%20for%20GE%202016-2018_compressed.pdf Accessed 19 January 2022

In Bosnia and Herzegovina, gender-responsive budgeting has not resulted in a sustainable application of gender equality principles in the labour market (Numanović, 2021).⁹⁴ In order to address the persisting gender gaps it needs to become a top priority in employment and related policies. The measures to promote employment lack funding and are not expected to yield the desired results. Insufficient budgetary allocations are an impediment towards improvement of labour market policies, their design and implementation, with a particular focus on the gender dimension (EC, 2021c).⁹⁵

In Montenegro, improvement in the position of women in the labour market is provided through special support measures for the development of entrepreneurship and self-employment at the economy and local levels, which is also recognized as one of the Government's priorities in the field of labour and social welfare, and is further elaborated through the "Action Plan on Gender Equality" and the "Strategy for the Development of Women's Entrepreneurship 2021-2024" (EC, 2021c).⁹⁶ The "National Strategy on Gender Equality 2021-2025" prescribed implementation, coordination, monitoring and evaluation of the performance of gender equality policies, including gender responsible budgeting in the public financial management system as one of the measures to be implemented (EC, 2021c).⁹⁷

In Kosovo*, the "National Development Strategy 2022-2030" addresses the unequal gender outcomes in labour markets, through the development of gender and ethnic minority disaggregated indicators to measure the impact of the strategy, in general, but even more importantly, for women and ethnic minorities. Through the publication of these indicators, the Strategy paves the way for development of policies and legislation to address the current gaps.



94 Numanovic, A., 2021. Performance of western Balkan economies regarding the European Pillar of Social Rights. 2021 Review on Bosnia and Herzegovina. Available at <https://www.esap.online/docs/150/performance-of-western-balkan-economies-regarding-the-european-pillar-of-social-rights-2021-review-on-bosnia-and-herzegovina> Accessed 16 January 2022

95 European Commission (2021c) Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's Overview and Country Assessments. Institutional Paper 158 available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf Accessed 14 January 2022

96 European Commission (2021c). Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's Overview and Country Assessments. Institutional Paper 158 available at: https://ec.europa.eu/info/sites/default/files/economy-finance/ip158_en_0.pdf Accessed 14 January 2022

97 RCC & European Centre for Social Welfare Policy and Research (2021) Monitoring the progress of the Western Balkan countries regarding the European Pillar of Social Rights. Policy Brief 2021/3 available at:

<https://www.rcc.int/download/docs/ESAP-Social-Rights-Pillar-Report-regional-overview.pdf/4c23f2c78e7c02a4bdfd7253ddb05a82.pdf> accessed 16 January 2022



5 Public Employment Services

This chapter provides an overview of the legal and administrative framework that regulates the activity of employment services and the respective executive agencies in the Western Balkan economies, the duties of key stakeholders responsible for those services and a state of play of the employment public services' objectives and outcomes through gender lenses. The last section outlines the ALMPs currently operating in the Western Balkan economies and their impact on gender gaps in the labour markets.

5.1 PES framework in Western Balkans

The PES are the authorities that connect job-seekers with employers and help match supply and demand in the labour market through information, placement and active support services (EC, 2021h).⁹⁸ PESs provide services related to: the registration of job-seekers, counselling services and guidance for jobseekers, job matching, preparation of and checking eligibility documents for unemployment benefits, administration of unemployment insurance/benefits where such schemes exist, delivery of employment promotion programmes. PESs respond to challenges in the labour market such as being inclusive to the most vulnerable, who have worse labour market outcomes, reflecting their lower education levels, lower mobility, and other constraints to access better job opportunities (World Bank, 2018a).⁹⁹ The main functions of PESs in Western Balkans include the collection and analysis of labour market information for the public authorities, employers and workers organisations, training providers, job-seekers and the general public.

In most Western Balkan economies, the PES is “subordinated” to the ministry responsible for labour and social affairs and has a limited autonomy. According to the external assessment of the benchlearning exercise carried out in the Western Balkan economies (Scharle, 2018),¹⁰⁰ PESs in the Western Balkans are comparable to those in most post-socialist EU Member States in terms of the activities and processes that can influence their performance. They scored relatively high on the sustainable activation of the unemployed, managing transitions between unemployment and employment, the design of operational procedures, development of job-matching tools and partnerships. Their strategic performance management and resource allocation score was assessed as average, while the weakest

⁹⁸ European Commission, (2021h). Employment, Social Affairs & Inclusion: Public employment services. Available at: <https://ec.europa.eu/social/main.jsp?catId=105&langId=en> Accessed 12 January 2022

⁹⁹ World Bank, (2018a) Functional Reviews of the Public Employment Services in the Western Balkans: Overview. World Bank, Washington, DC © World Bank. <https://openknowledge.worldbank.org/handle/10986/35656> License: CC BY 3.0 IGO. Accessed 14 January 2022

¹⁰⁰ Scharle, A. (2018). Comparative Study on Western Balkans PES Performance – Bench learning among Western Balkan Public Employment Services Budapest Institute for Policy Available at: http://www.budapestinstitute.eu/Comparative_study_on_Western_Balkans_PES_performance_2018.pdf Accessed 17 January 2022

area was evidence-based design and implementation. In particular, most PESs scored low results in quality management, the effectiveness of ALMPs, evaluations, engaging employers, and resource management (Scharle, 2018).¹⁰¹

The European Union's network of PES has established both peer- managerial reviews and a basic set of common performance indicators against which the performance of each economy's PES is evaluated (EC, Employment, Social Affairs & Inclusion).¹⁰² Findings from the multi-economy functional review carried out by the World Bank (2018a)¹⁰³ in the Western Balkans, indicate that employment agencies are experiencing problems relating to the weak implementation of legislation and functional problems due to: the lack of appropriate internal processes, lack of capacity and lack of ICT that could support data collection. Together these preclude effective performance monitoring of the PESs and of employment strategies more broadly (World Bank, 2018a).¹⁰⁴ Again, the EU has developed a set of basic common indicators that can be used to review the performance of PES such as the evaluations of the number of unemployed who find jobs and how quickly they find jobs, the share of low skilled, women, persons with disabilities, Roma and youth among those that find jobs, the share of filled vacancies, labour force survey information on the use of PES in job search, and jobseeker satisfaction with PES services.

The measures of inputs and outputs differ across economies, depending on the specific approach and mandate of the PES as well as data availability, and there are likely differences in how expenditures are recorded, in budget procedures, and in how different activities are defined (World Bank, 2018a).¹⁰⁵ The common problems accounted in the operational activities of PES include the high caseload, i.e., the high number of registered unemployed people per counsellor, and low expenditure on ALMPs, with unemployment benefits covering most of the PES budget. ALMP expenditure is significantly below the EU-27 average of 0.39% of GDP in 2019, Croatia's expenditure of 0.39% or even Slovenia's expenditure of 0.13% (Eurostat, 2022).¹⁰⁶

High staff caseloads interfere with staff's work performance hindering them from effectively implementing counselling and job placement services, reducing effectiveness in the majority of PESs in the region, due to insufficient time available for in-depth interviews, counselling, and timely and regular follow-up activities. High caseloads result in limited or unavailability of front-line staff to offer support to the long-term unemployed, older workers and people with disabilities.

