HOW MIGRATION, HUMAN CAPITAL AND THE LABOUR MARKET INTERACT IN KOSOVO

European Training Foundation

PREFACE

The countries of the Western Balkans are characterised by declining populations driven by low birth rates, ageing populations and ongoing migration. Emigration from the region has been constant since the 1990s, evolving from irregular, low- to medium-skilled labour migration to regular family reunification, students studying abroad and, more recently, high-skilled labour migration.

In 2020, the European Training Foundation (ETF), together with the Vienna Institute for International Economic Studies (wiiw), launched a regional study entitled 'Migration dynamics from the human capital perspective in the Western Balkans'. The aim of the study was to shed light on the triangular relationships between human capital formation, labour markets and migration, and to determine how the current functioning of the education system and the labour market affects migration in each country.

This report, which is one of six country reports produced within the context of the study, was drafted by Ardiana Gashi based on a common analytical framework developed by the ETF and wiiw. The study involved an extensive analysis of existing literature and reports and the development of tools to analyse flow and stock data on Kosovar migrants based on available international statistics.

A separate statistical analysis based on data from the Kosovo[1] labour force survey (LFS, 2015–19) was conducted using the cohort approach. This work was led by the wiiw's Sandra Leitner who produced the key findings used in this report. The author also conducted in-depth interviews with representatives of the Employment Agency of Kosovo.

The draft report benefitted from extensive discussions with, guidance from and comments by the wiiw team (Michael Landesmann, Hermine Vidovic, Sandra Leitner, Isilda Mara) and the ETF team (Ummuhan Bardak, Mariavittoria Garlappi, Cristiana Burzio, Evelyn Viertel, Mirela Gavoci). The final report was presented in a webinar on 27 May 2021 to the main stakeholders in the country, including representatives of public institutions and civil society, and researchers.

The ETF would like to thank all the institutions and individuals in Kosovo who have shared information and opinions throughout the study and during the ETF's webinar. In particular, we are grateful to the Employment Agency of Kosovo, and to the Kosovo Agency of Statistics who, in accordance with their internal rules, provided access to the LFS database (2015–19). Special thanks also go to Prof. William Barlett from the LSE (London School of Economics and Political Science) and Nora Latifi Jashari from the GAP Institute for Advanced Studies for their comments and suggestions. This report would not have been possible without the contributions mentioned above.

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[1] 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, hereinafter 'Kosovo'.

CONTENTS

KEY MESSAGES

■ Emigration to Western Europe remains an important demographic characteristic of Kosovo's population, with stocks estimated as high as nearly half of the domestic population. The official figure, which is based on 2011 census data, put stocks at around 550 000 Kosovars living abroad, over 35% of which resided in Germany, followed by Switzerland (around 23%), Italy, Austria and Sweden.

■ More recent Eurostat data from 2019 confirm that 321 486 Kosovar citizens hold valid residence permits within the EU-28, with the majority of permit holders living in Germany (58%) and Italy (15%). Their composition has changed even more in the case of first-time EU residence permits issued to Kosovars in 2019: 69% of first-time Kosovar migrants went to Germany, while 9% each went to Croatia and Slovenia. For the latter two countries, the number of Kosovar emigrants to Croatia increased from 339 in 2017 to 6 369 in 2019, while the figure for Slovenia rose from 2 016 to 5 862 over the same period. Work-related reasons for migration are increasing at a fast pace, accounting for 38% of first-time EU permits in 2019 compared to 17% in 2010, while family-related reasons dropped from 63% to 41% over the same period.

■ As the figures clearly show, Germany is one of the main destination countries. The recent spike started in 2015 with the Western Balkan Regulation, and the 2020 German Skilled Immigration Act has further eased procedures for skilled workers, making work permits available to anyone who manages to obtain a work contract in one of the covered professions. Strong links with the diaspora in Germany will support the emigration of Kosovars after the Covid-19 crisis ends. However, other countries are also becoming attractive for Kosovars, namely Croatia, Slovenia and France.

■ Kosovo currently has the youngest population in Europe, with half of its population under the age of 25. However, a large share of this asset remains unutilised and has a high propensity to emigrate. Net emigration flows are strongest among the age cohorts of 15–19, 20–24 and 25–29 year-olds. The most important driver of this pattern is the poor labour market situation of young people, which is reflected in an exceptionally high youth unemployment rate of almost 50% in 2019 and an ever-increasing share of Kosovar youth not in education, employment or training (over 34% in 2019). Only one out of four young people aged 15–24 was active in the labour market in 2019.

■ The results of the cohort approach analysis (based on LFS microdata) also confirm that a total of around 53 000 Kosovars emigrated abroad in the period 2016–18. Almost half of these emigrants were Kosovars with medium-level general education (26 000 people), followed by low-educated Kosovars (17 000) and highly educated ones (11 000). Thus, net emigration is highest among those with medium general and low education levels, whereas those with vocational degrees experience net immigration.

■ Kosovo's steady economic growth has not translated into more jobs. The labour market is characterised by high inactivity and unemployment rates and low employment rates. Moreover, jobs in Kosovo are of poor quality, characterised by a lack of employment contracts, low job security, unfavourable working conditions and low wages. The situation is particularly disadvantageous for women and youth, who face multiple challenges when seeking to gain access to the labour market. The lack of employment opportunities, low wages and overall poor living conditions represent key push factors for emigration.

■ Although educational attainment has increased over time, the continuing poor quality of education and the mismatch between labour demand and training supply are pressing challenges for the Kosovo economy. As a consequence, a large share of individuals works in jobs not related to their field of study, while employers operate with labour that does not meet their demand. Insufficient

systematic data on labour market needs and limited cooperation between the education system and employers, together with the lack of a long-term vision for the education system, have prevented Kosovo from addressing education challenges and increasing the benefits that individuals and the country as a whole gain from investment in education.

- Temporary migration for educational purposes is a feasible option for Kosovars, who are attached to their families. Given that the majority of students who study abroad return to Kosovo and find suitable jobs, it is advisable to expand offers to study abroad on merit-based criteria. Some good practices include the Young Cell Scheme and Erasmus+ mobility programmes, which have contributed to the interaction between migration, human capital and the labour market. The Young Cell Scheme, which is financed by the European Commission, has provided study opportunities for Kosovars, who upon completion of their studies are obliged to work for the government for some years. However, other efforts seeking to incentivise the return of academics and experts in the diaspora, enable the transfer of know-how, and strengthen ties with the diaspora have not proven successful.

- Another interesting (and positive) development is the fact that the outsourcing of business and IT services is becoming a new trend in Kosovo. Rather than emigrating abroad, some young Kosovars find work in international markets or companies, which not only contributes to employment but also exerts pressure to advance human capital so that Kosovo becomes one of the most attractive destinations for business and IT services. The main contributing factors for success are reported to be cost-effectiveness, highly skilled and well-educated IT professionals, language skills, a convenient time zone, and the ease of starting a business and doing business. Similar model could be developed and supported for other sectors.

- Even though faced with a recognised risk of youth emigration, the Kosovo government lacks a comprehensive migration policy that takes into account the triangular relationships between migration, human capital and the labour market. Instead, private higher education institutions have rushed in with offerings in a number of occupations that are in demand in EU markets (mainly the health sector in Germany), supporting the education of young people who are interested in emigrating. Other initiatives to prepare the workforce for Germany include the efforts of GIZ to train individuals interested in migration both in Kosovo and in Germany (in the construction and health sectors), so that they can then migrate to Germany for work purposes.

- Kosovo should develop a policy on economic migration and a cross-institutional approach to handle it. There is a need to establish a body to implement such a policy and coordinate closely with all relevant actors. It is important to keep sight of developments and adjust policies and interventions accordingly. The Action Plan for the Employment of Youth should be the guiding document for all involved institutions.

- While managing labour migration is important, main focus should be on creating (skilled) jobs in Kosovo economy. Attracting foreign investors to Kosovo should be a priority for Kosovo government. To create (skilled) jobs, Kosovo should support existing SMEs to transform them into fast growth companies in promising sectors, develop industrial policies, take concrete steps for benefitting from ten existing and newly planned 'economic zones'. Lessons can be learned from neighbouring countries with similar experience such as North Macedonia and Serbia.

- Kosovo's government should undertake concrete steps to better align education with the country's labour market needs. This requires the establishment of strong alliances with employers and their full, quality engagement in the process. More importantly, a systematic monitoring of Kosovo labour market is necessary through forecasting labour market needs in different sectors and identifying occupational shortages. Although some projects discuss pilot initiatives in this area (e.g. plans for producing a Labour Market Barometer), it is still far from known missing occupations and skills as a result of labour migration. Given the very high youth unemployment rate, Kosovar youth needs special attention, and the implementation of measures similar to the

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EU Youth Guarantee is under discussions within the IPA 2022 Programme. This means that young people should access to good-quality offer of employment, continued education, an apprenticeship or a traineeship within a short period after becoming unemployed or leaving formal education. It will require updating the training offer of vocational training centres and implementing training through private providers, improving career guidance and counselling, and support for entrepreneurship.

■ The expansion of active labour market policies (ALMPs) is of utmost importance to increase the labour force participation rate, which was as low as 40.5% in 2019 and only 21.1% for women. Updating existing training schemes is one of the aims set out in the Sectoral Strategy 2018–2020 of the Ministry of Labour and Social Welfare. However, no noteworthy progress has been made and vocational training centres continue providing traditional training that has limited relevance to labour market needs.

■ Last but not least, Kosovo should collect systematic data about emigrants and return migration. Such data would provide a basis for designing informed policies. An upcoming population census, which is planned for the year 2022, could fill this gap if the relevant information is collected. The existing census questionnaire for household relatives living outside Kosovo for more than 12 months asks for information on age, years since leaving Kosovo, reasons for leaving Kosovo, relationship to the household head and frequency of visits to Kosovo. However, more questions could be added to address the educational attainment and employment experience of Kosovar emigrants and returnees.

1. INTRODUCTION

Kosovo has a population of 1.81 million (KAS 2021 estimate). This is slightly more than the 1.74 million recorded in the country's first population census in April 2011 (excluding North Kosovo), which took place a few years after Kosovo's declaration of independence in 2008[2]. While the population is increasing with an estimated fertility rate of 2.4 children per woman, the population growth rate has been slowing in recent years.

Kosovo's economic growth has been steady and generally around 4% per year over the last five years (see Table 1.1). Most economic development has taken place in the trade, retail and construction sectors. According to the Kosovo Agency of Statistics (KAS), the services sector accounted for 57.9% of gross value added in 2019, followed by the industrial sector including construction (32.6%) and agriculture (9.5%). The employment share by sector follows the same order: 67.1% of total employment is in services, followed by 27.6% in industry and 5.2% in agriculture. Kosovo is also highly dependent on remittances from the diaspora, foreign direct investment (FDI) and other capital inflows. On average, FDI flows represent about 4% of the gross domestic product (GDP)[3]. They are mainly generated by the diaspora and mostly directed at the non-tradable sector, specifically real estate and services.

Although GDP growth is steadily positive, poverty remains high. Based on the 2017 Household Budget Survey, it is estimated that 18% of Kosovo's population lives below the national poverty line, with 5.1% living below the extreme poverty line. According to the 2018 Survey of Income and Living Conditions (SILC), 47.3% of households would not be able to cope with an unexpected expense of EUR 100 using their own resources (KAS, 2020). For 44% of households, making necessary payments is difficult or very difficult. Kosovo's labour market is characterised by poor labour market conditions. High unemployment has a long history in Kosovo, reaching as high as 36% even at the peak of the country's industrialisation in 1988 (World Bank, 2010). In 2019, the activity rate (15+ years) was as low as 40.5%, only 30.1% of the working-age population was in employment, and the unemployment rate was 25.7%. The situation in the labour market is particularly disadvantageous for women and youth, who have seen only very slight improvements over time: in 2019 only 21.2% of women were active in the labour market, only 13.9% were employed and 34.4% were unemployed. The youth unemployment rate was as high as 49.4% in 2019.

According to the 2011 census, Kosovo's diaspora was estimated at 703 978 people, out of which 153 978 were born abroad, bringing the number of estimated emigrants to 550 000. More than half of Kosovo's emigrants lived in Germany and Switzerland (35% and 23%, respectively). Kosovo's diaspora remains an important contributor to the country's economy, with remittances accounting for about 15% of GDP (see Table 1.1). Remittances have remained steady during the Covid-19 crisis. According to the Central Bank of Kosovo (2020), the inflow of remittances in the period January– August 2020 was higher than in the same period in 2019: EUR 608.6 million and EUR 533.1 million, respectively. In October 2020, remittances reached EUR 800 million[4]. However, remittances are also

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[2] According to the census, Albanians form the majority in Kosovo at over 93% of total population; significant minorities include Bosniaks (1.6%), Serbs (1.5%) and others (KAS).

[3] Calculation based on data provided by the Central Bank of Kosovo.

[4] Interview with the Governor of the Central Bank of Kosovo, Fehmi Mehmeti.

found to have a negative impact on the activity of remittance recipients by increasing the reservation wage and encouraging inactivity. According to the 2017 Labour Force and Time Use Survey commissioned by the Millennium Challenge Corporation (MCC LFTUS)[5], the labour force participation rate for individuals belonging to households receiving remittances was 2.5 percentage points lower than for individuals belonging to non-remittance receiving households, whose labour force participation rate stood at 51%.

TABLE 1.1 MACROECONOMIC AND LABOUR MARKET INDICATORS, 2012–19

	2012	2013	2014	2015	2016	2017	2018	2019
GDP (real annual growth)	2.8	3.4	1.2	4.1	4.1	4.2	3.8	4.0
FDI inflows (million EUR)	229	280	151	308	220	255	272	272
Remittances (million EUR)	516	573	622	666	691	759	801	852
Remittances as a share of GDP (%)	14.5	15.0	14.9	15.1	14.7	15.3	15.6	15.8
Labour force participation rate (% population 15+)	36.9	40.5	41.6	37.6	38.7	42.8	40.9	40.5
Inactivity rate (% population 15+)	63.1	59.5	58.4	62.4	61.3	57.2	59.1	59.5
Employment-to-population ratio (employment rate) (% population 15+)	25.5	28.4	26.9	25.2	28.0	29.8	28.8	30.1
Unemployment rate (% labour force 15+)	30.9	30.0	35.3	32.9	27.5	30.5	29.6	25.7
Youth unemployment rate (15–24 years)	55.3	55.9	61.0	57.7	52.4	52.7	55.4	49.4
NEET share of youth population (15–24 years)	35.1	35.3	30.2	31.4	30.1	27.4	30.1	32.7
Vulnerable employment (self-employed without employees and unpaid family workers)	16.8	23.6	24.9	22.7	22.9	23.1	19.6	18.8
Informal employment, without employment contract (%)	16.6	18.0	15.5	15.5	26.3	21.5	14.0	13.4
Temporary employment (% of total employees)	73.0	68.2	71.6	72	70.5	70.6	74.5	54.7
Poverty rate (based on household consumption)	23.7	17.8	21.5	17.6	16.8	18.0	–	–

Source: KAS, LFS 2012–19; FDI and remittance data from Central Bank of Kosovo (https://bqk-kos.org/repository/docs/time_series/33%20Foreign%20direct%20investments%20-%20by%20sector.xls); GDP growth from Economic Reform Programme (ERP) 2018–20, 2019–21 and 2020–22 (retrieved from: https://mf.rks-gov.net/page.aspx?id=2,28); poverty rate – the most recent published figures pertain to 2017 (http://documents1.worldbank.org/curated/en/210201560762490515/pdf/Consumption-Poverty-in-the-Republic-of-Kosovo.pdf); remittances as a share of GDP (https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=XK).

Kosovo lacks up-to-date national data on the profile of migrants. Despite the efforts of the Ministry of Diaspora and Strategic Investments, Kosovo has not managed to register its diaspora. The only official source for the profile of migrants is the 2011 population census, but the information is available only by gender, age and reason for migration.

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[5] This was a nationally and regionally representative household survey of 8 533 households using multistage stratified cluster-randomised sampling for each of Kosovo's seven regions. Data collection occurred between 31 March and 4 August 2017, when the research team collected employment information on 32 742 individuals and conducted 8 604 extended interviews (Siddiqui et al., 2018).

This report aims to look at migration from a human capital perspective by bringing together emigration, human capital and labour deployment in Kosovo over the past decade. The triangular relationship that is the focus of our research appears in Figure 1.1.

FIGURE 1.1 THE TRIANGULAR RELATIONSHIP BETWEEN HUMAN CAPITAL, THE LABOUR MARKET AND MIGRATION

MIGRATION
- Skills composition
- Flows to EU and other regions
- Migration policies

HUMAN CAPITAL FORMATION
- Investment in human capital
- Circular migration
- Education and training system (content and quality)
- Education policy

LABOUR DEPLOYMENT
- Skills gaps, skills-jobs mismatches
- Alleviating unemployment (absorptive capacity)
- Trade and FDI links, remittances, technology and knowledge transfer
- Various policies (labour market policies, regional policies)

Source: wiiw.