PES offices have undergone several reforms in recent years with a strong focus on restructuring institutions to increase the effectiveness of their activities in terms of achieving higher employment rates and reducing unemployment. ERP diagnostic reports of the Western Balkan economies point to a lack of human resources and heavy workloads in the PESs. This generally pertains less to an increase in staff,



101 Scharle, A. (2018). Comparative Study on Western Balkans PES Performance – Bench learning among Western Balkan Public Employment Services Budapest Institute for Policy Available at: http://www.budapestinstitute.eu/Comparative_study_on_Western_Balkans_PES_performance_2018.pdf Accessed 17 January 2022

102 <https://ec.europa.eu/social/main.jsp?catId=1163&intPagId=3445&langId=en>

103 World Bank, (2018a). Functional Reviews of the Public Employment Services in the Western Balkans: Overview. Available at: <https://openknowledge.worldbank.org/handle/10986/35656> License: CC BY 3.0 IGO. Accessed 14 January 2022

104 World Bank, (2018a). Functional Reviews of the Public Employment Services in the Western Balkans: Overview. Available at: <https://openknowledge.worldbank.org/handle/10986/35656> License: CC BY 3.0 IGO. Accessed 14 January 2022

105 World Bank, (2018a). Functional Reviews of the Public Employment Services in the Western Balkans: Overview. Available at: <https://openknowledge.worldbank.org/handle/10986/35656> License: CC BY 3.0 IGO. Accessed 14 January 2022

106 Eurostat, 2022. Available at: [https://webgate.ec.europa.eu/empl/redisstat/databrowser/view/LMP_EXPSUMM\\$TPS00076/default/table?lang=en&category=T_LMP](https://webgate.ec.europa.eu/empl/redisstat/databrowser/view/LMP_EXPSUMM$TPS00076/default/table?lang=en&category=T_LMP)

but rather to the training or certification of counsellors, changes to processes and methods of working with the unemployed, more efficient IT services, and so on. Economies have sought different ways to reorganize this workload: by reducing the number of unemployed persons per counsellor, separating active from passive job seekers or strengthening criteria for active job-seeking, or trying to reallocate the administrative burden, such as the administration of health insurance for the unemployed, to other parts of the government sector.

In general, PESs have modernized their IT systems in order to make their labour intermediation and case handling more effective, but progress is uneven across the economies in the region. All PESs in the Western Balkan region have well-functioning IT systems that support the main business processes, whilst important inter-economy differences exist in terms of the adaptability of the IT systems, the level of automation of various functions, the scope of services available online, and in the diversity and quality of the data administered and published by the PES (Scharle, 2018).¹⁰⁷

The PESs in the Western Balkans operate under difficult conditions. The economic environment is challenging, with low levels of job creation in the formal sector, high levels of long-term unemployment and a high share of young and unskilled persons among the unemployed. At the same time, firms in the region report difficulties in identifying qualified applicants for their vacancies, pointing to significant skill mismatches (Koettl-Brodmann et al., 2017).¹⁰⁸ It is important that the PESs understand the fundamental changes which are occurring in the labour market and that this knowledge can only be obtained through improved monitoring, whilst currently the PESs rely exclusively on employer surveys for skill needs identification.

The Western Balkan economies have improved the capacities of their PESs by introducing tools to better profile the unemployed and creating individual job seekers' action plans. Active labour market programmes have become better targeted, although vulnerable groups and minority groups continue to be the least well-covered. Unemployment benefits and means-tested minimum income schemes are not very generous and job-search requirements are not sufficiently implemented (OECD, 2021b).¹⁰⁹ In general, throughout recent years, progress has also been recorded in offering specific training, introducing new procedures, establishing performance indicators, whilst little effort has been made to collect, analyse, and report gender disaggregated data, evaluate the effectiveness of individual ALMPs, as well as towards creating a performance management framework consistent with EU best practice.



107 Scharle, A. (2018). Comparative Study on Western Balkans PES Performance – Bench learning among Western Balkan Public Employment Services Budapest Institute for Policy Available at: http://www.budapestinstitute.eu/Comparative_study_on_Western_Balkans_PES_performance_2018.pdf Accessed 17 January 2022

108 Koettl-Brodmann, J., Johansson De Silva, S., Kupets, O. & Naceva, B. (2017) Looking for skills in the former Yugoslav Republic Macedonia Washington, D.C: World Bank.

109 OECD (2021b) "Employment policy (Dimension 8)", in Competitiveness in South East Europe 2021: Policy Outlook, OECD Publishing, Paris, <https://doi.org/10.1787/e0caf7b6-en>. Accessed 14 January 2022

5.3 ALMPs in the Western Balkan economies

The goal of an effective activation policy for job-seekers and other disadvantaged groups is to bring more people into the labour force and into jobs. This requires ensuring that: people have the motivation and incentives to seek employment; increasing people's employability and helping them to find suitable employment; expanding employment opportunities for job-seekers and people outside the labour force and managing the implementation of activation policy through efficient labour market institutions. ALMPs aim to improve people's employment prospects and/or their ability to earn higher wages. They are considered a crucial element of successful activation policies (ETF, 2022)¹²¹ which help the unemployed to find work. The main ALMPs used by PESs include training, special programmes for youth in transition from school to work, and programmes to provide or promote employment.

Successful activation policies combine both demanding and supportive measures to motivate and capacitate unemployed people. Demanding measures are those, which impose some obligation on the recipients of benefits. Supportive measures include information, counselling and guidance, enhanced placement and referral services, training measures, support for self-employment, and other forms of active labour market measures (ETF, 2011).¹²² The rights and responsibilities of job-seekers are clearly defined and are communicated to the registered unemployed; non-compliance is sanctioned with a reduction in cash benefits or elimination from the register (ETF, 2012).¹²³ Activation policies need to balance and combine different types of activities, including counselling job-seekers and employers; implementing active labour market programmes and designing welfare benefits, so that they increase matching efficiency. Well-coordinated activation policies provide protection against poverty, while setting work incentives in a mutual obligations framework, which induces setting job-search requirements, rules for accepting suitable work, obligation to participate in ALMPs if needed and rules on sanctions (OECD, 2021).¹²⁴

Although there are differences in the type of ALMPs, several measures have been implemented in all WB economies. The self-employment program is one of the most common ALMP introduced. In essence, this intervention helps registered job seekers to start a new business through financial and mentoring support. In all economies but Bosnia and Herzegovina, the target of this ALMP is any registered job-seeker with a viable business idea. In Bosnia and Herzegovina, the self-employment program has a few variations that target specific groups, including women, youth, and demobilized veterans.