The report is organised as follows: Chapter 2 sets out the basic emigration trends, such as the size and structure of emigrants from Kosovo, based on KAS available data and ad-hoc surveys commissioned by international and national institutions and Eurostat. Some attention is paid to the exceptional role of Germany in this regard. Chapter 3 links migration trends to the developments and structural features of Kosovo's labour market. Chapter 4 links migration trends to the set-up and outcomes of the educational system. In this chapter, we make use of the findings of a cohort analysis carried out by Sandra Leitner using the LFS (for more info see Leitner, 2021). Chapter 5 discusses the key features within the nexus of migration, human capital and the labour market, and Chapter 6 lays out the policy implications and conclusions.

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2. BASIC FACTS ON MIGRATION TRENDS AND POLICIES

Migration to Western European countries has been a prominent feature of Kosovo's economy since at least the 1960s (World Bank, 2017). As reported by the United Nations Development Programme (UNDP, 2015), there have been four main waves of emigration, which are outlined below.

■ Pre-1989: unskilled young men with little education emigrated from rural Kosovo to Germany and Switzerland as guest workers, mainly in the 1960s. During this wave, those who emigrated sent home money, which was used for the most part to invest in houses. The flow of migration decreased briefly in the 1970s when new jobs were created in the public sector and socially owned enterprises in Kosovo. At that stage Kosovo gained autonomous political status within the former Yugoslavia and the overall political and economic position of Kosovar Albanians improved (see Figure 2.1).

■ Period from 1989 to 1997: Kosovo's autonomy was abolished, and more than 150 000 Albanian workers were dismissed from the public sector and socially owned enterprises. Skilled and educated young men from both rural and urban areas migrated to Western European countries to find jobs and to escape from Yugoslav military service. Migration was seen as a means to escape poverty and improve the quality of life for family members left behind by sending remittances.

■ Period from 1998 to 1999: as a result of the 1998–99 war, more than 800 000 people fled as refugees, mostly to Albania, Western Europe or the United States. In the aftermath of the conflict (June 1999), Kosovo experienced a rapid return of the displaced population.

■ Post-1999: this emigration wave consisted mainly of migration for family reunification purposes, the irregular migration of unskilled and undereducated youth, and the (temporary) legal migration of highly educated individuals through study or work arrangements.

In terms of the scale of emigration in the four waves, the 2011 census indicates that the most out-migration took place in the nineties, with a significant peak during the 1998–99 war (more than 50 000 out-migrations were reported in the two-year period of the conflict). After the conflict, the number of emigrants per year dropped significantly (see Figure 2.1). In 2015, an exceptionally large number of Kosovars, which is estimated at up to 100 000, migrated along with Syrian refugees to seek asylum, mainly on an illegal basis (FES, 2015)[6]. This surge in emigration has been attributed to several factors, the most important of which are: (a) difficult economic and political conditions and poor employment prospects; and (b) an easing of travel restrictions in Serbia, which opened up a route to Hungary in the EU that was widely expected to close again in the near future (World Bank, 2017).

Kosovo has the youngest population in Europe, but this asset is largely underutilised. According to KAS estimates, in 2020 68% of the population was of working age (15–64 years old), 21.2% were under 15 and only 10.8% were 65 years or older (KAS, 2021)[7]. While this implies that a large share of the population can contribute to the economy, it also implies that there is a large number who can migrate for work purposes if there are no work opportunities in the country.

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[6] The emigration wave was triggered by an open channel through the Serbian–Hungarian border, supported by a network of traffickers. The decision to emigrate was accelerated by media reports that described the emigration channel as easy and cheap.

[7] For comparison, the share of those aged less than 15 accounted for 15.1% in the EU-27 in 2020: https://ec.europa.eu/eurostat/databrowser/view/tps00010/default/table?lang=en

FIGURE 1.1 EMIGRATION OF KOSOVAR PEOPLE, 1969–2010 (NUMBER OF PEOPLE)

Source: KAS, 2014: Kosovar migration.
Note: see Figure 2.2 for further information on the period after 2010 but based on a different dataset.

According to Eurostat, in 2018 there were 321 486 Kosovo citizens with valid residence permits within the EU-28, which is about 17 000 more than in 2017 (see Table A2.1). The majority of residence holders in the EU-28 lived in Germany (58%) and Italy (15%). Over the period 2013–17, a total of about 40 000 Kosovo citizens acquired citizenship in the EU-28 (see Table A2.2). In 2018, there were 3 295 asylum applicants from Kosovo in EU-28 countries, reflecting a significant drop from 2014 and 2015 when 34 115 and 66 885 applications, respectively, were registered (Eurostat, 2019). As Figure 2.2 indicates, in 2019 there were 43 677 first-time permits to the EU-28 (see Table A2.3 for permits by country), 26% higher than in 2018 (34 591 individuals). Half of first-time permits were issued by Germany.

FIGURE 2.2 FIRST-TIME PERMITS FOR KOSOVAR CITIZENS IN THE EU-28
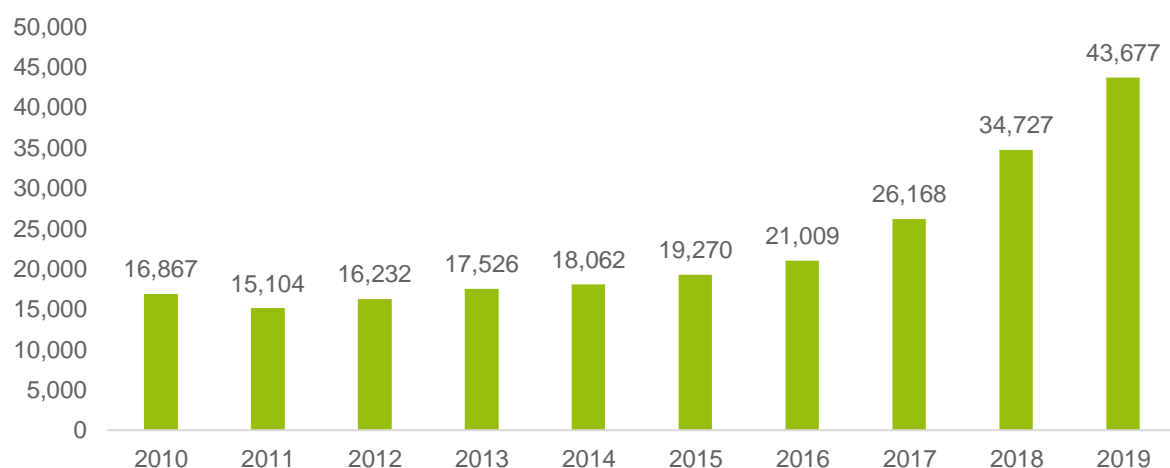
Source: Eurostat, 2020 extracted on 22 September 2020, retrieved from:
https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_resfirst&lang=en, 27 January 2021.

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Emigration has been an important demographic characteristic of Kosovo's population. According to Eurostat, the population change related to migration was estimated to be minus 11.9% in 2018 (see Table 2.1, detailed information on population projections and age composition are shown in Tables A2.14–16 in Annex 2).

TABLE 2.1 POPULATION IN AND MIGRATION OUT OF KOSOVO, 2011–19

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Population on 1 January (thousands)	1 794	1 780	1 816	1 821	1 805	1 772	1 784	1 799	1 796
Natural population change (number)	20 515	20 426	22 192	18 295	16 392	14 921	14 681	18 562	n.d.
Net migration and statistical adjustment (number)*	-34 674	15 159	-17 167	-33 982	-49 732	-2 994	294	-21 402	n.d.
Population change related to migration (per 1 000 inhabitants)	-19.4	8.4	-9.4	-18.7	-27.8	-1.7	0.2	-11.9	n.d.

(*) Net migration is the difference between the number of immigrants and the number of emigrants. The net migration plus statistical adjustment is derived by taking the difference between total population change and natural change. The statistics on 'net migration plus statistical adjustment' are therefore affected by all the statistical inaccuracies in the two components of the equation, especially population change. From one country to another, 'net migration plus statistical adjustment' may cover, besides the difference between inward and outward migration, any other changes observed in the population figures between 1 January in two consecutive years that cannot be attributed to births, deaths, immigration and emigration.
Source: Eurostat (online data code: demo_gind).

FIGURE 2.3 EMIGRANT STOCK BY AGE GROUP (%) – 2011 POPULATION CENSUS
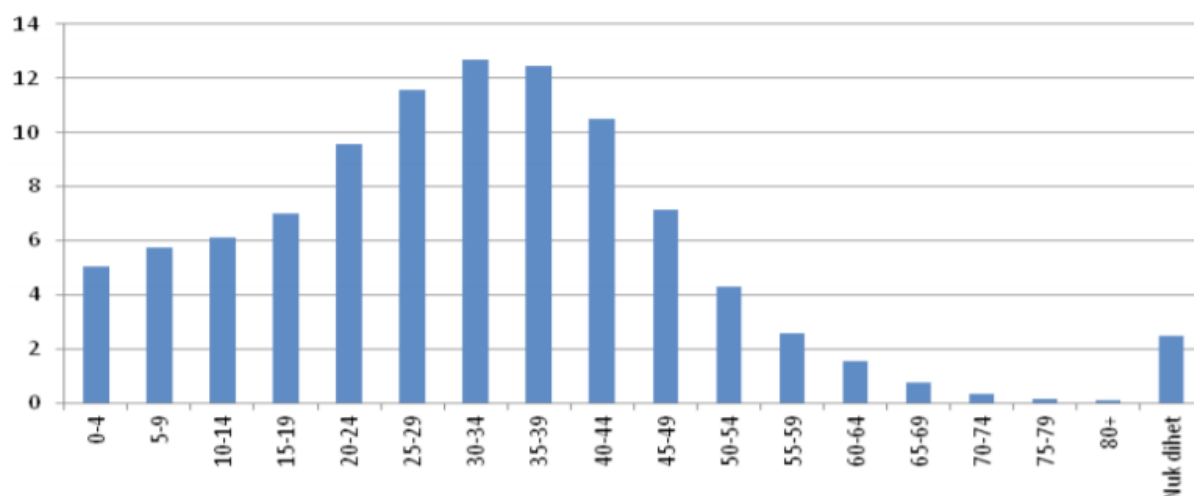
Source: KAS, 2014.

Based on the 2011 census, the gender composition of Kosovo's migrant population was 56.7% male and 43.3% female (KAS, 2014)[8]. Overall, 80.6% of emigrants belonged to the age group 15–64: more specifically, 47% of emigrants were 25–44 years old, 12.7% were 30–34 years old, and only 1.3% were older than 65. The estimates produced by KAS in 2017 found that 62.7% of net migration was male, while 37.3% was female (KAS, 2017). According to the 2011 census, the highest share of

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[8]   In the years 2000–04, the gender composition was quite equal, whereas in the period 2005–10, females dominated emigration, accounting for 52.9% of emigrants compared to 47.1% who were males, with marriages/family reunification reported as one of the top reasons for emigration (KAS, 2014).

emigrant stock up to 2011 belonged to the age group 30–39, which accounted for about one-quarter of all emigrants (see Figure 2.3). As per 2017 estimates of net migration for the period 2011–16 (see Figure 2.4), the highest share belonged to the age group 20–30. The figures reached a peak at 25 years of age and decreased steadily thereafter, becoming negligible beyond the age of 55 (KAS, 2017, p. 19). This picture is also confirmed by the results obtained from the cohort approach developed and carried out as part of this project.

FIGURE 2.4 NET MIGRATION BY AGE GROUP AND GENDER (IN %), 2011–16
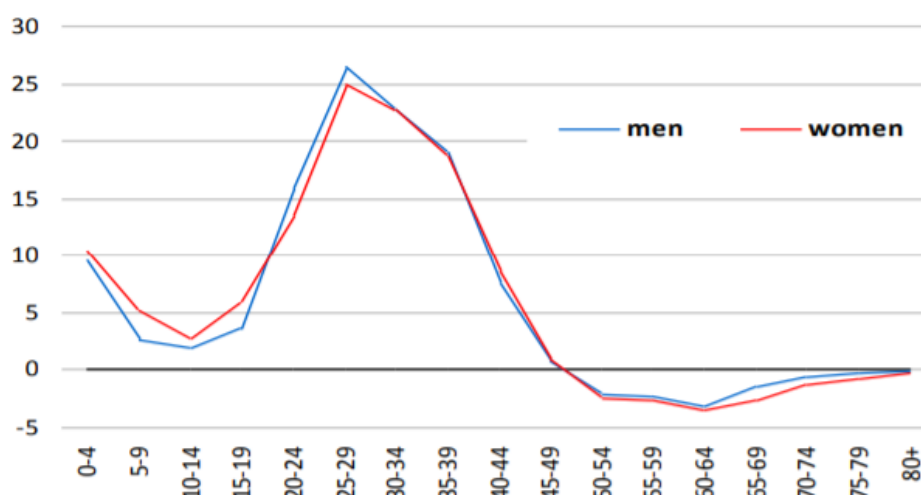
Source: KAS, 2017.

FIGURE 2.5 NET MIGRATION BY AGE COHORT, 2016–18
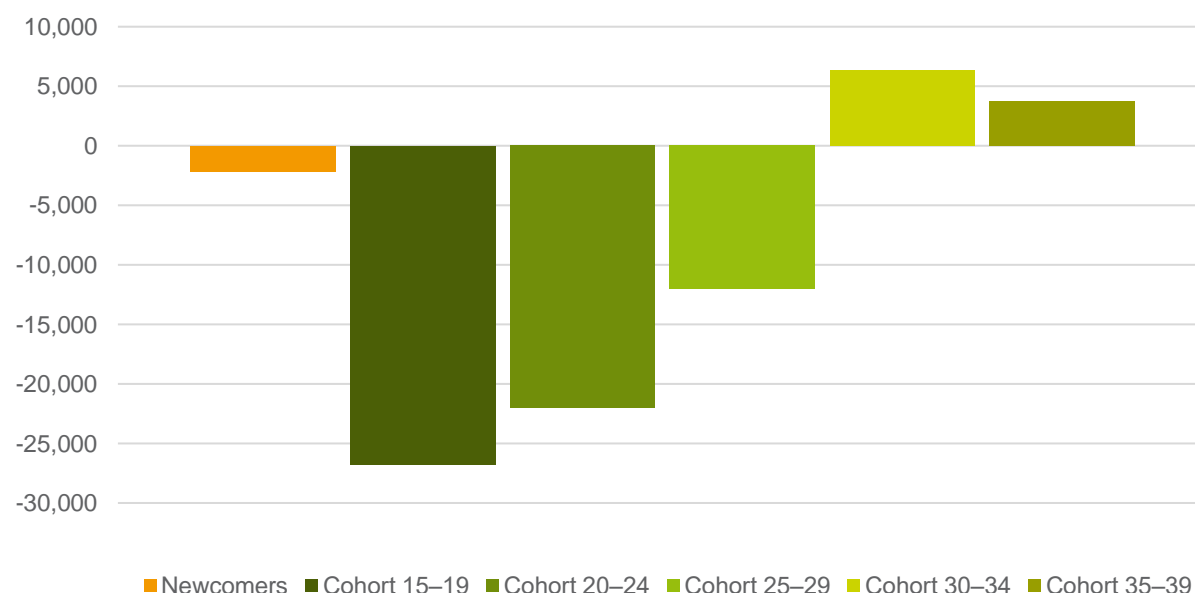
Note: The age brackets refer to the age at the beginning of the period in 2010. Hence, all age cohorts have aged between six and eight years by the period 2016–18. The cohort approach approximates net migration through differences in cohort size between two consecutive years. Hence, 2016 – the first year reported here – refers to the difference between 2015 and 2016. Negative numbers indicate net emigration, while positive numbers indicate net immigration.
Source: Leitner (2021), calculations based on the LFS data provided by KAS.

Accordingly, the youngest cohorts have the highest tendency to emigrate. The cohort approach (Leitner, 2021)[9], which uses LFS microdata for Kosovo (2016–18), shows that the period from 2016 to 2018 is characterised by substantial net emigration, which is estimated at around 53 000 people in total. At over 20 000 people, net emigration was highest among the youngest cohorts, especially those in their early twenties to early thirties (i.e. the cohorts aged 15–19 and 20–24) between 2016 and 2018 (see Figure 2.5). An important driver behind this pattern is the poor labour market situation of young people, specifically an exceptionally high youth unemployment rate and poor future employment prospects. Conversely, there was net immigration among the two oldest age cohorts, especially the second oldest age cohort of people in their mid-thirties to early forties (i.e. the cohort aged 30–34) between 2016 and 2018.

Owing to a lack of educational data in KAS reports, the educational profile of migrants is based on data collected through surveys. A 2015 Public Pulse survey (UNDP, 2015) on emigrants who left Kosovo in the six months prior to September 2015[10] found that the majority were men (75%). In terms of educational levels, 77% had completed upper secondary school, followed by those who had only completed primary school (13%). Only about 10% had a university or higher education degree.