¹²¹ European Training Foundation (2022) Assessment of the effectiveness of active labour market policies in crisis and post crisis situations. Available at: <https://www.etf.europa.eu/en/publications-and-resources/publications/assessment-effectiveness-active-labour-market-policies> Accessed 18 January 2022

¹²² European Training Foundation (2011) Activating the Unemployed Optimising Activation Policies in The Western Balkans and Turkey available at: https://www.etf.europa.eu/sites/default/files/m/463ACFA279C80281C125798400494F93_Activation%20policies_Western%20Balkans%20%26%20Turkey.pdf Accessed 15 January 2022

¹²³ European Training Foundation (2012) Optimising Activation Policies to Integrate Unemployed People into the Labour Market available at: https://www.etf.europa.eu/sites/default/files/m/A5C3E4509EDD6BD7C12579B1003A05DI_INFORM_8_Activation%20policies.pdf Accessed 14 January 2022

¹²⁴ OECD (2021), Competitiveness in South East Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. Accessed 14 January 2022

Re-training programs are also popular in all WB economies and target unqualified jobseekers and train them in a workplace for 4-6 months for a variety of occupations. In North Macedonia, there is a specific retraining program for IT skills in addition to a general re-training program. There are a couple of training programs in Serbia, including unemployed youth training and re-training at an employer's request. Other standard ALMPs include youth internships, wage subsidies and public works. A youth internship program has been implemented only in Albania, Kosovo* and Serbia (in Serbia, this measure is called Professional Practice, the Internship for Youth with Higher Education is also being implemented), with no major differences among their programs. These programs target a quick transition to the labour market of the recent graduates, in the same or similar area to their study, for at least six months.

A wage subsidy program has been implemented in almost every economy and typically involves one-year subsidized employment contracts, where the needs of the job-seekers are matched to the profile of the employers. In Serbia, this program targets disabled job seekers and an additional measure with a one-time payment has been implemented for the category of hard-to-employ persons. Lastly, public works intend to engage hard-to-employ and socially disadvantaged unemployed persons to ensure that their working capabilities are in place. The duration of this employment is at least two months (up to 120 days in Serbia) and targets jobseekers at high or medium risk of long-term unemployment. This type of program has been implemented in Bosnia and Herzegovina, Kosovo* and Serbia.

Following a drop in employment due to the pandemic, Albania was the only economy that implemented a post-COVID-19 re-integration to the labour market program, consisting of wage subsidies aligned with the minimum wage for a duration of 4 – 12 months.

5.4 Expenditures on ALMP in Western Balkans

Overall, expenditures on ALMPs in the Western Balkans account for about just 0.11% of GDP in 2019 and 2020 and are far below the EU - 27 and OECD averages of around 0.39% in 2019 (EC, 2021g).¹²⁵ North Macedonia and Bosnia and Herzegovina spent the most on ALMPs as a percentage of GDP during 2018-2020, their expenditure being about 0.14-0.19% of GDP, followed by North Macedonia, Kosovo* and Serbia (Table 10). The rest of the economies had lower budgetary commitments on ALMPs as a percentage of GDP. Compared to 2019, nominal expenditures on ALMPs increased or remained at similar levels in 2020, but the decrease in GDP resulted in an increase of expenditures as a percentage of GDP in some of the economies.



¹²⁵ European Commission, (2021g). Labour market policy Expenditure and participants. Data 2019. Directorate-General for Employment, Social Affairs and Inclusion. Available at: https://ec.europa.eu/social/main.jsp?pager.offset=0&advSearchKey=Expenditure+and+participants&mode=advancedSubmit&catId=1307&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0#navItem-latestDocuments



6 Entrepreneurship

This chapter analyses the state of play in women entrepreneurship in the Western Balkans, in the context of both the governance of policy measures and programmes, as well as the available data to identify the gaps and challenges these entrepreneurs face. Although there is a difficulty in measuring entrepreneurship and examining the gender gap in the WB, there is evidence that some of the important reasons for gender-unequal entrepreneurship participation and performance are grounded in the existing policies. Women face a number of barriers regarding participation, such as access to finance, unfavourable business regulations, cultural barriers, concentration in certain business types and sectors, lack of information and training gaps, lack of (access to) social and support networks, educational and occupational segregation, and social and cultural norms regarding expectations of their role in the household as well as prejudices about women in business (EIGE, 2016).

Evidence suggests that women are still under-represented among entrepreneurs in many economies (OECD, 2017).¹²⁹ Under-representation of women in entrepreneurship is prevalent even in economies where participation of women in the labour force have been constantly increasing. There is some evidence that supports the view that women participation in entrepreneurship is higher in economies with a low per capita income, which is often called “necessity entrepreneurship”, because women who start their own businesses consider this is their only opportunity to make a living. In more affluent economies, women experience lower entrepreneurship participation rates, but here “opportunity entrepreneurship” dominates (Allen et al., 2007).¹³⁰ The latter is when women see a gap in the market which they can fill. Entrepreneurship rates are also expected to be higher among women who personally know an entrepreneur who could act as role models.

There is a wide recognition of the role of women entrepreneurship in economic development and the losses arising from the current gender gap. Unequal access to economic opportunities and increasing women’s economic participation is not a ‘zero-sum game (World Bank, 2020).¹³¹ The region would have a higher GDP by 5.0 %, on average, should women participation as entrepreneurs be equal to that of men’s [Cuberes and Teignier (2015) cited in World Bank (2020)]. In the Western Balkans, there is evidence of a positive relationship between women labour participation and GDP per capita (RCC, 2021).¹³²

129 OECD (2017). OECD Science, Technology and Industry Scoreboard 2017: The digital transformation, OECD Publishing, Paris, <https://doi.org/10.1787/9789264268821-en>.

130 Allen, I.E., Elam, N., Langowitz, N. and Dean, M. (2007), Global Entrepreneurship Monitor Report on Women and Entrepreneurship, Babson College, Babson Park, MA and London Business School, London.

131 World Bank, 2020, Promoting Women’s Access to Economic Opportunities in the Western Balkans, Presentation: <https://thedocs.worldbank.org/en/doc/862651521147002998-0080022018/original/PresentationPDF.pdf> [Accessed on 25 January 2022]

132 Regional Cooperation Council, (2021b), Economic benefits of gender equality and women empowerment in the Western Balkans six. Available at: [Accessed 04 December 2021]

In Albania, priorities related to women entrepreneurship have been reflected in two complementary strategies, the “Business and Investment Development Strategy 2014-2020” and the “National Strategy for Gender Equality (NSGE) 2016-2020”. Building upon these strategies, the “Action Plan on Women Entrepreneurship 2014-2020”, aimed to promote an effective multi-governance approach to support women entrepreneurs based on five main pillars: policy support, education and training, access to finance, networking and increased participation in the rural economy. An external monitoring report of the Action Plan concluded that inadequate human resources allocated to monitoring and evaluating women entrepreneurship policies, accompanied by a lack of funding had, hindered progress (GADC, 2021).¹³⁴ A different view emerged in the government’s review of the NSGE and its Action Plan (2016-2020). This claimed effective implementation of the “Action Plan for Women Entrepreneurs (Government of Albania, 2021)”.¹³⁵ Research on causes of the possible stagnation of women entrepreneurship in Albania is scarce, and no structured follow up, monitoring and evaluation was carried on this plan from central level institutions (Topi, 2021).¹³⁶ These factors, supported by lack of evidence, measurable indicators/ actions and continuous monitoring of the implementation process have largely contributed to uncertainty regarding the effectiveness of the Action Plan. The new NSGE Strategy 2021-2030 includes measures and actions in support of women entrepreneurship (Government of Albania, 2021). In practice, there are no special fiscal treatment or other measures in place to support women entrepreneurship, although there are some small initiatives providing financial and technical support. The Action Plan for 2016-2020 has now expired, but no other plan has been drafted/approved.