The emigration of skilled workers poses a significant challenge to medium-term economic prospects (European Commission, 2020a). This is particularly true for health professionals. Data shown in Table 2.2 reveal that Kosovo has only 170 physicians per 100 000 inhabitants, 22.6 dentists, 29.7 pharmacists, 552.6 nursing professionals and 4.9 midwives. These numbers are lower than in neighbouring countries. The monthly salary of specialised doctors is EUR 611, while nurses are paid between EUR 377 and EUR 425. During November 2020, a number of additional doctors and other medical staff received employment, and the Minister of Health has stated that an additional 1 600 doctors and nurses will be hired during his term of office.

TABLE 2.2 HEALTHCARE PERSONNEL RELATIVE TO POPULATION SIZE (NUMBER PER 100 000 INHABITANTS), 2017/18

	Physicians	Dentists	Pharmacists	Nursing professionals	Midwives
EU-27[1]	372.0	74.0	89.0	577.0	38.0
Montenegro[2]	276.4	4.7	19.3	488.6	39.1
Serbia[3]	295.9	27.5	28.0	83.1	36.1
Bosnia and Herzegovina[4]	211.4	24.2	13.0	567.0	30.1
Kosovo	170.0	22.6	29.7	552.6	4.9

([1]) 2017. Rounded estimates based on the closest reference period available for each EU Member State. The figure for nursing professionals excludes Belgium, Czechia, Latvia and the Netherlands.
([2]) Dentists: only for tertiary level of health care open to all insured citizens.
([3]) 2017.
([4]) 2017. Personnel working in public institutions.
Source: Eurostat (online data codes: hlth_rs_phys, hlth_rs_prs1, hlth_rs_prsns and T01 demo_pjan).

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[9] For the methodology, see Annex I.
[10] The survey used a multistage sampling of 1 306 representative households in Kosovo. Interviews were conducted with individuals aged 18 and above.

Based on 2011 census data, over 35% of Kosovo's total emigrant population was living in Germany, followed by Switzerland (around 23%), Italy (over 7%), Austria (5.6%) and Sweden (5.1%). According to Eurostat, in 2019 the top three EU-28 host countries for migrants from Kosovo with valid residence permits were Germany (58.1%), Italy (14.6%) and Austria (7.6%), as Table A2.1 shows. In 2019, 69% of first-time Kosovar migrants went to Germany, while 9% each went to Croatia and Slovenia (see Table A2.3). Between 2017 and 2019, the number of Kosovar emigrants to Croatia increased from 339 to 6 369, while the number going to Slovenia increased from 2 016 to 5 862. These figures were also found in the UNDP survey (2019) and evidence obtained from the Croatian embassy that issued the most work visas to citizens of Kosovo. This emigration is due to the fact that Croatia itself suffers from labour emigration and lacks workers in some areas. In 2018, France became a target country for 66% of Kosovar asylum seekers[11], compared to 17% applying in Germany.

The 2011 census also shows that almost half of migrants emigrated for family reasons (mainly marriage or family reunification), while 38% emigrated for economic reasons and 8% because of war. Eurostat data on first-time permits show that the share of first-time permits for work-related reasons increased by 19 percentage points from 2010 to 2019, while emigration for family reasons dropped by 22 percentage points over the same period (see Figure 2.6[12]). Emigration for education remained the same, accounting for only 2% of first-time permits in both 2010 and 2019[13].

FIGURE 2.6 REASONS FOR MIGRATION, FIRST-TIME RESIDENCE PERMITS, 2010 AND 2019
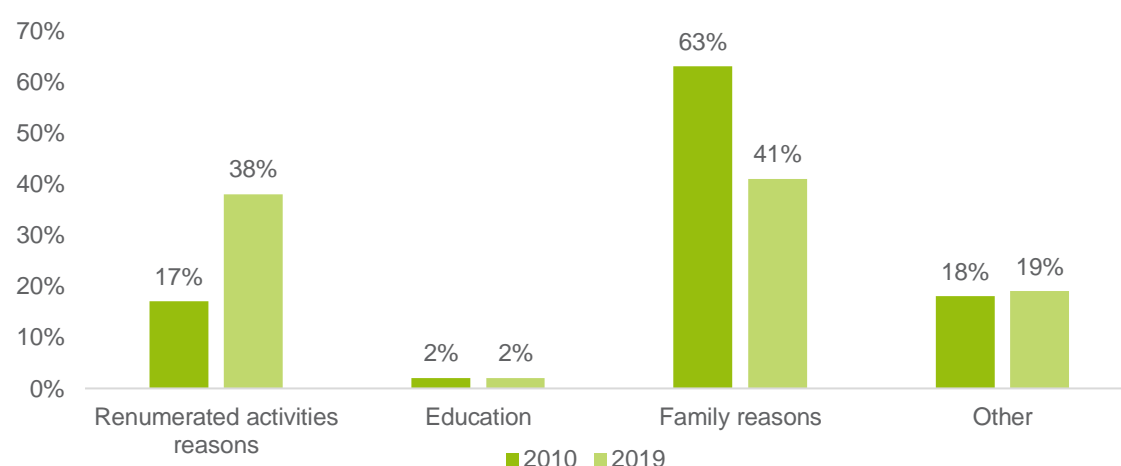
Source: Eurostat, 2020 extracted on 27 January 2021, retrieved from:
https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_resfirst&lang=en

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[11] Although Kosovo is now a safe country, Kosovars can still claim asylum, but obtaining asylum is difficult. As stated in the 2016 report '"Safe" countries: A denial of the right of asylum': 'Application of the safe-country concept in relation to countries of origin leads to nationals of countries designated as safe being either automatically precluded from obtaining asylum/refugee status in receiving countries or, at least, having raised against their claim a presumption of non-refugee status which they must, with difficulty, rebut'.

[12] There is no information for 'other reasons' but one reason could be health-related reasons.

[13] The entry for 'education' does not give the full picture of young people migrating for study or other training abroad, as it does not preclude that the category 'family reunion' might contain a significant number of young people going into further education or training.

With regard to the duration of work permits, Eurostat data show that in 2019, 63% of first-time permits were issued for 12 months or longer (69% were issued by Germany, 9% by Slovenia, 5% by Croatia), 27% were issued for 6 to 11 months and 10% were issued for 3 to 5 months, see Table A2.4).

There is a lack of systematic information on return migration (World Bank, 2017). The latest study to focus on return migration was conducted in 2009, commissioned by the World Bank and implemented by KAS[14]. Drawing on the 2009 survey, Gashi and Adnett (2015) found that according to migrant households in Kosovo 12% of migrants were planning to return within the next five years. Just over 10% of migrants had acquired additional education while abroad, amounting to one additional year of education on average (e.g. moving from completed secondary to completed higher education). The survey also found that more educated migrants and migrants who had acquired additional education while abroad were more likely to return, while those who were emigrants for shorter periods of time and those who had acquired permanent resident status and had their family with them were less likely to return. As expected, the stronger the family ties of a migrant with their home country, the more likely they were to return. Finally, migrants who were expected to invest in businesses in Kosovo were more inclined to return.

2.1   Germany's exceptional role as main destination country

Migrating for work, especially to Germany, has increased in recent years. The 2017 census data from the German Federal Statistical Office (Destatis) found that about 433 000 Kosovars were living in Germany, out of which 66% were reported to be employed (GAP, 2020).

In October 2015, Germany proposed a new labour migration scheme known as the Westbalkanregelung, or Western Balkans Regulation. The new scheme, which covered the citizens of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, was approved in October 2015 and went into effect from January 2016 (Bither and Ziebarth, 2018). The scheme was a response to the disproportionately high number of asylum applications submitted in the wake of the 2015 refugee crisis, when in only the first nine months of the year 41% of all first-time asylum applicants in Germany came from the Western Balkans, but fewer than 1% met the protection requirements (OECD, 2020). Any asylum seekers from the region who immediately withdrew their application and left Germany were entitled to re-enter the country under the scheme, which allowed citizens from the region to work in Germany from 2016 to 2020.

The Western Balkan Regulation had no restrictions regarding an applicant's level of skills or qualifications as long as there was a valid employment offer. The application was subject to a labour market test that required German employers to prove that no local, EU or recognised refugee worker could fill the vacancy. In occupations where there was an acute shortage of skilled labour, such as IT or care services, applicants who had been accepted for a job did not even have to provide proof of their qualifications. While the Regulation was scheduled to end in 2020, due to labour market demand it was allowed to continue until 2023, but with the condition that no more than 25 000 work approvals a year be granted to Western Balkan countries by the German Federal Employment Agency. This cap is expected to reduce the emigration from Kosovo, given the fact that almost a third of the work contract submissions were made by Kosovars between 2016-2019 and about a quarter of them were granted work visas (GAP, 2021). Moreover, unemployment rate in Germany increased due to Covid-19 crisis, peaking at 6.4% in August of 2020.

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[14]   The report has not been published, but data were made available for the purposes of research.

From January 2016 to September 2019, Germany granted 77 092 pre-approvals of Kosovar applications, mainly for work in construction, accommodation and food services, and administrative and support services, whereas professions receiving the least approvals were finance and insurance, electricity, gas, education and public administration (GAP, 2020). Although Kosovar migrants receive a higher average wage in Germany, they are paid less than German natives. The disparity has been reported in two Kosovo newspapers, which found that German natives receive an average monthly wage of EUR 3 509, while workers from Kosovo receive EUR 2 522, or about EUR 1 000 less per month[15]. The gap is also high among specialists, whose average monthly wage is EUR 4 400, while those from the Western Balkans receive EUR 1 000 less per month (EUR 3 476). The gap is smaller for support workers from Kosovo (whose average monthly wage is EUR 2 352).

In March 2020, the new Skilled Immigration Act, known as the Fachkräftezuwanderungsgesetz, entered into force. The new law, which seeks to attract highly skilled workers, allows foreigners with certain skills to apply for work permits and move to Germany through legal channels, which also ease the migration of skilled workers with vocational, non-academic training from non-EU countries for work purposes. Under the stipulations of the law, work permits are available to anyone who manages to get a work contract in the covered professions. German employers no longer have to give priority to German or EU nationals with equivalent qualifications. Those without a contract will be allowed to apply for a six-month jobseeker's visa as long as they fulfil the main requirement of having professional skills in areas in which German businesses are struggling to find qualified applicants. The new law also stipulates that applicants for work permits need to prove proficiency in the German language first. This and the previous regulation have incentivised many Kosovars, particularly young people, to enrol in language courses.

The German Federal Employment Agency continuously assesses and forecasts labour market needs, creating and updating an occupation shortage list and conducting labour market tests (GAP, 2020). Based on these needs, the agency approves or rejects migrants' applications. On the other hand, the Kosovo Employment Agency does not conduct a similar analysis or have any information on occupations that might lead to brain drain. Given the termination of embassy activities because of Covid-19, out-migration has stopped, directly reducing any potential increase in income from new emigrants.

2.2   Migration policies in Kosovo

Given its sizeable diaspora, Kosovo had a Ministry of Diaspora until 2019, when it was merged with the Ministry of Foreign Affairs. The merger, however, has been widely criticised on the grounds that it has weakened the role of the ministry towards the diaspora. The focus of the Ministry of Diaspora had been to facilitate the preservation, cultivation and development of the mother tongue and culture as vital for the preservation of national identity, the maintenance of relationships with Kosovo, and the provision of information on investment opportunities. The new ministry has not been engaged in the area of new emigrants, either to support or prevent their emigration.

To date, Kosovo has developed four strategic documents in the area of migration. The National Strategy for Migration 2009–2012 focused on transparency and effectiveness in the administration of legal migration and the reduction of all forms of illegal migration. A strong focus of the strategy was to develop an effective system for emigration and immigration. The Strategy on Migration 2013–2018

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[15]   See www.drenicapress.info/sa-paguhen-kosovaret-ne-kosove-sa-ne-zvicer-e-sa-ne-gjermani/

sought to advance and facilitate legal migration, turning migration into a positive factor for economic development and identifying opportunities to enforce the bilateral and regional management of migration. The Strategy and Action Plan for Migration 2013–2018 focused on the administration of migration and inter-institutional cooperation with neighbouring countries, with the main purpose being to prevent and combat irregular migration and the smuggling of migrants. The strategy had three strategic objectives: (i) preventing and combatting irregular migration; (ii) improving the management of legal and circular migration; and (iii) transforming and developing migration into a positive economic factor. In the absence of monitoring and evaluation[16], the strategy's achievements remain unclear.

The National Strategy for Sustainable Reintegration of Repatriated Persons in Kosovo 2018–2022 aims to provide sustainable socio-economic reintegration for repatriated persons through continuous improvement and the advancement of an effective and efficient service system focused on the needs of returnees. Key objectives of the strategy are to advance the reintegration system for repatriated persons by applying a needs-oriented approach; support sustainable socio-economic reintegration of repatriated persons; advance inclusive cooperation in the field of reintegration; strengthen capacities to provide an integrated approach for a reintegration system; and strengthen monitoring and evaluation of the implementation of reintegration policies. The draft Strategy for Diaspora 2019–2023 (Kosovo Government, 2019)[17] aims to promote and advance the political and social rights of the diaspora, preserve identity and strengthen ties with the diaspora, and encourage the diaspora to integrate in host countries. However, the strategy also envisages incentive measures to engage diaspora members in Kosovo, as it includes a measure to bring diaspora academic staff into higher education. There is no evidence whether any of these measures have been implemented. One activity that the Ministry of Diaspora and Strategic Investments has implemented is the provision of unpaid internship places for diaspora students, though there is no evidence of any impact that the measure may have had on potential returnees. Economic emigration is not addressed in the strategy.

Kosovo's institutions provide services to support legal emigration. The Division for Migration Services within the Kosovo Employment Agency provides migration information and support for individuals interested in migration through 14 counsellors for migration services in seven employment offices. Support includes the preparation of CVs and the provision of information about occupations in demand and other matters. The agency has prepared manuals on the migration rules and regulations of Austria, Germany, Slovenia, Croatia and Switzerland. In October and November 2020, counsellors were further trained to update their knowledge of recent legislation changes in Germany and other countries. However, based on an interview with a representative from the Employment Agency, it seems that the support is not very structured and information about labour market conditions in destination countries is not updated on a regular basis. Support for emigrants is also provided by the Ministry of Foreign Affairs, while the Department of Consular Affairs certifies various documents with apostille (to verify that they are originals), including apostille stamps for diplomas and education certificates issued by education and training institutions.

Kosovo has signed readmission agreements with 24 countries, including 20 EU Member States and members of the Schengen Area, but no agreement exists with the EU as a whole (European Commission, 2020a). The adoption of a newly developed Strategy for Sustainable Reintegration of Repatriated Persons in Kosovo 2019–2023 is pending (Kosovo Government, 2018). In 2018, 7 985

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[16] No summary assessment was presented in the Draft Strategy for Diaspora 2019–2023.

[17] The strategy has been drafted but not yet approved: http://konsultimet.rks-gov.net/Storage/Consultations/11-39-02-21062019/State%20Startegy%20on%20Migration_18_06_19_ENG%20-.docx

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Kosovars were either refused entry to EU states, found to have illegal residence, or deported from EU countries and the Schengen Area (Ministry of Internal Affairs, 2018). The number was significantly higher in 2015 at 40 005 individuals and in 2016 at 23 038 individuals (Ministry of Internal Affairs, 2018). With regards to readmission, 1 536 Kosovars were repatriated from EU Member States and the Schengen Area in 2019, compared to 2 395 in 2018; about 70% of repatriated individuals are men aged 18–34, indicating the higher propensity of youth to migrate. Contrary to other Western Balkan countries, the EU has not yet signed any visa liberalisation with Kosovo. With the exception of Bosnia and Herzegovina, however, Kosovars do enjoy visa-free access to neighbouring countries. Visa-free access is important for the temporary and seasonal emigration of Kosovars to countries like Montenegro and Albania.

3. LABOUR DEPLOYMENT AND MIGRATION

Kosovo is a small, open economy affected by external economic developments through trade, remittances and foreign investment. Nearly 80% of total FDI in the period January–October 2019 was directed at real estate and renting activities, while 7.5% went to financial services (ERP 2020–22). Kosovo remains dependent on imports, which were estimated at EUR 3 273 million for goods and EUR 762 million for services in 2019, while the exports of goods were only EUR 398.2 million and the exports of services were EUR 1 744 million in 2019, leading to a negative trade balance for goods and a positive one for services (ERP 2020–22). Kosovo's firms in the formal sector are small and dominated by micro enterprises, which account for 91% of firms and only 36% of formal jobs (World Bank, 2019). Firms in Kosovo are not well integrated into the global economy, which leads to a constraint on job creation. Only 4% of firms are exporters and less than 1% have any FDI. Given the small size of Kosovo's economy, the lack of access to international markets means that few firms are able to significantly expand their production or workforce (World Bank, 2019).

In 2019, almost 60% of the working-age population (aged 15–64) was inactive (as high as 79% for women), and only around 30% were employed. Within the already small number of active individuals, 25.7% were unemployed. The unemployment rate was highest among youth (49.4%) and women (34.4%). Two-thirds of the unemployed were unemployed for longer than 12 months, with nearly 80% of those aged 35–39 unemployed for more than a year. Another worrying feature is the high rate of young people not in employment, education or training (NEETs), which stood at one-third of youth in 2019 (around 31% for males vs. 34% for females) (KAS, 2020). Youth transition indicators (% aged 15–24) also point to very low prospects in the labour market: only 26% of youths were active (18% for females) and only 13% were employed (7% for females). The youth unemployment rate was almost 50% (60% for females) (ETF, 2020b).

Education is an important contributor to employment. According to 2019 LFS data, educational attainment (broad levels) of the labour force (% aged 15+) is as follows: 16.5% is low-skilled, 56.3% is medium-skilled, and 27.2% is high-skilled. Employment by occupational groups also shows that 21.1% of employed people belong to low-skilled occupations, 48.2% work in medium-skilled occupations (ISCO 4–8), and 30.7% work in high-skilled occupations (ISCO 1–3). The employment rates are highest for individuals with tertiary education (62.2%) and upper-secondary vocational education and training (VET) (37.7%). The same order applies to unemployment rates: individuals with a tertiary level of education have an unemployment rate of 21.5%, while the figure is 25.2% for those with secondary VET education, 32% for those with only primary education, and 49.4% for those with no formal education (see Table A2.5). However, the report does not identify whether employed individuals work in jobs that match their education level or field of study. Moreover, the share of self-employment in overall employment is quite high (27.1% in 2019), and vulnerable employment is significant (18.9% of employed are own-account workers and contributing family members) (ETF/Badescu, 2020a).

The 2017 MCC LFTUS survey found that only one in three individuals reported that their current or most recent job was related to their primary field of study. By field of study, the lowest share of individuals working in their field of study were found to be in general programmes[18] (8%), followed by physical sciences (15%) and mathematics and statistics (27%). The highest share of individuals working in their field of study were found in teacher training and education (76%), health and welfare

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[18] Basic programmes and qualifications, literacy and numeracy, and personal skills and development

(62%) and life sciences (51%). The 66.2% of individuals who indicated that their current or most recent job was not related to their field of study were asked why. An overwhelming majority of them (91.9%) indicated that it was because there were no jobs available in their field of study. The World Bank's STEP survey[19], which was conducted in 2016/17, found that 23% of workers considered themselves overeducated and 11% undereducated, while the majority of individuals with post-secondary, non-tertiary education considered their level of education too low for what was required by the job in Kosovo (World Bank, 2019).

According to the 2019 LFS (KAS, 2020), a lack of jobs is the main reason for working part-time, which was not a voluntary choice of individuals, given that 75% stated that the reason for their part-time work was a lack of available full-time jobs. The share of those working on a part-time basis increased from 4.4% in 2018 to 6.7% in 2019. Difficulties in finding a job also appear in Table 3.1, which brings together data on the registered unemployed and vacancies administered by the Kosovo Employment Agency (EARK)[20]. In 2018, 25.3% of the registered unemployed had no completed education, 25.3% had completed only primary and lower secondary education, 32.9% had completed upper-secondary VET education, 6.9% had completed upper-secondary general education in a gymnasium, 11.2% had completed BA studies and 0.7% had completed MA studies (EARK, 2019).

TABLE 3.1 REGISTERED UNEMPLOYED AND VACANCIES AS REPORTED BY EARK (INDIVIDUALS)

Year	Number of registered unemployed	Number of vacancies	Number of intermediations (excluding ALMPs)	Share of vacancies filled by EARK (%)
2015	112 179	11 506	3 574	31
2016	101 773	14 137	4 022	28
2017	93 866	12 511	3 215	26
2018	95 890	14 847	3 764	25
2019	70 790	9 462	4 160	44

Source: EARK (2019), Work and labour 2018 and direct communication with EARK for 2019 data.

By occupation, 47% of the registered unemployed had work experience in elementary jobs, 12% had been craftworkers or had held related jobs, and 10% had worked at technician level. By age group, half were 25–29 years old. The region of the capital city Pristina accounted for 25% of the registered unemployed. In 2018, 23% of vacancies were identified in manufacturing, followed by trade and agriculture (almost 19% each). In terms of occupations, nearly 50% of vacancies were for trade

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[19] The World Bank's STEP survey (Skills Toward Employment and Productivity) included two types of survey: the first was an employer survey that was administered to a sample of 500 workplaces in Kosovo in November–December 2015. The second was a household survey administered to a sample of 3 511 individuals aged 15–64 in Kosovo between September 2016 and March 2017 (World Bank, 2019).

[20] EARK registers unemployed individuals, but registration is not mandatory (there is no incentive to register, because there is no unemployment benefit system in place). As a result, the number of unemployed may be underestimated (according to LFS data, there were 123 305 unemployed individuals in 2019, compared to 70 790 individuals registered as unemployed at employment offices). The potential underestimation of vacancies is supported by the STEP survey, which found that just over one-fifth of firms connect with the public employment agency for recruitment, whether for higher or medium-to-lower skill occupations.

workers, machine operators and technicians. Over one-third of vacancies (35.1%) were recorded in the region of Pristina. The Kosovo Employment Agency helped 29% of unemployed jobseekers find jobs in agriculture, 20.9% in trade and 20.3% in manufacturing. The STEP survey also found a lack of new jobs: only 15% to 30% of all firms tried to hire at least one person in 2015 (World Bank, 2019). Demand was greater for higher-skill occupations (managers, professionals, technicians) and medium-skill occupations related to services (clerks, sales workers and service workers) than for low-skill occupations (construction and crafts, elementary occupations, drivers and operators).

3.1   Mismatch between labour supply and demand

Numerous studies suggest that there is a mismatch between labour supply and demand. The data in Table 3.1 show that, on average, over the years from 2015 to 2019, the Employment Agency succeeded in filling about 30% of vacancies, which may be used as an indication of a mismatch between the skills of the unemployed and the demands of employers[21]. The results of the 2016/17 World Bank's STEP survey (2019) found that skills and experience were the primary constraints to recruitment, especially for occupations in demand by firms. Innovative firms, firms that had introduced new or significantly improved methods of manufacturing or producing goods or services in the past three years, and firms that had invested in research and development were more likely to face skills constraints. A 2019 survey commissioned by the UNDP and administered to 201 companies found that the companies had 'moderate' difficulties in finding skilled workers (UNDP, 2020). Difficulties were more pronounced in manufacturing, construction and service companies. Unable to find skilled workers, nearly two in three companies had settled for hiring less qualified employees (63%), while 19% said that additional duties were assigned to existing staff. The ratio between the demand and supply of certain skills and profiles often did not match.

The STEP survey found that foreign-owned firms experienced high levels of skills shortages for both higher and medium-to-lower skill occupations. Evidence of a lack of skills is also found in a 2019 survey of 38 Kosovar registered companies with a share of foreign capital across a variety of sectors; only 21% of respondents stated that Kosovo fully meets their needs for a skilled labour force (Zogaj-Gashi et al., 2019). Dissatisfaction with graduates is also reflected in the 2016/17 STEP survey, which found that nearly 60% of employers reported that the general education system does not produce students that have practical, relevant experience, and nearly 50% of employers reported a lack of up-to-date knowledge or socio-emotional skills like discipline, timeliness or interpersonal skills. While they were somewhat more satisfied with the experience and skills gained from the vocational education system, between 35% and 42% of firms found that Kosovo's education and training systems do not graduate people with the necessary skills (World Bank, 2019).

Poor cooperation between the education system and the labour market is regarded as the main reason for skills mismatch. The STEP survey found that fewer than one in five firms, on average, is in regular contact with education systems, and only a very small share of them provide feedback on curricula. Even though the education system fails to equip students with in-demand skills and the training programmes have limited coverage, skills development within firms is also limited. The UNDP 2019 survey found that only 23% of firms offered training in technical skills development, 20% provided training in customer and client communication, and 19% provided training in the area of leadership and management development or training related to products and services (UNDP, 2020). Despite its mandate to prepare the unemployed for the labour market, the Employment Agency has assisted only a limited number of

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[21]   The agency has not conducted any assessment of the low share of filled vacancies.

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beneficiaries through active labour market measures owing to a limited budget until recent years, and concerns have been raised about the relevance of its training offer. A recent evaluation of ALMPs (Rizvanolli et al., 2019) found that the employment rate at the time of the survey (six months or more after completing the scheme) varied between 41% among on-the-job training beneficiaries, 50.7% among wage subsidy beneficiaries, and 43.4% among interns. These findings may indicate that employers use ALMPs to hire the registered unemployed as relatively cheap labour.

One good news is a revamp of active labour market programmes specifically targeting the Kosovar youth. Currently discussions are under way for the implementation of youth schemes in Kosovo that is similar to the EU "Youth Guarantee", possibly under the IPA 2022 programme. According to the Youth Guarantee scheme, all young people under the age of 30 should receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education.[22] Given the extremely high youth unemployment rate in Kosovo, initiatives such as Youth Guarantee are badly needed. In addition, there is a need for better monitoring of Kosovo labour market, mainly in terms of forecasting labour market skills needs in different sectors and identifying occupational shortage lists. Although few pilot initiatives are being discussed for EU-funded projects in this area (e.g. plans for producing a Labour Market Barometer and/or Skills Barometer), it is still far from known missing occupations and skills as a result of labour migration.

TABLE 3.2 REGIONAL OVERVIEW OF LABOUR MARKET INDICATORS

	Unemployment rate 2017 (%)	Employment rate 2017 (%)	Registered unemployed 2018	Number of vacancies 2018
Ferizaj	14.3	37	9 862	1 268
Gjakova	9.4	49.5	10 520	2 017
Gjilan	16.8	43.2	10 477	1 518
Mitrovica	15.2	42.2	14 880	2 170
Peja	15	38.8	10 366	1 336
Pristina	24.3	36.5	23 698	5 204
Prizren	14.2	42.6	16 087	1 334

Source: KAS poverty estimates, MCC LFTUS 2017 and Ministry of Labour and Social Welfare 2018.

Kosovo has very limited labour market information at the regional level. An overview of regional labour market conditions can be gleaned from data collected through the Kosovo Employment Agency (EARK) and the Millennium Challenge Corporation Labour Force and Time Use Survey (MCC LFTUS) (see Table 3.2). The data show that employment varied substantially by region, with the highest employment rate recorded in Gjakova region (49.5%), while Pristina reported the lowest employment rate at 36.5%. However, when the employment rates were disaggregated by the urban and rural areas within regions, it was found that the employment rate for urban areas in Pristina was second highest at 40.8% and the employment rate for rural areas in Pristina was the lowest among all regions at 34.2%. The situation in

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[22] See The reinforced Youth Guarantee - Employment, Social Affairs & Inclusion - European Commission (europa.eu). The recommendation to establish a Youth Guarantee (YG) was adopted by the European Council Recommendation in 2013, which was further reinforced in a Council Recommendation of October 2020.

Gjakova was the opposite: rural areas reported a substantially higher employment rate of 50.2% compared to 43.7% in urban areas. With regard to the number of unemployed individuals registered at EARK's municipal employment offices, the Pristina region led with 23 698 registered unemployed, while the lowest number was found in Ferizaj (9 862). The largest number of vacancies was identified in the capital city region (5 204), while the smallest numbers were found in Ferizaj, Prizren and Gjilan.

3.2 Unsatisfactory working conditions

Economic growth in Kosovo has not been accompanied by a significant increase in new jobs, while existing jobs are characterised by low quality. Jobs in the private sector are characterised by a lack of contracts or they are short in duration. The minimum wage in Kosovo is the lowest in the Western Balkans in absolute terms (World Bank and wiiw, 2019). Despite pressure from worker and employee representatives, the minimum wage has not been adjusted since its introduction in 2011, mainly because of resistance from employers. In 2019, the average gross wage in Kosovo was EUR 477 (KAS, 2020), which was the second lowest in the region after Albania with an average gross wage of EUR 426. By contrast, the average gross wage was EUR 609 in North Macedonia, EUR 643 in Serbia, EUR 728 in Bosnia and Herzegovina, and EUR 773 in Montenegro (wiiw Annual Database, 2021)[23].

In Kosovo, the average wage in the public sector is 42% higher than the average wage in the private sector, while public enterprises pay an average wage that is 83% higher than the private sector. The only official source on wages by sector comes from the findings of the Structural Business Survey in 2018[24] (KAS, 2019), which reported an average gross wage of EUR 378. With the exception of the IT sector, the highest wages are paid in sectors that are predominantly public (mining, energy, water). Wages in the private sector range from EUR 254 in accommodation to EUR 440 in construction. The findings of the MCC LFTUS survey show that the average net monthly salary of public employees was EUR 415, while those working in the private sector received an average wage of EUR 304.

Lower wages in the private sector may be explained by the sector's less skilled workforce: according to the LFS, in 2019, 59.6% of employees in the public sector and 50.2% of those in publicly owned enterprises had completed higher education, compared to only 19.7% in the private sector. The majority of employees in the private sector (50.6%) had completed VET education, which suffers from a lack of skills aligned to labour market needs and in general has a bad reputation in the country. The difficulties of obtaining a job in the public sector and the low wages available in the private sector are important factors that push medium-skilled workers to pursue migration opportunities. By region, net monthly wages showed variation, with both male and female residents of Pristina earning higher wages than their counterparts in the other six regions. Residents of Gjakova reported the lowest wages of any region at an average of EUR 299, largely owing to the prevalence of agricultural jobs in the region.

Low wages explain part of the high in-work poverty rate in Kosovo. Based on 2017 Household Budget Survey data, Haxhikadrija et al. (2019) estimate that the in-work poverty rate is 15.2%. Most in-work poverty in the country is found among men, self-employed individuals, young and middle-aged employees, and low-educated workers. According to the authors, the high in-work poverty is the result of a number of factors, namely a low overall employment rate of those aged 15+, a particularly low employment rate among women, a workforce dominated by individuals with secondary and lower

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[23] http://wiiw.ac.at/annual-database.html

[24] The survey excluded sectors covered by other surveys, specifically agriculture, hunting and forestry, fishing, finance, public administration, education, health and household activities.

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education, a statutory minimum wage that is often not respected by the private sector, and a lack of public health insurance and unemployment protection institutions to support the conditions of the poorest workers (Haxhikadrija et al., 2019).

Thus, workers are strongly dissatisfied with their working conditions. Finding a job in Kosovo is not easy, and those who do have a job are not satisfied with their working conditions: a recent study (EPPC, 2020) found that 60% of employed Kosovars were not satisfied with their job and the most common reason was dissatisfaction with their wages (59%). Members of the Roma, Ashkali and Egyptian communities face even greater challenges in finding employment, resulting in a greater risk of migration among these groups (ERRC, 2016).

There is also evidence of emigration by employed individuals based on the findings of the UNDP 2019 survey, which was administered to a representative sample of 201 enterprises (UNDP, 2020). The survey results[25] reveal that nearly half of all surveyed companies (49%) had been confronted with the emigration of their employees in the past three years. Larger companies seem to have been hit especially hard by the phenomenon. Nearly three out of four medium-sized and large companies (73%) had witnessed the emigration of their employees, while 70% of small companies reported the same. Micro companies were less likely to encounter the emigration of employees. The majority of employees who left companies for the purpose of emigration went to Germany (83%) and held technical positions in their previous companies (52%). Only around one-third held professional positions. Apart from the hope of better job opportunities and personal economic development, family reunification also played a large role for many who emigrated to Germany. The results obtained from the surveyed companies show that around three out of four employees who emigrated had a secondary education level (75%). Around 12% each had an elementary education or a university education. However, the MCC LFTUS survey found that the unemployment rates for those who intend to work abroad are 2.4 times higher than for those who do not, implying that those who have not been able to find employment in Kosovo are more likely to want to look for employment abroad.

Finding a job in Kosovo is not easy, especially for those who do not have strong networks. This is because firms in Kosovo overwhelmingly recruit through informal channels, often through informal networks, personal contacts, recommendations from friends, and poaching (i.e. approaching workers who are already employed in other firms) (2015 STEP survey in World Bank, 2019). Ethnic minorities, individuals from rural areas and members of poorer households are at higher risk of becoming marginalised. Two-thirds of Kosovars believe that non-merit factors like family connections, bribes and party affiliations are most helpful to secure employment even in the private sector (the share is 79% for public-sector jobs) (2016/17 STEP survey in World Bank, 2019). Thus, only 34% of respondents believe education, training and work experience matter.

Against this backdrop, emigration intentions remain high and the emigration of Kosovars will continue in the future. The Gallup survey conducted between 2015 and 2017 estimates that about 46% of Kosovars would like to emigrate. According to experts, unemployment, low wages, high levels of corruption and a lack of rule of law, and lack of opportunities were regarded as the main reasons why people in the Balkans want to flee. Data from the Regional Cooperation Council's 2019 Balkan Barometer (Pinjo Talevska, 2019) show that 42% of Kosovars are considering leaving to work abroad, while 58% are not considering leaving the country. Among the former group, 62% are only thinking

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[25] In order to undertake a comparative analysis of segments of different size, oversampling/quota sampling was used, but the results were weighted for the aggregate sample.

about leaving but not actively getting informed about the possibilities/options or taking concrete steps to migrate. The most prevalent reason for wishing to emigrate is economic conditions (for about 75% of those wanting to emigrate), while about 10% cite education and another 10% cite reasons related to cultural diversity. The most attractive countries for youth are Germany (34%) and Switzerland (27%).