Women’s entrepreneurship framework in Bosnia and Herzegovina is fragmented because of the complexity of the administrative structure in BiH. The inclusion of women’s entrepreneurship within the broader economic policy landscape remains weak and women’s business development needs to become integrated within more comprehensive financial plans at all levels of government (OECD, 2021). In the Federation of Bosnia and Herzegovina (FBiH) the approval of the “Action Plan for the Development of Women’s Entrepreneurship for 2018–2020”, aimed to operationalize the first Small Business Act environment for women’s entrepreneurship development. The Action Plan has expired, and a new “Law on Entrepreneurial Infrastructure” is about to be approved.¹³⁷ In 2019, the Gender Centre of FBiH and the Association of Businesswomen in BiH signed an agreement allocating funds from FIGAP II to implement the project “Empowered Women for Strong Communities - Support to the Encouraging Environment for Women Entrepreneurship in the FBiH.” The project is implemented in partnership with local communities and provides women with information on all potential measures to apply for, help with project writing, and advise on favourable credit lines. The task of local communities is to provide systematic advisory support for women who already have businesses or are considering starting their businesses.



¹³⁴ Arqimandriti M., Llubani M., Çoku O. 2022. Gender Based Discrimination and Labour in Albania.

¹³⁵ Government of Albania, 2021, National Strategy on Gender Equality 2021-2030. Available at: <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.shendetesia.gov.al%2Fwp-content%2Fuploads%2F2021%2F07%2FStrategjia-Kombetare-per-Barazine-Gjinore-2021-2030.docx&wdOrigin=BROWSELINK> [Accessed on 3 December 2021]

¹³⁶ Topi. E. 2021. Re-launching Women Entrepreneurship in Albania - Rapid Evaluation of the National Women’s Entrepreneurship Action Plan Implementation. Gender Alliance for Development Centre. Tirana. Albania

¹³⁷ Law on Entrepreneurial Infrastructure in the Federation of Bosnia and Herzegovina <https://www.paragraf.ba/nacrti-i-prijedlozi/nacrt-zakona-o-poduzetnickoj-infrastrukturi-u-federaciji-bih.pdf>

In Republika Srpska, the “Strategy for the Development of Small and Medium Enterprises for the period 2016-2020” has now expired. A “Strategy for Women’s Entrepreneurship in the Republic of Srpska for 2019-2023” defines the strategic goals, programs, and activities for developing women’s entrepreneurship. The Strategy recognizes women as significant actors in the economy and labour market and identifies the obstacles, stereotypes, and prejudices they face. The Council for Women’s Entrepreneurship in Republika Srpska provides institutional support for women’s entrepreneurship as part of the government’s SME strategy and oversees implementing a women’s entrepreneurship development program.

In the Brčko District, the “Action Plan for Women’s Entrepreneurship” for the period 2018-2021 has just expired and a new “Development Strategy 2021–2027” of the Brčko District has been approved, providing financial and non-financial support to women entrepreneurs through its Action Plan. However, there is no standardized integrated framework that would collect systematic gender-specific data on SME support and monitoring, and the lack of reliable statistical data on women’s entrepreneurship undermines monitoring and evidence-based policymaking.

In North Macedonia until 2019 there was an absence of a formal strategic framework regarding women’s entrepreneurship. The “Strategy for Women Entrepreneurship Development 2019-2023” recognizes the need for creating a better supporting environment as a top priority and envisages measures to achieve this goal. Despite this ambitious strategic intervention, only EUR 6 million has been allocated for reaching the targets, with 84% of the necessary funds depending on donor support. In 2021, the “National Platform for Women Entrepreneurship” was approved to stimulate women’s engagement in business and innovation. Increasing youth and women employment is also in the “Programme of the Government 2020-2024”. The “National Strategy for Small and Medium Enterprises 2018-2023” also puts attention on several target groups, including the SMEs owned by women and young people.

Montenegro has integrated women entrepreneurship into the socioeconomic agenda by following a cross-sectoral approach and recognizing women entrepreneurs as an important part of total economic development. Strategies and policies include women’s economic empowerment as a wider approach and women’s entrepreneurship as one of the key elements. The key document targeting development of female entrepreneurship is the “Strategy for the development of female entrepreneurship in Montenegro”. The first Strategy for the development of female entrepreneurship was related to the period 2015 – 2020 and implementation of its measures and activities has significantly improved women’s economic empowerment. The new Strategy for the Development of Women’s Entrepreneurship in Montenegro covers the period 2021-2024.

Serbia also follows a similar approach with women’s entrepreneurship being a cross-cutting element of specific strategies, including education. In a broader perspective, supporting women’s economic activity, creativity, and skills development were included in Serbia’s “National Strategy for Gender Equality 2016-2020”, in the new “Strategy on Gender Equality 2021-2030”, and the “Strategy for Prevention and Protection against Discrimination 2014-2018” (OECD, 2019). The “Strategy for Supporting the Development of Small and Medium Enterprises, Entrepreneurship and Competitiveness 2015-2020” and its action plan included women’s entrepreneurship as a sixth pillar (Microfinance Centre, 2017).¹³⁸ Entrepreneurial learning is a cross-cutting element of Serbia’s framework education strategy across all



¹³⁸ Microfinance Centre, 2015. Supporting “generation start-up”: opportunities for Serbia, <https://mfc.org.pl/wp-content/uploads/2017/11/Microfinance-Centre-MFC-Case-study-Serbia-mfc-org-pl.pdf>



7 Conclusions

7.1 Main findings

Women employment conditions and challenges vary significantly across Western Balkan economies, both on the supply and demand side. However, some major challenges are common, such as labour market segmentation, high gender wage gaps, high unemployment, and high inactivity rates. All economies have made some progress with regards to the legislative, and strategic framework regarding employment, but implementation is often undermined by lack of human resources and inadequate funding. In addition, major weaknesses in data collecting, and in monitoring and evaluation of programs impose significant barriers towards better policy design, implementation, and the assessment of the effectiveness of policies.

The inactivity rates of women in the Western Balkan economies are high. More than half of the productive potential of working-age women remains untapped, with reasons embedded in the social norms, stereotype roles within the household, and their engagement in unpaid care work for children and elderly. Young and older women are less active, and in five of the economies NEET rates among the young people were above 20% in 2020, a figure that is twice as high the EU average, although gender gaps are low.

Job retention measures combined with a decline in activity rates led to only a moderate increase in women's unemployment rates of the Western Balkans in 2020, and the average gender gap in unemployment rates is low. However, it is important to note that women with higher education account for a higher share of unemployment compared to men.

On average, the participation rates decreased only slightly because of the COVID-19 pandemic, but the gender gap widened, reaching on average around 18 percentage points. The variation in the participation rates and their gaps among Western Balkan economies, point out to differences in the characteristics of their labour markets, and consequently to different challenges.