According to another study conducted in early 2018 and commissioned by the Friedrich Ebert Foundation (Lavrič et al., 2019), 34% of young Kosovars expressed a strong or very strong desire to move to another country for more than six months. The majority were looking to move for a short- to medium-term period ranging from six months (37%) to two years (34%). A large cohort of young people (44%) who said they would like to move abroad claimed that they had been invited by, or had the support of, individuals who lived in their desired destination country, suggesting that the existence of a diaspora of Kosovars who have already emigrated to a host country contributes significantly to future emigration to the country in question. The study put the number of Kosovars who are potentially ready to emigrate at about 129 000. Another survey of 1 100 people conducted by the Democracy for Development Institute (D4D) in December 2019 found that 59.4% of respondents would like to leave Kosovo, with 31.4% wanting to leave forever. The most commonly cited reasons for leaving the country were respondents' inability to find a job that matched their educational background (26%), family-related reasons (24%) and looking for better opportunities for professional and career development (22%). Germany and Switzerland were the main destination countries (55%), followed by the US (10%).

3.3 Employment and unemployment by occupation: key characteristics

Individuals with service, sales and elementary occupations are characterised by the highest employment shares. Based on Kosovo's LFS statistics, Table A2.7 in Annex 2 shows the shares of occupational groups out of total employment between 2014 and 2019. In 2019, service workers and shop and market sales workers (23.3%) dominated employment, followed by those in elementary occupations (21.1%) and professionals (15.9%). As indicated in the World Bank and wiiw (2020) study, workers concentrated in low-skill, labour-intensive sectors are poorly prepared to face the changing nature of jobs. Although they represent low labour costs, they are not readily competitive in a world where technology drives productivity. The composition of the unemployed by occupation, which is available from the 2017 MCC LFTUS survey, is shown in Table A2.7. Interestingly, the occupations that are most prevalent among employed individuals are also the most prevalent among unemployed individuals: 31.3% of the unemployed are service and sales workers and 23.6% belong to elementary occupations.

Unemployment rates vary by field of study. According to the 2017 MCC LFTUS findings, the highest rates of unemployment were found among individuals who studied business (31.1%), manufacturing and construction (28.8%), and life sciences (25.9%), while the lowest rates of unemployment were found among those who studied services (12%), general programmes[26] (12.3%) and engineering (13.2%). The reasons for unemployment were found to be different, to some extent, for males and females. While the reasons for males were predominantly related to labour market factors and regulations (dismissal or redundancy, limited contracts, education or training, etc.), females also pointed to family responsibilities such as looking after children (6.5%), family/spouse did not support

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[26] Basic programmes and qualifications, literacy and numeracy, and personal skills and development

work (4.6%) and pregnancy/childbirth (1.7%)[27]. A discriminatory or unsafe working environment was mentioned by only 5.4% of unemployed individuals, and the estimate differed little between males and females. A lack of reliable/safe transportation was mentioned by 1.6% of unemployed individuals.

The MCC LFTUS survey results show that the most popular sectors for unemployed individuals to search for jobs were service activities (16.8%), wholesale and retail trade – repair of motor vehicles and motorcycles (16.7%), and construction (12.6%). The most attractive sectors for women included wholesale and retail trade (23.7%), other service activities (21.5%) and education (12%). On the other hand, the sectors that men were most interested in were construction (22.2%), other service activities (13%) and wholesale and retail trade (11.3%). According to the GAP assessment (2020), administrative and support services and construction are among the top five occupations in Kosovo with a low unemployment rate and a high migration tendency. Given the high unemployment rate among occupations such as agriculture, forestry and fishing, and finance and insurance, individuals with these occupations may be more likely to migrate.

BOX 3.1 EMIGRATION OF KOSOVAR HEALTH PROFESSIONALS

According to the German Federal Employment Agency, 7 204 Kosovars were working in the medical sector in 2019, reflecting an increase of 809 compared to the previous year*. The same source highlights that the demand for care workers is expected to increase, since Germany will be short of approximately 200 000 caregivers five years from now, according to forecasts. The healthcare sector has more workers than it can accommodate in Kosovo (GAP, 2020). According to the Kosovo Doctors Chamber, there were more than 600 doctors in the country in December 2019. Of these, 60 were specialists who were unemployed as a consequence of the mismatch/budgetary constraints between the number of students in specific fields and job vacancies. The chamber issued 115 migration-supporting documents to doctors in 2019, but only 5 in 2018 (Ibid.). Additional pressing challenges for Kosovo are the average age of doctors, which is 53 years old, and the fact that the Ministry of Health is not opening up new positions.

As reported by Ahmetxhekaj (2019), a professor of neuropsychiatry at the Faculty of Medicine at the University of Pristina has stated that 95% of students are learning German and intend to go to Germany. The chairman of the Federation of Health Unions of Kosovo (FSSHK) said in an interview with the GAP Institute that each year about 350 nursing students graduate from the public education system and 4 000 do so from the private system. In 2018, 1 400 graduates competed for 100 vacant nursing positions. In 2020, to respond to the pandemic, 608 new doctors were employed, and 1 500 health graduates were engaged in specialist areas. In a survey conducted by the FSSHK in 2014, 60.6% of surveyed nurses replied that they were inclined to emigrate, their main reasons being higher pay (29%) and professional development (27%). According to the German Institute for Employment Research (Fuchs and Fritsche, 2019), the demand for healthcare employment will continue to rise in the future in light of current social and economic trends. In July 2019, the German Federal Minister of Health Jens Spahn visited Kosovo, where he announced that Germany needs 70 000 nurses. The concern raised by the FSSHK chairman is that nurses are initially recruited to provide care for the elderly and perform other similar tasks, i.e. their skills are underutilised. The main reason is that these occupations are not easily filled in Germany, but also because most of the qualifications awarded in Kosovo are not recognised in Germany (GAP, 2020).

(*) See the DW news report: www.dw.com/en/balkan-nurses-headed-to-german-hospitals-a-lush-business-for-intermediaries/a-51960206

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[27] The women's responses appear to relate to reasons for inactivity rather than unemployment, because the status of unemployment implies that a person is actively looking for a job. If not, the person is considered inactive.

4. HUMAN CAPITAL FORMATION AND MIGRATION

Educational attainment levels in Kosovo have improved considerably. Early school leaving[28] of individuals aged 18–24 dropped from 18.4% in 2012 to 8.2% in 2019. Greater improvements were observed among females, whose early school leaving fell by 11.7 percentage points from 2012 to 2018, as opposed to 6.4 percentage points for men (see Table A2.8). However, adult participation in lifelong learning (% aged 25–64) has generally been low (2.7% in 2019) (see Table A2.13, from ETF/Badescu (2020a)).

While access to education has increased, the quality of education in Kosovo remains a problem. According to a recent study by the World Bank[29], a child who starts school at age 4 in Kosovo can expect to complete 13.2 years of school by her eighteenth birthday. However, when factoring in what children actually learn, the expected years of schooling decrease to only 7.9 years, which means there is a learning gap of 5.3 years. A child born in Kosovo today will be 57% as productive when she grows up as she could be if she enjoyed secondary level education and full health. This is lower than the average for the European and Central Asian region, but slightly higher than the average for upper-middle-income countries.

According to the PISA test in 2018, 78.7% of pupils aged 15 failed to reach the minimum skills in reading, while the figure was 77.7% in mathematics and 67.7% in sciences. Although pupils' scores in mathematics improved slightly compared to 2015, their scores in reading and sciences worsened (see Table A2.6). In harmonised tests, students in Kosovo score 374 on a scale where 625 represents advanced attainment and 300 represents minimum attainment.

LFS statistics indicate that the share of the population aged 30–34 with tertiary education rose from 9.3% in 2012 to 20.9% in 2018. A greater improvement is observed among women, whose share increased from 6.5% in 2012 to 20.8% in 2018, compared to 12.1% for men in 2012 and 20.9% in 2018 (see Table 4.1). While tertiary education attainment has improved, the number of students enrolled in the first-year intake in private and public higher education institutions dropped from 33 526 in 2015/16 to 20 461 in 2019/20 (see Table A2.10). Potential explanations for the drop include lower birth rates (down from 22.8 births per 1 000 people in 2000 and 21.7 in 2001 to 18.3 in 2003)[30], migration trends and the plans of young people. This is reflected in a significant drop in the total number of students from 101 959 in 2014/15 to 62 905 in 2019/20. While enrolment in higher education has been high (despite falling numbers), a small number of students graduate each year, totalling 47 519[31] in four academic years, namely 2014/15, 2015/16, 2017/18 and 2018/19 (see Table A2.11).

In 2018, more than half of upper secondary students (52.9%) were enrolled in vocational schools, and VET programmes were more attractive for boys (61.5% were enrolled in vocational schools) compared to 44.1% of girls (see Table A2.12). In absolute numbers, 42 888 students were studying in vocational

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

[29] World Bank press release: www.worldbank.org/en/news/press-release/2020/09/16/kosovo-human-capital-index-lower-than-regional-average-but-higher-than-the-average-for-its-income-group-says-world-bank-report

[30] See https://data.worldbank.org/indicator/SP.DYN.CBRT.IN?locations=XK&view=chart

[31] Data for 2014/15 for private higher education institutions are missing, so this number is underestimated.

schools in 2018. By field of study, 36.4% of students were enrolled in the field of economy 34.5% were enrolled in technical fields and 17.3% were enrolled in medicine in the school year 2017/18 (see Table A2.16). Gender differences were observed in the field of medicine, which accounted for nearly 30% of all enrolled women (but only 9.4% of men), while the representation of women in technical fields was significantly lower than that of men (20.9% compared to 43.7%).

TABLE 4.1 TERTIARY EDUCATION ATTAINMENT (% AGED 30–34)

	2012	2013	2014	2015	2016	2017	2018
Total	9.3	12.0	14.8	17.2	19.1	21.8	20.9
Male	12.1	14.2	16.6	19.5	18.9	22.4	20.9
Female	6.5	9.9	13.0	14.7	19.4	21.2	20.8

Source: KAS, LFS, taken from ETF/Badescu (2020a).

4.1 Migration flows by educational level

Overall, the period from 2016 to 2018 is characterised by substantial net emigration, which is estimated at around 53 000 individuals (the sum of all cohorts, including the group of newcomers) based on Leitner's cohort approach (for more explanation, see Annex 1 and Leitner (2021)). Almost half of these emigrants were Kosovars with medium general education (26 000 people), followed by low-educated Kosovars (17 000 people) and highly educated ones (11 000) (see Figure 4.1). By contrast, there is net immigration of individuals whose highest level of education is vocational education.

FIGURE 4.1 NET MIGRATION BY EDUCATIONAL ATTAINMENT, 2016–18
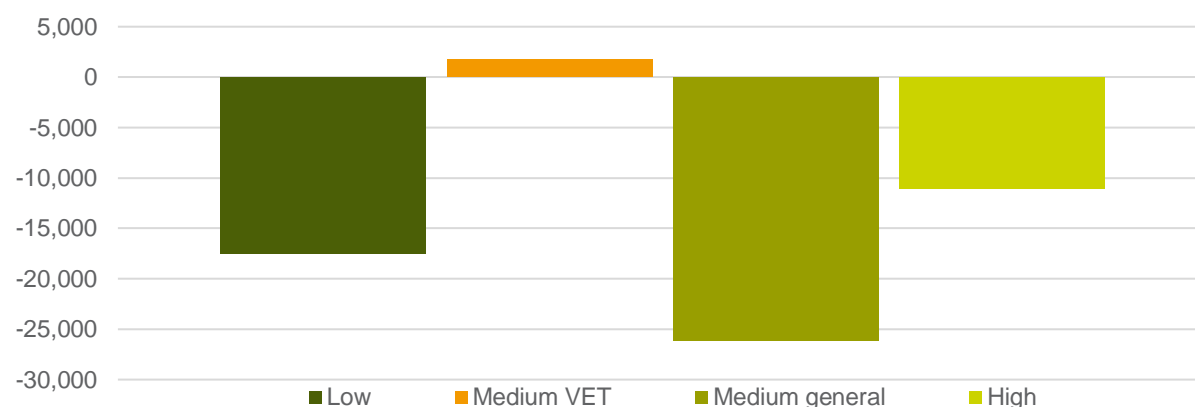
Source: Leitner (2021), calculations based on the LFS data provided by KAS

In the period 2016–18, all cohorts except for those aged 30–34 and 35–39 witnessed net emigration of individuals with medium general education. Net emigration is highest among the cohorts aged 15–19 and 20–24, particularly those in their twenties in the period analysed (i.e. the cohort aged 15–19). By contrast, there was net immigration among the cohorts aged 30–34 and 35–39, especially among the oldest cohort aged 35–39, which includes those who were in their forties between 2016 and 2018. Similarly, except for the group of newcomers, all cohorts experienced net emigration among the low-educated. Similar to the previous group, net emigration of the low-educated is also highest among individuals who were in their twenties in the period analysed (i.e. the cohort aged 15–19). In view of

their young age, the substantial net emigration of individuals with medium general education or low education is likely to be driven mainly by family reunification and the pursuit of further education and employment abroad. By contrast, there is net immigration among individuals whose highest level of education is vocational education: except for the cohorts aged 20–24 and 35–39, all cohorts experienced net immigration, especially the cohorts aged 15–19 and 30–34[32].

FIGURE 4.2 NET MIGRATION BY AGE COHORT AND EDUCATIONAL ATTAINMENT, 2016–18
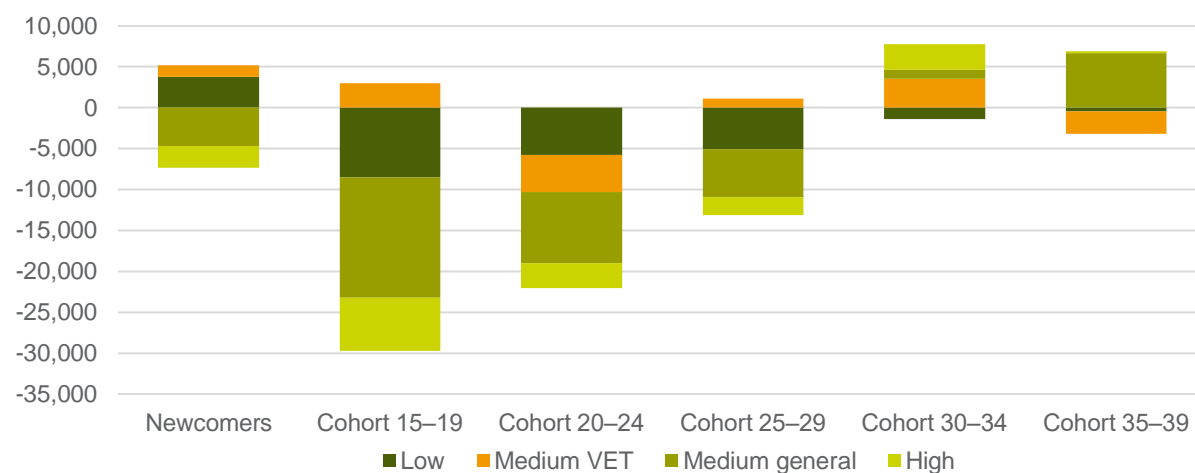
Note: The age brackets refer to the age at the beginning of the period in 2010. Hence, all age cohorts have aged between six and eight years by the period 2016–18. The cohort approach approximates net migration through differences in cohort size between two consecutive years. Hence, 2016 – the first year reported here – refers to the difference between 2015 and 2016. Educational levels are divided into four categories: low (primary or lower secondary education), medium general (upper secondary general education/gymnasium), medium VET (upper secondary vocational education and training), and high (tertiary education), based on ISCED. Negative numbers indicate net emigration, while positive numbers indicate net immigration.
Source: Leitner (2021), calculations based on the LFS data provided by KAS.

There is some evidence of brain drain over the period 2016–18 (see Figure 4.2). Net emigration of the highly educated is seen among all age cohorts except the cohorts aged 30–34 and 35–39. The latter two groups show some net immigration (i.e. brain gain), which is higher among the cohort aged 30–34 but negligible among the cohort aged 35–39. Generally, brain drain is highest among the cohort aged 15–19, which includes those who were in their twenties in the period analysed. This suggests that the majority of the highly educated leave Kosovo shortly after graduating from tertiary education. Better employment prospects and higher pay abroad are considered their key motives for migration. In total, the cumulative net emigration of the highly educated over the period is estimated at 11 000 people.

4.2   Internationally (co-)funded education and training programmes

The Young Cell Scheme is an EU-funded project that has provided young Kosovars with scholarships at the EU's most reputable educational institutions for many years. The scheme aims to support the government of Kosovo in building a professional, merit-based, accountable and apolitical civil service at all levels through a scholarship programme that seeks to improve the professional capacity of the civil service to better serve Kosovo citizens and to meet the challenges and obligations arising from

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[32] Net immigration of Kosovars with vocational education may be related to the 2014/15 mass exodus to the EU and the subsequent return of failed Kosovar asylum seekers over the following years. For more discussion, see Leitner, 2021.

the Stabilisation and Association Agreement between Kosovo and the EU. From 2004 to 2019, the project organised 12 selection rounds and awarded 363 grants to young Kosovo citizens holding a BA degree, so that they could enrol in specific MA, MSc and LLM programmes at EU universities[33]. The grant recipients attended master's programmes at many EU universities and had the opportunity to specialise in various fields in economics, law and politics as well as in environmental sciences, agricultural studies, statistics, aviation safety and regulations, engineering, telecommunications, food safety, etc. Of the 200 students who have completed the scholarship programme, some 85% currently work for the government of Kosovo at various levels in an array of offices, line ministries, the Ministry of European Integration, and independent authorities such as the Central Bank (ISIG, 2015). On their return, they have a contractual obligation to remain employed for at least three consecutive years in Kosovo's civil service. This is regarded as a good practice that should be maintained and expanded to larger numbers of beneficiaries.

Erasmus+ has been one of the key programmes for the short-term mobility of Kosovo students and academic staff. Students usually spend a semester at a European university and then continue their studies back home. Over the period 2015–19, the number of staff and students from Kosovo who obtained Erasmus+ International Credit Mobility scholarships was 4 177. Some evidence on the employment status of alumni who have spent part of their studies, traineeship or voluntary activities in one of the Erasmus+ programme countries, either as an EU or non-EU country scholar or as a self-funded individual, was made available through a survey conducted by the Western Balkans Alumni Association in 2017. The study included 145 respondents from Kosovo, 83% of which had studied in one of the Erasmus+ programme countries[34]. The survey found that 28% have a degree in social and behavioural sciences, 8% in humanities, 14.5% in engineering, 12.4% in business administration, and 10.3% in computing and IT. Among respondents, 62% were employed or self-employed at the time of the survey, which is a higher rate than in other countries (the average is 58.5%), and half of them provided educational services.

Kosovo has a large number of higher education institutions, specifically 17 institutions per million inhabitants compared to seven per million inhabitants in the EU (KEEN, 2017). As noted above, the number of newly enrolled students is decreasing, and this decline is also reflected in a lower total number of students in higher education (both private and public). So far, the public education system has not taken migration trends into account, whereas some private higher education institutions – mainly in the health sector – offer study programmes that prepare the workforce for emigration. Moreover, the education system has made no progress in improving the quality of education (European Commission, 2020a) in order to enhance the prospects of graduates in Kosovo and prepare them for decent jobs in the main destination countries.

However, several projects are now underway to improve the relevance of education to labour market needs. For example, ALLED 2 (Aligning Education for Employment) is a project financed by the EU within the financial envelope IPA II 2017 for Kosovo with co-funding by the Austrian Development Agency. ALLED 2 aims to develop and modernise higher education programmes in accordance with labour market needs; improve teacher training programmes in line with the requirements of the New Curriculum of Kosovo and the priorities of the Ministry of Education; and enhance the quality of practical and applied teaching and learning in vocational schools and vocational training centres

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[33] http://eyca-kosova.org/about-us/

[34] EU-28 Member States, North Macedonia, Iceland, Norway, Liechtenstein, Turkey

in core occupational sectors relevant to market needs, including career guidance and counselling[35]. Two LuxDev projects, including one financed by IPA II 2018, supports the reorganisation and strengthening of VET governing structures in Kosovo through assistance in the fields of accountability, internal organisation of stakeholders, a new business model for school management, public–private partnerships, capacity development, and the digitalisation of processes. LuxDev projects support eight VET institutions that specialise in, among other fields, healthcare and economics.

Given the demand for nurses in Europe, particularly in Germany, some private higher education institutions have expanded their educational offering. A good practice has been implemented by the Heimerer College, which was established in Pristina in 2010 and is co-owned by a German and a Kosovar partner. The college implements a fully operational dual-track model, training students in Kosovo for work opportunities both in Germany and in local Kosovo markets (Clemens, 2019). The college specialises in health skills, offering programmes in areas such as nursing and speech therapy as well as a master's degree in health management. In December 2018, the college had 1 700 students. Of these, 960 were enrolled in the nursing programme and 60 percent of nursing students were set to graduate and access labour migration opportunities in German markets. It is most common for anticipated employers to pay the language fee, whereas the college itself is financed by tuition fees. The cost of training participants and operating the institution is thus significantly lower than training and operating in Germany. The college has also had broader capacity building benefits. It has brought new healthcare skills and pedagogy into the Kosovo healthcare training market, which have now entered local provider networks, and it has helped the Ministry of Health to add new sectors to its training and recognition priorities. As a migration management tool, the college has also created a legal pathway other than the irregular migration flows that are common from Kosovo to Germany. This has facilitated regular channels, leading to better and more secure jobs for Kosovo migrants.

Another good practice that has been implemented in Kosovo by GIZ is Origin Training. This project shifts a substantial portion of migrants' training out of Germany and into the migrant country of origin, bringing tangible benefits to Kosovo by requiring technical cooperation to raise the quality and technicality of training facilities, thereby benefitting potential migrants and locals alike (Clemens, 2019). The project also bundles the training of potential migrants with the training of non-migrants, increasing the human capital in Kosovo and introducing new skills and technology into the domestic labour market. The pilot project is 60% funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and partly funded by the Ministry of Economy in Bavaria. The approach is being developed in the construction sector, building on an existing project that brought Kosovar participants to Germany to be trained. In this new dual-track project, the majority of the technical training will take place in Kosovo, potentially including some three-month apprenticeship visits in Germany for 'away' track participants to gain practical experience. Participants in the 'away' track will be trained at the GIZ Pristina institute and then migrate to Germany to work in the construction sector. The 'home' track will train at the same Pristina institute and reintegrate into local Kosovo markets, where there is significant demand for construction workers.

Although youth are found to be most likely to emigrate, limited efforts have been made to improve employability opportunities and redress the push factors for young people. In April 2019, the Kosovo Parliament held a special session on the exodus of young people, which deputies warned was having

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[35] For more information, please see Alled2, the official webpage of the project 'Aligning Education and Training with Labour Market Needs – ALLED Phase II', implemented by the Austrian Development Agency. Discussions are ongoing for the continuation of the project as ALLED 3.

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a highly damaging effect on the country's economy and future (Begisholli, 2019). However, no steps have been taken to address this pressing challenge for Kosovo.

While there is no strategic orientation for reforming the country's education and training systems in the context of migration, some developments can affect results in this regard. Owing to increased demand, the Employment Agency is in the process of organising the recognition of prior learning skills. A representative of the Employment Agency reports that, with the support of GIZ in Kosovo, they plan to start recognition of prior learning for welding, which is in demand in Germany, as soon as they receive the relevant accreditation from the National Qualification Authority. Such certificates can be used to obtain employment abroad. They have already prepared applications and trained personnel in Kosovo and Germany, and GIZ has helped to equip a workshop for welding. Very soon the National Qualification Authority will train coordinators, mentors and an assessment team, which will be ready to conduct assessments for the recognition of prior learning, once certification and accreditation are complete. According to the representative of the Employment Agency, the plan is to incorporate this service as a new active labour market measure and then expand the service to other occupations. In addition, the Employment Agency continuously updates training curricula to adapt to changes in national and international markets, and the certificates that are issued and stamped by the agency are recognised in EU Member States. Additional support in the recognition of prior learning is provided by a LuxDev project that is part of the EU project Professional Requalification and Occupation, which seeks to provide recognition of prior learning in Kosovo in the most needed economic sectors and occupations. The goal is to enhance employment and provide lifelong learning opportunities for adult learners.

4.3   Mixed effect of migration on education

The possibility of migration influences the choice of studies for occupations, particularly among young people. According to a representative of the Department for Vocational Training within the Employment Agency, the demand for studies in occupations such as the metals industry (mainly welding), construction and gastronomy (baking, pastry and confectionery) has increased in recent years (interview with Employment Agency). Although applicants do not indicate that their training is for the purpose of emigration, they request stamped certificates, which are necessary for the notification and recognition of certificates by the Ministry of Foreign Affairs. As a result, the increased number of signed certificates is a sign of the increased prevalence of emigration.

Remittances remain an important financial source for Kosovo households. The 2017 MCC LFTUS survey results show that 20.2% of households received remittances from abroad. The incidence of remittances is higher in rural areas (21.4% of households) than in urban areas (16.1%). For remittance recipients, remittances comprise 47.7% of total household income and the share is larger for rural areas (48.4%) than for urban areas (44.6%). In line with previous evidence, the study found that remittances are predominantly used to cover consumption needs (61.4%), while only 4.7% of remittance recipients report education-related spending.

The analysis presented in the Kosovo Human Development Report (UNDP, 2014a) shows that although the amount is small in terms of absolute value, in relative terms remittance recipients spent 11% more than non-recipients on education. Further analysis, however, shows that remittances were not considered significant predictors of educational attainment for young people aged 16–25 in Kosovo.

Most individuals receiving remittances reported that the remitter was either a son or older brother, whose absence has a negative impact on educational attainment in two ways: (i) it creates conditions for younger adolescent males to engage in activities not related to education; and (ii) it tends to put pressure on the children who remain at home, increasing their level of family responsibilities and producing a negative effect on their educational aspirations (UNDP, 2014a).

5. TRIANGULAR RELATIONSHIPS

The poor quality of education may be one of the reasons for emigration in the past decade. Educational attainment in Kosovo has increased over time, mainly through the expansion of both private and public higher education institutions. As reported in KEEN (2017), Kosovo had 17 higher education institutions per million inhabitants and ranked higher than all other neighbouring countries (16 in Bosnia and Herzegovina, 13 in Albania, 12 in Croatia, 10 in North Macedonia, 5 in Serbia, etc.). With regards to primary and secondary education, the 2017 report also documented that Kosovar pupils lack basic skills (as shown by their 2015 and 2018 PISA results). The inconsistency of education policies, experiments with different reforms and a lack of quality teachers are some of the factors that have contributed to poor performance. Given the lack of systematic labour market needs analysis either by the Ministry of Education, Science and Technology or by the Ministry of Labour and Social Welfare, the educational offering does not fully reflect the needs of the labour market. This in turn negatively influences employers, but it also forces graduates to work in occupations that do not match their skills and competences. Other major effects include the country's high inactivity and low employment rates. A lifelong learning system is not being developed in Kosovo and there is a limited offering of workplace training and adult training to redress the skills gap.

Some good practices have had an impact on the triangular relationship between migration, human capital and the labour market. The Young Cell Scheme described earlier is a good practice that has provided study opportunities for Kosovars, who upon completion of their studies are obliged to work for the government for some years. Based on information collected for this study, the work requirement has incentivised the students' return to Kosovo, contributed to the transfer of know-how, and provided a spill over effect in the Kosovo labour market in terms of knowledge, skills, values and attitudes. Engaging diaspora academics and experts has been one of the aims of the Ministry of Diaspora, but no results have yet been reported. Such programmes would be beneficial for Kosovo by inducing the transfer of know-how not only to the public and private sectors, but also to higher education institutions through their impact on the updating of study curricula and teaching methodologies. They would also reinforce the diaspora's attachment to their homeland.

In addition, there is a lack of data on return migrants that would enable Kosovo to profile migrants, understand their reasons for returning, and identify the challenges and opportunities that they face on their return.

The low satisfaction of employers with workers' skills may also explain the relatively low wages on offer in Kosovo. The average wage in 2018 was EUR 411, but it was higher in sectors such as the information and communication technology (ICT) where the quality of the workforce is considered good. Low wages are one of the push factors for emigration, particularly among youth. The minimum wage set at EUR 170 in 2011 has never been adjusted to living conditions or the labour market situation. The current debates (mainly promises) that arise at election time propose increasing the minimum wage to EUR 300, but such an increase has been strongly opposed by employers, who consider that it would not match the productivity of the workforce and their ability to pay for the increase.

One positive development has been the increase in outsourcing of services especially in IT sector, an important component in the triangular relationship between migration, human capital and the labour market. Rather than emigrating abroad, some young Kosovars work for international markets or companies. This contributes to employment but also exerts pressure to advance human capital so that

Kosovo can become one of the most attractive destinations for business services, especially in business process outsourcing and information process outsourcing (Proper ICT, 2019). The main factors contributing to a comparative advantage in these areas were reported to be cost-effectiveness, highly skilled and well-educated IT professionals, language skills, a convenient time zone, and the ease of starting a business and doing business.

Until recently, Kosovo had a specific Ministry for Innovation and Entrepreneurship, which focused on supporting innovative ideas and new start-ups. Given the possibility to work for international companies, the demand for ICT fields of studies has increased in recent years. A 2019 study conducted by STIKK (Kosovo ICT Association) in 38 ICT companies found that 61% work with international clients, mainly in the following services: custom development/outsourcing (42%), business process optimisation (34%), web design, development and IT consulting. Promoting and supporting the development of the ICT sector will foster job creation, reduce emigration and contribute to skills development in line with national and international market demands. An EU-funded project, 'EU Support for the Competitiveness of Kosovo's ICT Sector', aims to enhance the competitiveness of Kosovo's digital and traditional businesses by supporting the country's ICT sector leading to growth and new job creation. Currently it focuses on trainings and courses on ICT, digital skills and business management[36].

The high propensity to emigrate, which is outlined by several studies mentioned in this report, may put pressure on the labour market, at least in the medium term, particularly among individuals with less than tertiary education. The new 2020 German Skilled Labour Immigration Act is expected to encourage skilled workers to emigrate. In addition, once the pandemic and related economic crisis are over and visa liberalisation is granted to Kosovo citizens, there may be an outflow to other countries like Croatia, which suffer from emigration and/or from deteriorating demography (i.e. an ageing population). The risk of continued emigration among health professionals is often mentioned by the media and raised by the Association of Health Professionals. However, there are no concrete plans to raise the wages of doctors and nurses, which is the main push factor.

Education decisions to become trained for the German labour market is not the best strategy. While there was a demand in Germany (as the main destination country) for some occupations, this might not be the case in coming years, as the situation due to Covid-19 pandemic crisis has changed. The real GDP of Germany fell by 11.3% between the first and second quarters of 2020, while unemployment peaked at 6.4% in August of 2020, and the job vacancy rate fell from 3.3% at the end of 2019 to 2.1% at the end of the second quarter of 2020 because of a lower demand for new labour (GAP, 2021). In addition, the new rule of the Western Balkan Regulation to cap the German Federal Employment Agency approvals to 25 000 per year for all six Western Balkan countries until 2023 will decrease migration from each target country, including Kosovo. The GAP report (2021) estimates about 7 500 pre-approvals from Kosovo each year until 2023 compared to 17 000 on average pre-cap. Given that not all applicants will receive work visas, only around 2 000 actual potential migrants are expected per year from Kosovo. As a consequence, this would imply that graduates in some occupations will not succeed in their dreams of emigration, but will remain in Kosovo (where there is a lack of demand for their qualifications, which were obtained for international markets) or will be forced

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[36] Started in January 2020 until July 2023 and implemented by WeGlobal in partnership with European Projects Management and Prishtina REA, the project intents to bridge the digital and business skills gap in a sustainable manner that meets the needs of the market and increases the competitiveness of Kosovo's digital and traditional businesses and to increase the export of Kosovar ICT businesses, and traditional businesses through the use of ICT. For more information, see https://ictkosovo.eu/.

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to work in underqualified jobs in host countries. As a consequence, young people might be discouraged from valuing education and their incentives to study might diminish. Amidst the recognised risk of youth emigration, the Kosovo government lacks a comprehensive migration policy that takes into account the triangular relationships between migration, human capital and the labour market. As noted above, the Kosovo Parliament approved a resolution to combat the emigration of young people, but no concrete steps have yet been taken. There has been no follow-up on the Action Plan for Youth Employment 2018–2020, which was supposed to design interventions particularly targeted at youth. Finally, the Strategy for Diaspora 2019–2023 does not include any measures to address emigration but is entirely focused on the relationship with the current diaspora. The Ministry of Labour and Social Welfare provides information to potential migrants, but it lacks statistics and does not follow up with its clients. In addition, Public Employment Services could contribute to skills development and support the labour market integration of unemployed individuals, who now often see no choice but to emigrate.

6.   COVID-19 IMPACT

According to the Kosovo Agency of Statistics, the GDP fell by 4.1% in 2020, which is less than originally expected. However, the pandemic has put the labour market under severe pressure. As regards the employment situation, statistics for the first three quarters of 2020 show that employment decreased by 4%, while unemployment increased by one percentage point to 26.5%. The sectors that provide the main sources of employment – retail trade and construction – are also the ones that have been hit hardest by the pandemic. The World Bank's Business Pulse survey in Kosovo (World Bank, 2020b) shows that most businesses cut working hours, while their main avenue for adjusting employment was to grant a leave of absence to employees.