Employment rates are below EU-27 rates, and the pandemic halted the improving trends recorded before 2020. The gender gap in employment rates has not been affected much by the crisis, but the level of the gap remains a challenge across all economies, being almost twice as high compared to EU-27 and showing little sign of falling in the near future. The impact of COVID-19 was mostly felt in the first quarter of 2021, and some recovery was recorded in the second and third quarters of 2021.

Despite differences in main employment sectors across the Western Balkan economies, some common trends are observed. The service sector employs a high share of women, and employment in this sector is usually characterized by low pay, long working hours, seasonality, and oftentimes informal working arrangements. The COVID-19 crisis has hit more heavily the service sector and

hence disproportionately affected women in most WB economies. The public administration is the second most important sector for women, followed by manufacturing sector.

With regards to status in employment, about three in every four employed women are salary workers, a share that is very similar to that of men, and about one in every ten employed women is an unpaid family worker. These findings confirm the stereotypes that are grounded in the WB societies, where women are expected to work more in the household and less in paid jobs. Uneven distribution of unpaid work can be explained partly by persistent behaviours, barriers and constraints imposed by tradition, culture, regulations, and lack of family-friendly policies, and gender-based comparative advantages in unpaid work (Alonso et al., 2019). COVID-19 increased the burden of household unpaid work for many women, and evidence suggests that in 2020 the gender gap in unpaid work deteriorated, and the psychological and mental health of women has been adversely affected (UN Women, 2020).

Women with low or medium levels of completed education account for more than 60% of the female employed workforce in the Western Balkans. Nevertheless, employed women are more likely to have a higher education diploma compared to men, and are mainly employed in the public administration, education, health, and social workers sectors. Despite their education level, women are poorly represented in the category of managerial jobs. The highest shares of women work in the group of professionals and service and sales workers which is tightly related to the concentration of women in sales force in the services sector, and the teaching and nursing professions in the public education and health services. There is little evidence that employed women in the Western Balkans are being spread more evenly across sectors and occupations. Significant gender pay gaps exist in almost every sector of economy and occupational group.

Women are also more likely to work in less-favourable conditions, including part-time and informal work arrangements. Women account for a higher share of part-time work in all Western Balkan economies, except for Montenegro, and in 2020, the incidence of part-time work for women increased in all economies. One in every five employed women in the Western Balkans works under part-time contractual arrangements. Evidence on women's informality shares is scarce, but the limited evidence indicates that one in every five women was engaged in informal work in 2021.

Women's self-employment accounts for about 18% of total employment, but more than 80% of self-employed women work on their own account. Men have a greater tendency than women to be self-employed with employees in every Western Balkan economy, but Kosovo*. Women's enterprises are characterised by a smaller size, and low capital investment. Women entrepreneurs have had to deal with the difficulties caused by the virus on both the economic and family fronts, whilst women employees faced greater problems in reconciling the demands of work and those of their families. The closure or partial activity of businesses at the beginning of the pandemic left many women entrepreneurs without any income, and often the financial burden of keeping their employees fell on them.

The COVID-19 emergency measures taken by the governments of the Western Balkan economies did not take account of the gender inequalities in these economies. Their generalized perspective did not recognize the circumstances and the special characteristics of the enterprises whose owners/co-owners were women, nor did they account for digital illiteracy of the majority of the own-account

women workers, which may have impeded many women from applying for these measures. The same can be said for women employees.

The Western Balkan economies have continued their efforts to improve the legal and strategic framework to improve the labour market conditions in general, as well as social rights and educational outcomes, to increase quality employment and achieve gender equality. Although the Western Balkan economies should be commended for the quality of legal texts and strategies across the region, translation into practice oftentimes remains slow. Despite complex institutional structures, and unclear lines of accountability, high employee turnover in the public administration, inappropriate planning mainly because of lack of evidence, and limited human and financial resources are the main challenges towards expected outcomes, effective implementation and achieving strategic priorities (OECD, 2021). In this context, it is important to increase human resource capacities, better coordination to manage human and financial resources aiming at an increase in the efficiency of public service delivery for better results in labour market outcomes regarding employment.

The Western Balkan economies have made some progress in employment policy, with a focus on improving frameworks for public employment services and active labour market policies. They have also adopted largely appropriate employment strategies and related action plans. However, the focus and the lion share of the PES budget spending are still related to passive measures. Active labour market policies are not sufficiently targeted at categories in need, are segmented, of small scale and hence the impact on the labour market indicators is negligible. In general, women have not been targeted by specific active labour market policies in most Western Balkan economies. ALMP budgets are very low compared to EU-27 countries, and despite efforts to improve their design to better target vulnerable groups, their coverage is very low. The absence of systematic monitoring and evaluation impedes the thorough assessment of their effectiveness and value for money.

Monitoring and evaluation of the ALMPs and the performance of the PES offices is not carried out frequently. Data collection and analysis remains one of the main challenges, not only for performance evaluations which are of utmost importance, but also to use evidence to feed policy making processes in the field of employment and to properly plan future activities and targets. There is evidence that PESs only in a limited scope, regularly and systematically exploit and analyse the data collected or comprehensively report on overall progress to inform policymaking, although all agencies report using advanced Management Information Tools. Using the tools of the European Union's network of PESs, as in the benchlearning exercise conducted with the support of RCC, should be added to the agendas of each employment agency.

Collecting and analysing gender-disaggregated indicators in a timely manner should be added at the top of the agendas of the statistical offices, labour market responsible institutions and providers of public services. The lack of data, lack of transparency and analysis, and the lack of comparability of indicators among Western Balkan economies has been identified as a cross-cutting issue in this women employment study.



8 Annex

Figure 24. Gender gap in employment rates of women aged 15-29 in the Western Balkan economies