To measure the impact of the Covid-19 crisis in Kosovo, the UNDP administered a survey to 1 412 households and 212 businesses in May 2020 and November 2020 (UNDP, 2021). In November 2020, 11% of respondents reported that they had lost their job, compared to 8% in May. The majority of those who lost their job did not receive any financial support or unemployment benefits from central institutions (81%) or municipalities (91%). In May 2020, 23% of businesses stated that the impact of the pandemic was very negative. The number rose by 32 percentage points to 55% in November 2020. A shortage of clients (89%), difficulties paying salaries (39%), and difficulties meeting tax obligations (33%) stood out as the top three challenges for businesses in November 2020. Education was another sector hit hard by the pandemic. There were difficulties with access to online learning platforms; technology was not available to both teachers and students in many cases; and a number of teachers did not have the necessary technical and pedagogical skills to integrate digital devices into the process of instruction.

Government consumption is expected to grow considerably based on the budget but also because of the necessary response to Covid-19, while several large public investment projects that were expected to move forward, such as railway and road projects financed by international financial institutions, may be delayed (World Bank, 2020c). The government has drafted the Law on Economic Recovery, which was approved in early December 2020 to boost the economy; one of the measures envisaged in the plan is to allow citizens to withdraw up to 10% of their savings in the Pension Trust. However, based on statistical analysis, the impact might be limited because half of all pension contributors can withdraw only up to EUR 73 (and 30% only up to EUR 9). The government has implemented several measures to support businesses (through wage subsidies) and households (through advance payments and additional support for social assistance recipients and pensioners). These measures and others envisaged in the Economic Recovery Programme and Law on Economic Recovery are expected to provide an important financial boost to the economy. However, if the Covid-19 situation deteriorates, new restrictive measures might be implemented and increase the already high unemployment rate.

Since the social benefit system in Kosovo is weak, remittances are seen as the main safety net during the pandemic; this explains the increase in remittances (see above).

7. CONCLUSIONS AND POLICY IMPLICATIONS

7.1   Conclusions

Migration is a feature of Kosovo that has expanded and grown more important in recent years. There are no official data on the stock of emigrants, but estimates vary between 550 000 (based on the 2011 census) and 700 000 (or even up to 900 000). Work-related reasons for migration are increasing at a fast pace, accounting for 38% of first-time permits in 2019 compared to 17% in 2010, while family-related reasons dropped from 63% to 21% over the same period. Kosovar emigrants' plans to live abroad do not seem to be temporary, since 60% of first-time permits in 2019 were issued for longer than 12 months, 32% for 6 to 11 months and only 8% for 3 to 5 months (Eurostat). Therefore, emigration is expected to have a long-term impact on Kosovo's demography and labour force.

Young people and the medium- and low-educated have the highest tendency to emigrate. This is the main finding from a cohort approach using LFS data for the period 2016–18 (Leitner, 2021). The results suggest that net emigration is highest among the young (i.e. the cohorts aged 15–19 and 20–24), who face an exceptionally high unemployment rate and poor future employment prospects. Furthermore, net emigration is highest among those with medium general education and low education, while those with medium vocational education experienced slight net immigration (most likely migrants returning after work experience abroad). In line with the findings of the European Commission (2020a) that the emigration of skilled workers poses a significant challenge to medium-term economic prospects, the cohort approach finds evidence of brain drain over the period 2016–18. According to Leitner (2021), the period features net emigration of the highly educated among all cohorts but the two oldest ones. Net emigration of the highly educated is generally highest among individuals in their twenties (i.e. the cohort aged 15–19), which suggests that the majority leave shortly after graduation in search of better employment prospects and higher pay abroad. Over the past five years, there has been an increase in interest among health professionals to emigrate, mainly because of relatively low wages in Kosovo (only EUR 600 per month) and increased demand in countries like Germany.

Germany remains the main destination country. In 2019, half of the 43 677 first-time permits granted in the EU-28 to Kosovar citizens were issued by Germany. However, recent data show that Kosovars are also opting to move to Croatia, Slovenia and France. The opening up of the German labour market to Western Balkan countries has led to an increase in the number of applications for work in Germany. The 2020 German Skilled Labour Immigration Act has eased procedures for skilled workers, making work permits available to anyone who manages to obtain a work contract in the covered professions. Strong links with the diaspora in Germany will support the emigration of Kosovars after the Covid-19 crisis ends.

Kosovo has not reaped benefits from increased educational attainment, mainly because of a failure to align education with labour market needs. In 2018, about 21% of those aged 30–34 had completed tertiary education, compared to 9.3% in 2012. The expansion of higher education has been the result of a growing number of public and private higher education institutions and also very low tuition fees in public higher education institutions (no tuition for first-year students and EUR 50 per year for subsequent years). However, the data presented in this report point to a decreasing trend in the absolute number of students in higher education, which is potentially influenced by reduced fertility rates, a lack of trust in the benefits of higher education diplomas and plans to emigrate. The quality of education remains a pressing challenge for Kosovo, as the PISA 2018 results show. To date, no analysis has examined the reasons and factors that explain the poor performance, nor is there a plan

or strategy to improve the situation. Existing surveys of employers point to a lack of qualified staff, which suggests a mismatch between education and the needs of the labour market. Moreover, the limited training provision in enterprises and the low coverage of the unemployed by active labour market measures imply that the system as a whole fails to fill the skills gaps that result from the education system.

The labour market situation in Kosovo is not promising. The country's steady positive economic growth has not translated into adequate job creation. Despite low labour costs, a high share of young population, a favourable geographic position and a favourable tax system, Kosovo has failed to attract FDI, which could possibly provide incentives for reforming education and/or training systems. As reported by Jovanović et al. (2021), while all other Western Balkan countries have direct financial incentives for FDI, Kosovo still does not offer direct financial incentives for FDI. Western Balkan economies present weaknesses in terms of governance, infrastructure and education, pointing to the relevance of improving the quality of the workforce as an important aspect to attract FDI (Jovanovic et al., 2021). Ten existing economic zones in Kosovo have not produced results yet, while benefitting to neighbouring countries (e.g. North Macedonia and Serbia).

The low probability of finding a job, the lack of decent jobs, and overall poor living conditions (including health, social protection and other aspects) represent key push factors for the emigration of Kosovars. Difficulties to obtain a job in the public sector because of nepotism and political affiliations, low wages in the private sector, a high in-work poverty rate, a lack of job security and good working conditions because of temporary and informal employment, and underemployment are pressing challenges for Kosovars. Although one of Kosovo's key assets, the potential of its young people remains highly underutilised, with only 13% of youth in employment in 2019 (KAS). As a result, young people are opting to emigrate and there is an increase in the demand for language courses, mainly German.

A lack of systematic information on skills needs is preventing mutual benefits from migration. Although emigration is considered a threat to Kosovo's economic development in the medium- to long-term, no concrete steps have been taken to address this serious challenge beyond a few declarative resolutions. As reported in the Sectoral Strategy 2018–2020 of the Ministry of Labour and Social Welfare, there is limited information on current and medium-term labour market needs (structural or temporary) in different economic sectors and occupations, and there is limited information on skills shortages. Access to such analysis could help to stem the outflow from occupations where shortages exist and facilitate the migration of individuals in oversupplied occupations that are in demand in other countries. The newly set immigration cap by Germany to 25 000 migrants from Western Balkan countries by 2023 suggests that education decisions focused solely for international markets may not be the best strategy and entails risks.

7.2   Policy implications

1. Kosovo should develop policies on economic migration. The administrative apparatus dealing with the diaspora, i.e. the Ministry of Foreign Affairs and Diaspora, should expand its activities beyond supporting the diaspora in host countries. The ministry should also address potential growth in the emigration of labour, both low- to medium-skilled labour and medium- to high-skilled labour. This is particularly of importance with respect to Germany, which is the key destination country for many Kosovars who plan to emigrate.

2. Kosovo institutions such as the Ministry of Culture, Youth and Sports, the Ministry of Education, Science and Technology, the Ministry of Labour and Social Welfare, and the Employment Agency should coordinate their efforts to handle economic migration. Business representatives and youth

councils and organisations should also be actively engaged in the process. The Action Plan for Youth Employment 2018–2020, which was drafted in response to a requirement from the European Commission, has not yet been implemented. The action plan should be revised to serve as a guideline for each of the responsible institutions and properly monitored to make sure that the employability and skills development of youth are supported.

3. Kosovo institutions should intensify their efforts to manage economic migration. First, there is a need to undertake proper analysis and implement measures to prevent the outflow of occupations where shortages exist and facilitate the migration of individuals in oversupplied occupations that are in demand in other countries. Second, bilateral labour agreements could be signed with the main destination countries in order to facilitate circular migration by safeguarding migrants' rights, sharing the cost of migration (travel, language classes, etc.), and designing fast and predictable migration procedures. Third, the capacities of institutions such as the Division for Migration Services within the Employment Agency should be enhanced in order to ensure that potential emigrants receive up-to-date guidance. The role of the Employment Agency in providing advisory services is also of key interest to inform unemployed individuals about their prospects in the labour market and their potential involvement in training programmes that are in line with labour market needs.

4. The relationship with Germany should be strengthened. There is evidence that the German Skilled Labour Immigration Act will encourage economic emigration from Kosovo to Germany. Given that the Kosovo diaspora is quite organised and attached to Kosovo, the role of the government should be to develop incentives for the diaspora to return permanently or temporarily in order to transfer know-how to Kosovo. The new EU Pact on Migration and Asylum, which was announced by the European Commission on 23 September 2020, might well provide an opportunity in this respect, given that it includes two proposals for the management of labour migration in the EU (EC, 2020b). The first proposal is to launch Talent Partnerships with interested third countries in order to create better job opportunities at home and legal routes to the EU, starting first with the EU's Neighbourhood, the Western Balkans, and Africa. This would entail comprehensive cooperation with partner countries to help boost mutually beneficial international mobility. The second proposal is to set up an EU Talent Pool for skilled third-country nationals that could operate as an EU-wide platform for international recruitment, enabling skilled workers to express their interest in migrating to the EU and then to be identified by EU migration authorities and employers based on their needs.

5. Good practices implemented by the German Heimerer College and GIZ could be supported, encouraged and expanded, since they invest in the skills development not only of potential migrants but also of non-migrants; they encourage investment in training institutions in Kosovo and serve as a source for institutions seeking to update their education and training curricula.

6. Human capital development initiatives, such as the Young Cell Scheme and the Erasmus+ programme, should be further supported and expanded. The requirement for graduates to return home and for public institutions to employ graduates upon their return should be reinforced. This will enable the transfer of skills and help to foster the quality of public institutions. In addition, initiatives that encourage emigrants to return should be developed and properly promoted. The aim of the National Strategy for Diaspora to facilitate the engagement of diaspora expertise in Kosovo should be implemented with concrete steps and incentive mechanisms.

7. Whilst managing migration is an important aspect, the primary goal of the Kosovo policies and interventions should be directed towards creating jobs. In addition to supporting the ICT sector for its further expansion, Kosovo government should identify other sectors and introduce incentives

for developing supplier networks/clusters. Industrial development policies should be a priority for the government. Whilst the start-up programs have been implemented by different line ministries and international organisations, the focus should be directed towards supporting existing SMEs in their transformation into a fast growth companies which are key for employment generation. Attracting FDI is of central importance for job creation but also human capital development, hence, Kosovo government should take concrete steps and actions to improve the infrastructure, governance and quality of education. In this regard, Kosovo should learn from successful practices of economic zones in the region (i.e. North Macedonia and Serbia).

8. Given the extremely high unemployment and inactivity rate, Kosovar youth needs special attention from policymakers. The plan to introduce the implementation of Youth Guarantee schemes within the IPA 2022 programme in Kosovo is promising. If implemented, all young people under the age of 30 would receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. This would also boost services for career guidance and counselling, skills development programmes in promising sectors such as ICT, job search support, employment subsidies, as well as programmes for self-employment and business start-ups for youth. Engaging pupils/students in internship programmes has been a promise of many governments, but it has succeeded only to a limited extent. Once the Covid-19 crisis ends, it is of utmost importance to make progress in this area, if students are to become competent in their fields of study.

9. The expansion of ALMPs for adults is of utmost importance as well to increase the labour force participation rate, which in 2019 was as low as 40.5% and only 21.1% for women. Updating existing training schemes is one of the aims stipulated in the Sectoral Strategy 2018–2020 of the Ministry of Labour and Social Welfare. However, no noteworthy progress has been made and vocational training centres continue to provide traditional training that has limited relevance to labour market needs.

10. There is a need for better monitoring of Kosovo labour market, mainly in terms of forecasting labour market/ skills needs in different sectors and identifying occupational shortage lists. Although few pilot initiatives are being discussed for EU-funded projects in this area (e.g. plans for producing a Labour Market Barometer), it is still far from known missing occupations and skills as a result of labour migration. Concrete steps are needed to better align education with the country's labour market needs. Besides more systematic labour market monitoring, this requires the establishment of strong alliances with employers and their full, quality engagement in the process.

11. Last but not least, Kosovo should collect systematic data on emigrants and return migration. Such data would provide a basis for designing informed policies. An upcoming population census planned for the year 2022 could fill the gap if the relevant information is collected. The existing census questionnaire for household relatives living outside Kosovo for more than 12 months asks for the following information: relationship to the household head, year of birth, country of birth, years since leaving Kosovo, country of usual residence, reasons for leaving Kosovo and frequency of visits to Kosovo. More questions could be added to the questionnaire to address the educational attainment, occupational profile and employment experience of Kosovar emigrants and returnees.

ANNEXES

Annex 1.　Statistical analysis of cohort approach

There are very limited official migration statistics for Kosovo, particularly in terms of the skills composition of migrants. Hence, for this report, data on net migration are approximated and computed through a cohort approach that identifies and follows age cohorts over time (for more explanation, see Leitner 2021).

The cohort approach rests on the idea that in the absence of fertility and mortality, any population changes are the result of migration, so that migration dynamics can be deduced from population changes observable in official statistics. It uses LFS data, whose rotating sample design does not allow a person to be tracked over time but whose stratification and weighting scheme does allow for the identification of representative groups (age cohorts) that can be followed over time.

In view of zero fertility and in the absence of (substantial) mortality, differences in the size of an age cohort between two consecutive years give a good approximation of (cohort-specific) net migration in a year. In this context, an increase in the size of an age cohort is indicative of net immigration while, conversely, a decrease in the size of an age cohort is an indication for net emigration. The approach uses national LFS data for the years 2010 to 2019 and focuses on the sub-population of people aged 15–39, which is characterised by zero fertility, low mortality and strong migration dynamics. In the first year of the period under analysis, the sample population is split into five different five-year age cohorts: 15–19, 20–24, 25–29, 30–34 and 35–-39, and each cohort is then followed over time until 2019.

Each year, starting in 2011, a new group of young people aged 15 enters the survey population (as newcomers) and ages by one year. Each of the newcomer groups from 2011 onwards (i.e. those reaching the entry level age of 15 in 2011, 2012, etc.) is also followed separately on a yearly basis until 2019 to guarantee that all relevant age groups, including those who are younger than the aforementioned five-year age cohorts (and who would also be part of the potential labour force), are captured and the net migration of the newcomer age groups is estimated as well. Owing to stronger migration dynamics in later years, only those individuals who are 18 years or older are analysed for each of the newcomer groups.

In addition to the cohort approach applied to the sub-population of people aged 15–39, we further break down the information into four levels of educational attainment: low (primary or lower secondary education), medium general (upper secondary general education/gymnasium), medium VET (upper secondary vocational education and training), and high (tertiary education).

From the analysis carried out at the more detailed ISCED/educational attainment level, complex changes are observable in the skills/education composition, particularly among the two youngest age cohorts and the newcomers. These changes are associated with educational transitions to higher education levels as individuals graduate from one of the two secondary education tracks and either advance from low to medium general (gymnasium) or medium VET (VET upper secondary education) or they graduate from tertiary studies and subsequently advance from medium general or medium VET to high. These educational transitions were corrected for by means of detailed education statistics in order not to attribute them erroneously to net migration.

Annex 2. Statistical tables

TABLE A2.1 NUMBER OF RESIDENCE PERMITS AND THOSE ACQUIRING CITIZENSHIP, 2008–18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Kosovo citizens with valid residence permits within the EU-28 at the end of each year	40 459	132 170	166 492	198 942	220 954	253 085	286 418	278 385	301 036	304 492	321 486
Number of Kosovo citizens acquiring citizenship of an EU Member State	n.d.	n.d.	n.d.	n.d.	n.d.	6 573	6 814	8 756	9 538	8 150	n.d.
Number of Kosovo citizens who are first-time applicants for asylum within the EU-28	n.d.	9 775	11 725	7 550	7 165	16 690	34 115	66 885	9 170	5 320	3 295

Source: Eurostat.

TABLE A2.2 NUMBER OF KOSOVO CITIZENS ACQUIRING CITIZENSHIP OF AN EU MEMBER STATE, 2013–17

2013	2014	2015	2016	2017
6 573	6 814	8 756	9 538	8 150

Source: Eurostat.

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TABLE A2.3 FIRST-TIME PERMITS ISSUED TO KOSOVO CITIZENS, 2010–19

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EU-27 countries (from 2020)	16 549	14 803	16 018	17 316	17 714	18 958	20 668	25 933	34 591	43 677
EU-28 countries (2013–20)	16 867	15 104	16 232	17 526	18 062	19 270	21 009	26 168	34 727	43 677
Belgium	998	721	476	403	395	471	377	393	496	446
Bulgaria	10	15	11	16	23	41	34	46	45	41
Czechia	108	36	102	133	123	249	264	153	205	377
Denmark	71	52	47	62	63	52	40	71	59	42
Germany*	3 735	3 303	6 346	7 846	8 260	8 260	10 020	14 480	18 986	22 128
Estonia	0	0	0	0	4	0	5	5	n.d.	1
Ireland	18	38	27	42	23	41	24	15	27	50
Greece	16	41	22	26	65	49	42	54	n.d.	40
Spain	0	0	0	0	0	0	0	0	n.d.	0
France	1 194	1 647	1 864	1 528	1 576	1 740	2 094	2 044	2 002	1 942
Croatia	n.d.	n.d.	n.d.	193	195	185	195	339	2 065	6 369
Italy	5 978	4 126	2 961	2 461	2 078	2 786	2 599	2 677	2 842	2 329
Cyprus	0	0	0	0	0	0	0	0	n.d.	0
Latvia	2	4	1	1	0	0	0	0	n.d.	0
Lithuania	2	2	1	2	0	0	0	1	n.d.	1
Luxembourg	49	102	127	148	113	133	153	132	100	114
Hungary	198	284	369	0	0	0	0	0	526	639
Malta	0	0	0	0	0	0	0	11	n.d.	3
Netherlands	62	72	79	111	75	62	102	85	98	116
Austria	1 614	1 988	2 198	1 713	1 763	1 877	1 844	1 316	1 293	1 096
Poland	175	22	18	24	34	40	97	478	251	235
Portugal	4	3	1	2	3	11	1	16	n.d.	1
Romania	0	0	0	0	0	0	0	0	n.d.	0
Slovenia	1 118	1 075	15	1 246	1 555	1 612	1 397	2 016	3 819	5 862
Slovakia	0	0	9	7	8	5	14	12	7	26
Finland	185	224	249	336	372	326	352	414	376	671
Sweden	1 012	1 048	1 095	1 016	986	1 018	1 014	1 175	1 335	1 148
United Kingdom	318	301	214	210	348	312	341	235	136	n.d.
Iceland	15	7	8	10	9	9	9	9	15	23
Liechtenstein	n.d.	n.d.	n.d.	34	17	23	17	22	n.d.	28
Norway	106	165	205	147	150	187	227	167	191	135
Switzerland	n.d.	n.d.	2 301	2 619	2 020	2 282	2 256	2 339	2 490	1 778

(*) Until 1990, former territory of the German Federal Republic.

Source: Eurostat (2020), extracted on 22 September 2020. Retrieved from: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_resfirst&lang=en, 27 January 2021.

TABLE A2.4 FIRST-TIME PERMITS, 2010–19

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EU-28 countries (2013–20)[a]	16 867	15 104	16 232	17 526	18 062	19 270	21 009	26 168	34 765	43 677
3–5 months	1 126	896	1 027	844	847	1 120	1 293	1 074	1 413	3 438
6–11 months	6 869	5 263	5 518	6 608	6 463	5 255	7 093	8 862	11 494	14 110
12+ months	8 872	8 945	9 687	9 903	10 343	12 591	12 185	16 088	21 858	26 021
In %										
3–5 months	7	6	6	5	5	6	6	4	4	8
6–11 months	41	35	34	38	36	27	34	34	33	32
12+ months	53	59	60	57	57	65	58	61	63	60

Source: Eurostat. ([a]) For some migrants, the duration was not known.

TABLE A2.5 EMPLOYMENT AND UNEMPLOYMENT RATES BY EDUCATION LEVEL, 2019 (IN %)

	Employment rate	Unemployment rate
No formal education	3.7	49.4
Primary	12.4	32.0
Secondary education, vocational	37.7	25.2
Secondary education, general (gymnasium)	28.6	27.0
Tertiary	62.2	21.5
Total	30.1	25.7

Source: KAS, LFS 2019.

TABLE A2.6 PERCENTAGE OF PUPILS WHO FAILED TO REACH THE MINIMUM LEVEL OF COMPETENCY IN PISA RESULTS, 2015 AND 2018

Subject	2015 PISA results	2018 PISA results
Reading	76.9	78.7
Mathematics	77.7	76.6
Sciences	67.7	76.5

Source: PISA 2015 and 2018.

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TABLE A2.7 COMPOSITION OF THE EMPLOYED POPULATION BY OCCUPATION, 2014–19

	2014	2015	2016	2017	2018	2019	Occupation of the unemployed 2017
Legislators, senior officials, managers	8.2	8.6	7.6	7.1	7.2	8.8	4.2
Professionals	16.7	17.0	13.8	13.8	18.0	15.9	9.7
Technicians/associated professionals	7.5	6.9	7.4	7.5	4.4	6.0	1.3
Clerks	4.7	5.2	5.5	5.7	5.9	5.8	5.1
Service workers and shop and market sales workers	18.4	17.4	18.1	18.2	25.2	23.3	31.3
Skilled agricultural and fishery workers	1.5	0.9	2.2	3.1	2.6	2.8	0.6
Craft and related trade workers	14.9	14.2	16.4	15.0	12.8	10.6	17.4
Plant and machine operators and assemblers	6.8	6.7	6.9	5.8	5.1	5.7	6.8
Elementary occupations	21.2	21.1	22.0	23.9	18.8	21.1	23.6

Source: KAS, LFS 2014–19 for the occupations of the employed and 2017 MCC LFTUS survey for the occupations of the unemployed.

TABLE A2.8 EARLY SCHOOL LEAVERS (% AGED 18–24)

	2012	2013	2014	2015	2016	2017	2018	2019
Total	18.4	18.4	16.5	14.5	12.7	12.2	9.6	8.2
Male	15.7	16.0	14.2	11.8	11.0	11.4	9.3	8.0
Female	21.6	21.0	19.0	17.5	14.6	13.1	9.9	8.4

Source: KAS, LFS (ETF/Badescu, 2020a).

TABLE A2.9 YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING (NEETS) (% AGED 15–24)

	2012	2013	2014	2015	2016	2017	2018	2019
Total	35.1	35.3	30.2	31.4	30.1	27.4	30.1	32.7
Male	30.7	30.0	26.6	28.3	26.5	23.8	30.2	31.4
Female	40.1	40.9	34.0	34.9	34.2	31.4	30.0	34.2

Source: KAS, LFS (ETF/Badescu, 2020a).

TABLE A2.10 NUMBER OF REGISTERED STUDENTS IN HIGHER EDUCATION, BY YEAR AND PUBLIC/PRIVATE INSTITUTION

	Public higher education institutions					Private higher education institutions					Total
	Year I	Year II	Year III	Year IV	Year V	Year I	Year II	Year III	Year IV	Year V	
2015/16	21 054	14 594	21 629	5 466	65	12 472	12 380	10 582	2 957	760	**101 959**
2016/17	20 532	15 688	19 858	6 284	355	14 025	12 144	12 915	2 593	188	**104 582**
2017/18	19 795	14 131	18 772	6 789	n.d.	11 697	11 380	10 011	2 799	62	**95 436**
2018/19	19 883	11 854	18 073	7 160	891	13	9	9	1	34	**57 927**
2019/20	15 415	10 593	16 094	6 755	795	5 046	4 555	3 631	21	n.d.	**62 905**

Source: KAS, Education statistics.

TABLE A2.11 NUMBER OF BA GRADUATES FROM PUBLIC AND PRIVATE HIGHER EDUCATION INSTITUTIONS

	Public higher education institutions			Private higher education institutions			Total		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
2014/15	3 621	2 361	6 036	n.d.	n.d.	n.d.	3 621	2 361	6 036
2015/16	4 651	2 709	7 360	2 645	2 695	5 340	7 296	5 404	12 700
2016/17	4 766	2 405	7 171	1 462	1 259	2 721	6 228	3 664	9 892
2017/18	5 065	2 651	7 716	1 385	962	2 347	6 450	3 613	10 063
2018/19	4 785	2 523	7 308	945	575	1 520	5 730	3 098	8 828

Note: n.d. indicates that data for private higher education are missing for the academic year 2014/15.
Source: KAS, Education statistics.

TABLE A2.12 PERCENTAGE OF STUDENTS IN VOCATIONAL PROGRAMMES OUT OF TOTAL UPPER SECONDARY STUDENTS (ISCED 3), 2010–18

	2010	2011	2013	2014	2015	2016	2017	2018
Total	55.4	55.3	56.7	50.1	50.8	52.6	53.2	52.9
Male	61.8	61.3	63.3	58.0	58.8	60.7	61.7	61.5
Female	47.7	48.2	49.0	41.1	41.9	43.8	44.3	44.1
Number of students								
Total	57 386	58 981	55 800	41 940	42 600	45 462	46 205	42 888
Male	35 073	35 360	33 422	25 758	25 877	27 204	27 389	25 325
Female	22 313	23 621	22 378	16 182	16 723	18 258	18 816	17 563

Source: Ministry of Education, Science and Technology/KAS, Employment Management Information System.

TABLE A2.13 PARTICIPATION IN TRAINING/LIFELONG LEARNING (% AGED 25–64), 2012–19

	2012	2013	2014	2015	2016	2017	2018	2019
Total	4.1	4.3	4.9	4.9	4.4	3.9	3.5	2.7
Male	4.6	5.1	5.8	5.9	5.1	4.6	3.5	2.9
Female	3.6	3.6	4.0	3.8	3.7	3.2	3.5	2.6

Source: KAS, LFS, taken from ETF/Badescu (2020a) and ETF (2020c).

TABLE A2.14 POPULATION ESTIMATES, 2012–18

	Total population	Working-age population	Share of working-age population (%)	Population aged 65+	Share of population aged 65+ (%)
2012	1 807 126	1 189 019	66	126 692	7
2013	1 811 372	1 191 630	66	141 085	8
2014	1 811 521	1 202 489	66	149 797	8
2015	1 757 843	1 176 147	67	152 599	9
2016	1 771 604	1 184 529	67	165 991	9
2017	1 793 466	1 200 165	67	188 498	11
2018	1 793 467	1 198 273	67	203 039	11

Source: KAS, LFS 2012–18.

TABLE A2.15 KOSOVO POPULATION BY AGE GROUP AND YEAR, 2017–61 (MEDIUM VARIANT)

Year	Total	0–14	15–64	65+
2017	1 783 531	446 633	1 192 181	144 718
2021	1 809 458	431 526	1 211 592	166 341
2031	1 818 674	364 294	1 217 592	236 787
2041	1 759 492	290 436	1 150 779	318 277
2051	1 652 090	247 855	1 034 147	370 088
2061	1 492 192	199 518	892 803	399 871

Source: KAS, 2017, p. 21.

TABLE A2.16 ENROLMENT IN SECONDARY VOCATIONAL EDUCATION BY FIELD OF STUDY AND GENDER

Number of students		2013/14	2014/15	2015/16	2016/17	2017/18
ARTS	Total	958	424	461	795	125
	Male	742	176	237	210	41
	Female	216	248	224	585	84
AGRICULTURE	Total	26 082	1 633	4 087	2 031	1 239
	Male	11 747	1 125	2 740	1 134	858
	Female	14 335	508	1 347	897	381
ECONOMICS	Total	14 463	9 049	15 685	10 824	17 030
	Male	8 486	4 592	7 767	5 772	9 464
	Female	5 977	4 457	7 918	5 052	7 566
MEDICINE	Total	3 480	6 493	4 427	8 868	8 092
	Male	2 636	2 014	1 424	3 508	2 617
	Female	844	4 479	3 003	5 360	5 475
MUSIC	Total	1 474	437	492	597	684
	Male	639	200	222	317	284
	Female	835	237	270	280	400
TECHNICAL	Total	m	21 246	16 325	20 137	16 118
	Male	m	15 663	12 589	14 949	12 141
	Female	m	5 583	3 736	5 188	3 977
TRADE	Total	2 196	3 162	1 496	2 838	3 395
	Male	1 321	2 335	1 167	1 774	2 310
	Female	875	827	329	1 064	1 085

contd.

TABLE A2.16 CONTINUED

% of students		2013/14	2014/15	2015/16	2016/17	2017/18
ARTS	Total	2	1.0	1.1	1.7	0.3
	Male	2	0.7	0.9	0.8	0.1
	Female	1	1.5	1.3	3.2	0.4
AGRICULTURE	Total	47	3.8	9.5	4.4	2.6
	Male	35	4.3	10.5	4.1	3.1
	Female	65	3.1	8.0	4.9	2.0
ECONOMICS	Total	26	21.3	36.5	23.5	36.4
	Male	25	17.6	29.7	20.9	34.1
	Female	27	27.3	47.1	27.4	39.8
MEDICINE	Total	6	15.3	10.3	19.2	17.3
	Male	8	7.7	5.4	12.7	9.4
	Female	4	27.4	17.8	29.1	28.8
MUSIC	Total	3	1.0	1.1	1.3	1.5
	Male	2	0.8	0.8	1.1	1.0
	Female	4	1.5	1.6	1.5	2.1
TECHNICAL	Total	m	50.1	38.0	43.7	34.5
	Male	m	60.0	48.1	54.0	43.7
	Female	m	34.2	22.2	28.2	20.9
TRADE	Total	4	7.4	3.5	6.2	7.3
	Male	4	8.9	4.5	6.4	8.3
	Female	4	5.1	2.0	5.8	5.7

Note: m – missing data.
Source: Ministry of Education, Science and Technology, Employment Management Information System.

Annex 3. Kosovo's education and training system
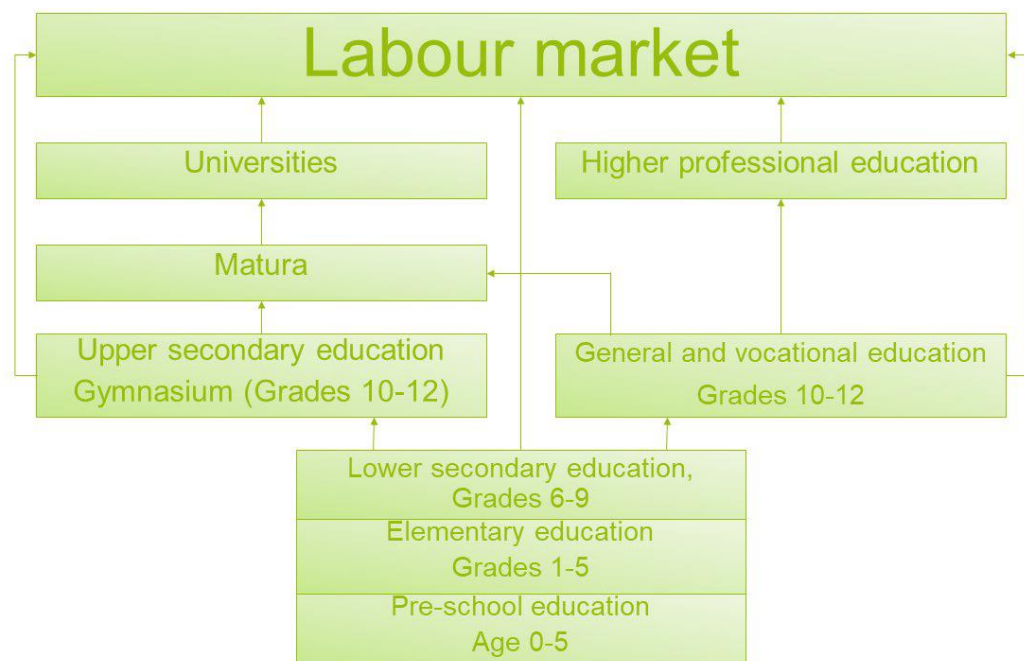
Source: ETF 2019

LIST OF ABBREVIATIONS AND ACRONYMS

ALLED   Aligning Education and Training with Labour Market Needs

ALMPs   Active labour market policies

EARK   Employment Agency of the Republic of Kosovo

ERP   Economic Reform Programme

ETF   European Training Foundation

EU   European Union

EUR   Euro (currency)

FDI   Foreign direct investment

FSSHK   Federation of Health Unions of Kosovo

GDP   Gross domestic product

GIZ   Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)

ICT   Information and communication technology

IPA   Instrument for Pre-accession Assistance

ISCO   International Standard Classification of Occupations

IT   Information technology

KAS   Kosovo Agency of Statistics

LFS   Labour force survey

LuxDev   Luxembourg Development Agency

MCC LFTUS Millennium Challenge Corporation Labour Force and Time Use Survey

NEETs   Young people not in employment, education or training

STEP   Skills Toward Employment and Productivity Survey (World Bank)

UNDP   United Nations Development Programme

VET   Vocational education and training

wiiw   Wiener Institut für Internationale Wirtschaftsvergleiche (Vienna Institute for International Economic Studies)

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