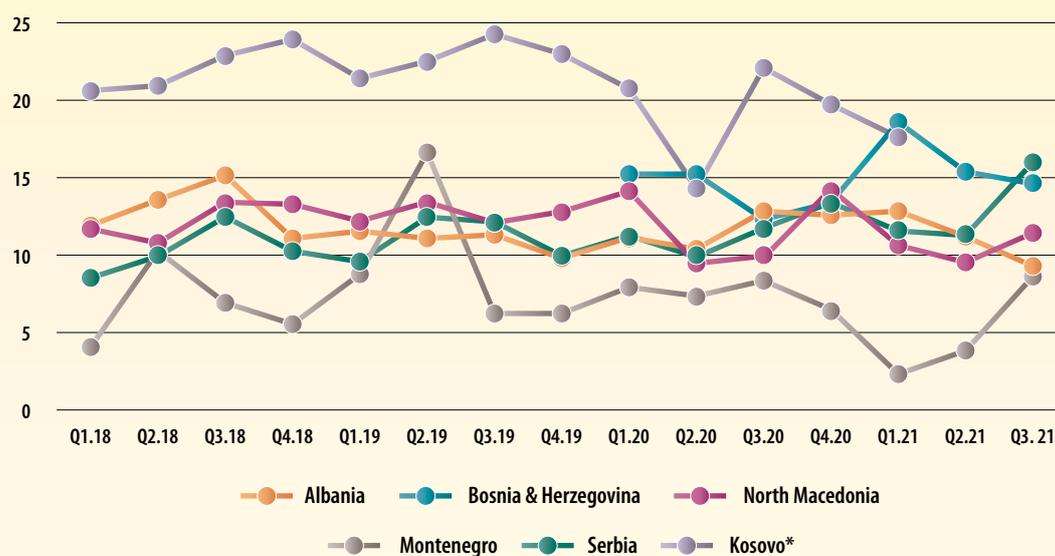


Figure 25. Trends in employment rates of youth and working age population

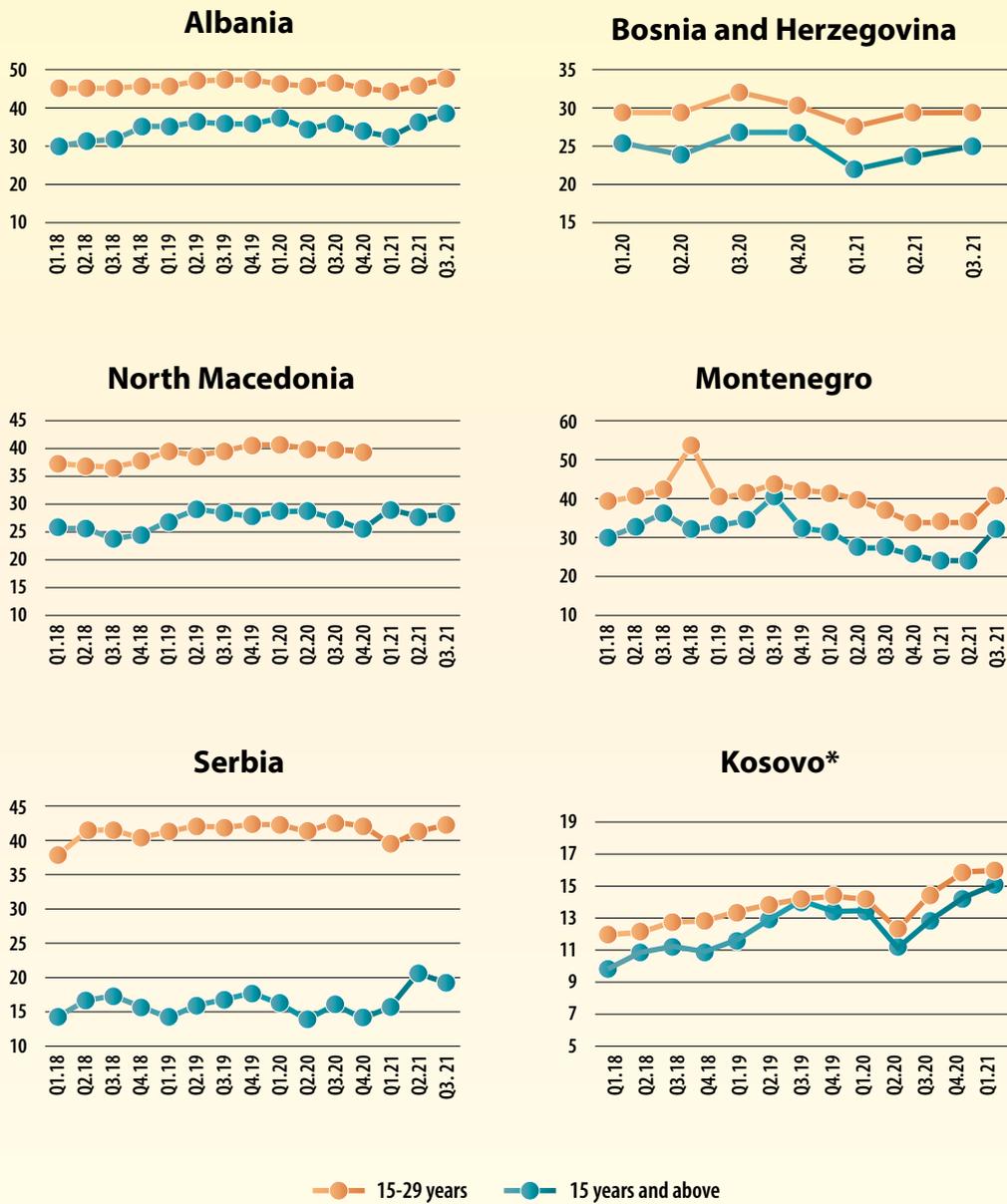


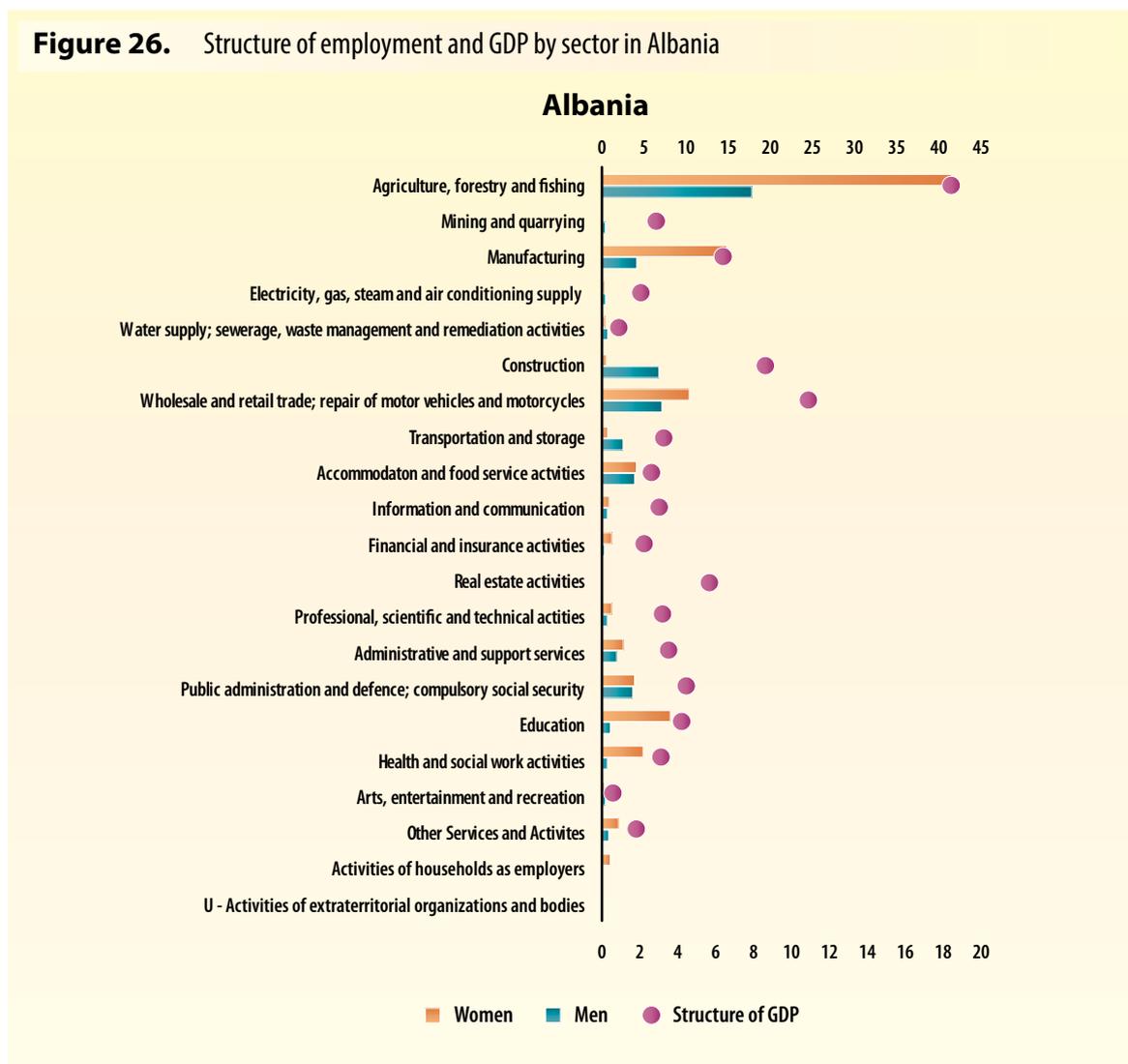
Figure 26. Structure of employment and GDP by sector in Albania

Figure 27. Structure of employment and GDP by sector in Bosnia and Herzegovina

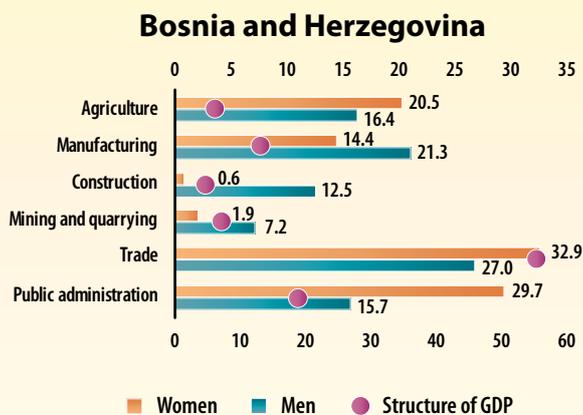


Figure 28. Structure of employment and GDP by sector in North Macedonia

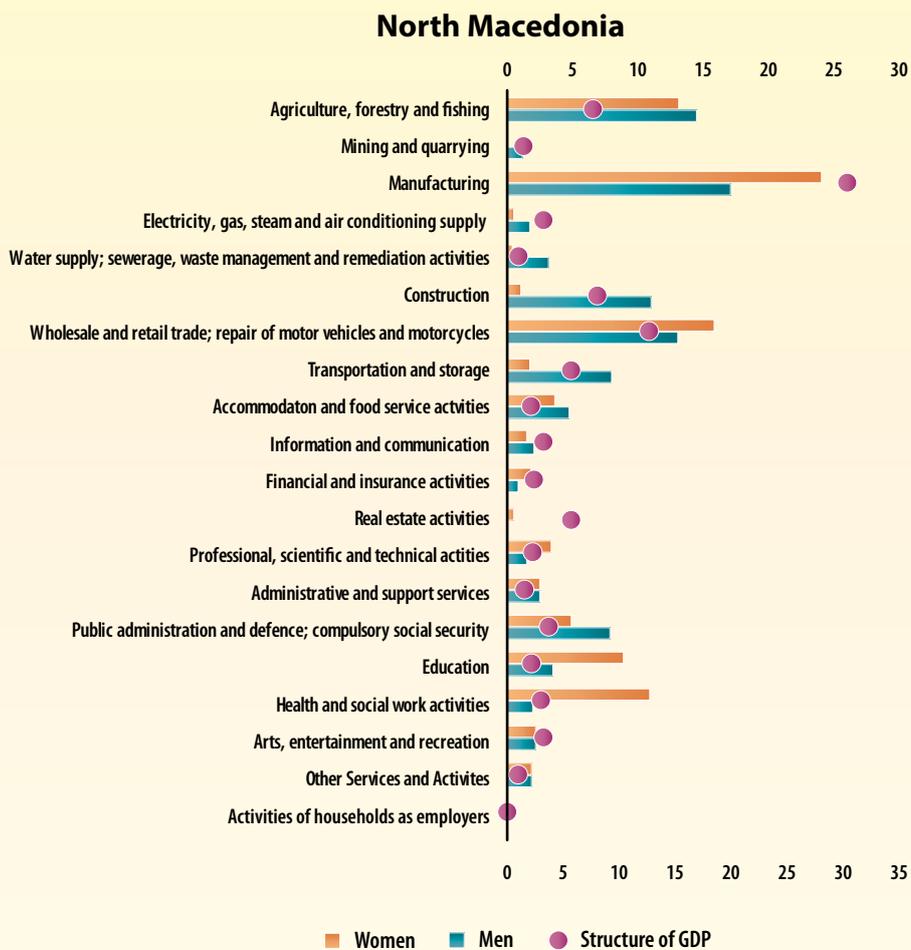


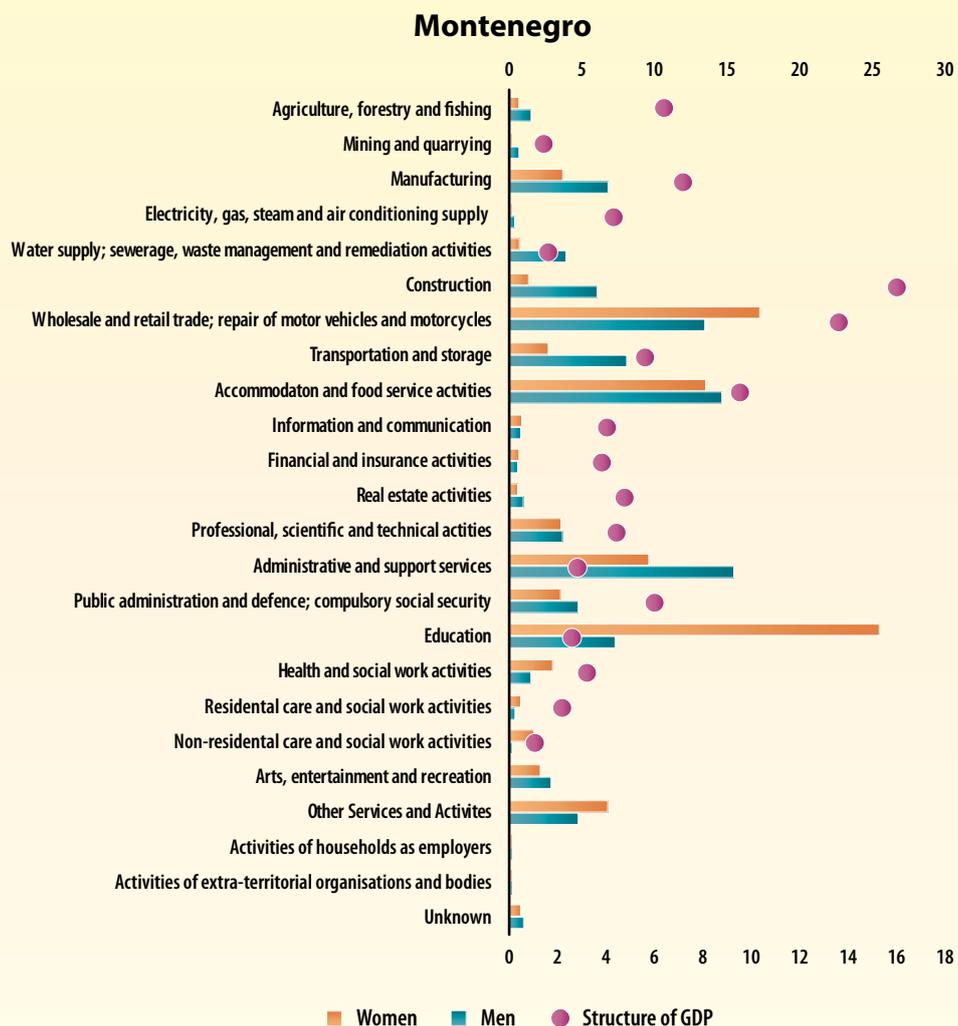
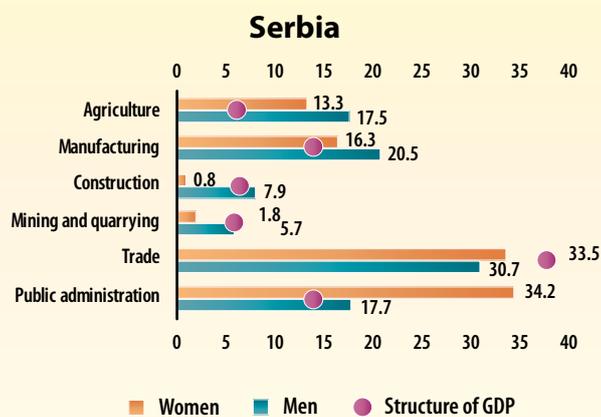
Figure 29. Structure of employment and GDP by sector in Montenegro**Figure 30.** Structure of employment and GDP by sector in Serbia

Figure 31. Structure of employment and GDP by sector in Kosovo*

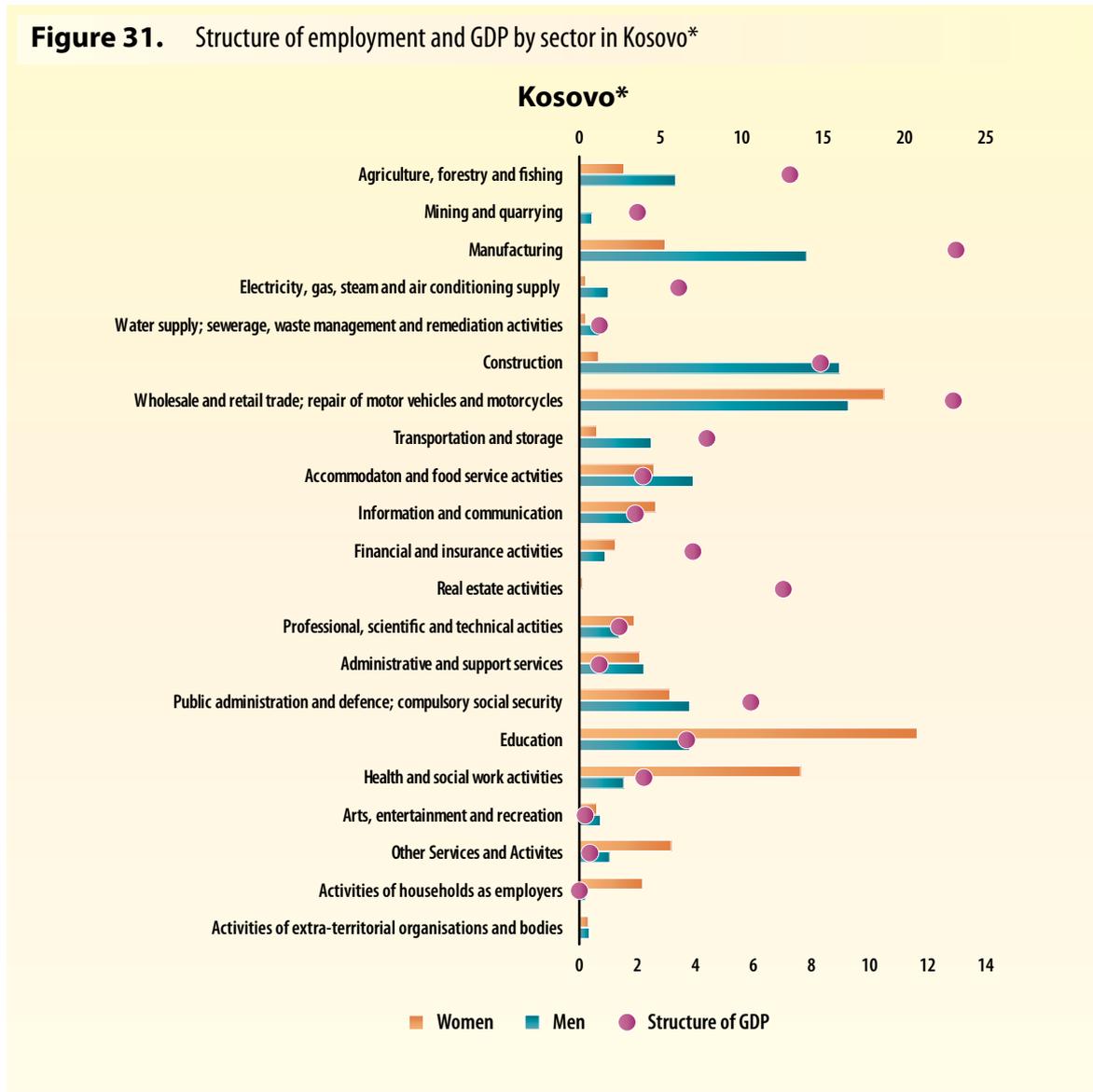


Table 14. Distribution of registered unemployed jobseekers by age in 2020 (%)

| Albania | | North Macedonia | | Kosovo* | |
|--------------|-------|-----------------|--------------|---------|--|
| Women | | | Women | | |
| 15-39 | 51.1% | 61.2% | 15-39 | 57.1% | |
| 40-49 | 45.7% | 30.5% | 40-54 | 30.6% | |
| 50+ | 3.2% | 8.3% | 55+ | 12.2% | |
| Men | | | Men | | |
| 15-39 | | 39.5% | 15-39 | 56.5% | |
| 40-49 | | 18.8% | 40-54 | 29.7% | |
| 50+ | | 41.8% | 55+ | 13.7% | |
| GAP | | | GAP | | |
| 15-39 | | (0.22) | 15-39 | 0.01 | |
| 40-49 | | (0.12) | 40-54 | 0.01 | |
| 50+ | | 0.33 | 55+ | (0.01) | |



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