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Performance of Western Balkan economies regarding the European Pillar of Social Rights

Updated review on Kosovo*

Written by Ardiana Gashi
March 2020



EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

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

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Table of Contents

Executive summary	ii
1 Introduction	1
2 Kosovo*'s performance in the 20 principles of the European Pillar of Social Rights	4
2.1 Chapter I: Equal opportunities and access to the labour market	4
2.2 Chapter II: Fair working conditions	14
2.3 Chapter III: Social protection and social inclusion.....	30
3 Conclusion.....	58
Bibliography	60
Social scoreboard table for Kosovo*	65
Key policy priorities for the short to medium term	67
Annex: Social scoreboard of indicators (European Pillar of Social Rights)	i-xv

Executive summary

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

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

Women in Kosovo* remain at a disadvantage in the labour market. While the legal framework may be in place, laws are not always fully implemented. The main reasons for the low female employment rate and detachment from the labour market are discrimination in recruitment. This is partly due to unequal distribution of family responsibilities, lack of available and affordable childcare responsibilities and also low education levels among women (due to historically low levels of education). The draft Labour Law (approved in principle by the Kosovo* Assembly in June 2019) foreseeing the financial burden on employers, but envisaging a leave for mothers only, is unlikely to address the discrimination women face in the recruitment process. Moreover, the proposed application of the financial compensation for maternity leave for unemployed women is expected to deepen the gender gap in employment.

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

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

A large share of workers in Kosovo* hold temporary contracts, the highest in the Western Balkans. Data also indicate a relatively high rate of under-employment, particularly among men. A sizable number of workers do not have contracts; they work under poor working conditions, lack insurance and protection, and face a constant risk of termination of their working contract. This is due to the legal provision foreseeing that a contract for a fixed period can be concluded for a

cumulative period of up to 10 years, without specifying the minimum term of contract duration. As a consequence, short-term contracts are concluded, putting employees under pressure of losing their job periodically, with a higher risk for pregnant women and those on maternity leave. New modalities are proposed within the draft Labour Law, such as recognition of home-based work, the right to take up more than one part-time job, etc.

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

The Kosovo* Parliament voted a resolution on increasing the minimum wage. The resolution, pushed forward by the Social Democratic Party, was adopted on 30 May 2019 and calls upon the Social Economic Council - a tripartite forum advising the Government on social and economic legislation and policy - to propose a new minimum wage. The Kosovo*'s minimum wage of EUR 170 (EUR 130 for young workers) was introduced in 2011 and since then it was not adjusted to market development.

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

The planned introduction of Social Insurance Fund as the most significant system change has not been implemented yet. In 2019, the *ad hoc* Parliamentary Committee developed a concept note for introducing the Social Insurance Fund (covering for Pay-as-You-Go pensions, work invalidity, sick leave and unemployment insurance); stronger employment protection; stronger wage protection through a higher minimum wage; and increased union and worker participation in industrial relations. The reform foresees that the labour force would begin to finance a relevant share of social protection expenditure which is currently government revenue dominated. However, due to the resignation of the previous Prime Minister and now dismissal of the currently elected one, the proposals have not been considered.

The reform of the Social Assistance scheme intends to eliminate discrimination and promote inclusion. The reform aims to: remove current categories I and II to avoid the *a priori* exclusion of poor households; apply an equivalence scale that will give more weight to larger households; work on improving targeting measures through a more comprehensive means-test taking into account all observable incomes and household members and does not disqualify beneficiary

families based on a single source of income. The principles of the reform were set by the World Bank report (2019).

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

Social housing could become available to working households also. The law specifically addresses the needs of low- and middle-income families by earmarking 30% of social housing for low-income families and 20% for middle-income families. The remaining 50% of the dwellings will be distributed among families that are part of the social assistance scheme.

All these reforms will be delayed due to the recent political developments. Reforms of the social assistance scheme, the promulgation of the health insurance law, the introduction of child benefits and the adoption of the law on social housing were affected by the resignation of the Prime Minister and anticipated elections in October 2019. The redrafted health insurance law was expected to be discussed in the Parliament on 15 August 2019, as the first hearing of the law on social housing was scheduled for September 2019. The law on early childhood education and care was planned to be adopted during 2019. All these initiatives will be reviewed by the newly elected Parliament in December 2019, but a risk that the drafting process will start from the beginning remains.

It is important to highlight that the reforms proposed by the previous government and those of the newly elected government dismissed on 25 March 2020, which are presented in this document, are currently put on hold and it is uncertain if they will be used by the future government.

1 Introduction

Kosovo* has made progress in developing the legislative framework, aligned with EU directives, but the implementation remains a pressing gap. Labour Law No. 03/L –212, approved in 2010, regulates the rights and obligations arising from the employment relationship in the private and public sectors. Aiming to improve working conditions, the Law on Safety at Work has been approved and the ongoing reform is taking place, amending the Labour Law and Law on the Labour Inspectorate. To align with the EU directives and address weaknesses of the Law, the Ministry of Labour and Social Welfare (MLSW) drafted a Labour Law in 2018. The Law was approved in principle by the Kosovo* Assembly in June 2019, but the final approval remains to be given by the newly elected Parliament. Key changes in the draft law are: a) the partial transfer of the financial burden of maternity leave from employer to the government; b) the extension of paternity leave from 2 to 10 paid-leave days; c) the reduction of the maximum duration of fixed-term contracts from 10 to 3 years; d) introduction of work from home and telework schemes as employment relationship forms; e) introduction of the term ‘*dependent work*’ that refers to informal employment². In October 2018, the MLSW also drafted a specific Law on Maternity and Parental Leave³. This one foresees six months’ maternity pay for unemployed mothers to be paid by the government. CSOs have objected to the proposal stating that it will demotivate women to participate in the labour market. The law also foresees paid maternity leave for self-employed women, for six months, at 50% of the average national wage.

Non-discrimination is a principle within the Constitution and all relevant laws. The Law on Gender Equality requires a representation of 50% for each gender and allows for affirmative actions to attain equality. The law on Vocational Ability, Rehabilitation and Employment of People with Disabilities sets the obligation on government administration bodies, employers in the private and public sectors and non-governmental organisations to employ a person with a disability, for every 50 employees. To promote increased participation of non-majority communities, the Law 03/L-149 on Civil Service in Kosovo* determines the minimum quota of 10%. Increasing participation of education at the pre-school level is an objective within the National Development Strategy (NDS) 2016-2020 and the Kosovo* Education Strategic Plan 2017-2021. Concrete measures towards the integration of Roma and Ashkali communities are foreseen in the Strategy for the Integration of Roma and Ashkali communities 2017-2021. In 2018, the Kosovo* Government approved the Sector Strategy 2018-2022 aiming to improve the

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

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

employment and working conditions in the economy. A specific Action Plan 2018-2020 has been approved to increase youth employment and to reduce young people not in education, employment or training (NEETs). The Economic National Development Strategy aims to enhance the economic empowerment of women by advancing the implementation of property rights for women.

Kosovo* does not have typical social insurance institutions, although the interest and support for a Social Insurance Fund are growing. The law introducing social health insurance was adopted in 2014, however, its implementation has not yet commenced. Meanwhile, no other insurance institution has been created to provide protection against typical social risks such as unemployment, disability at work, sick leave, etc. The local interest in insurance has been rising recently - the left leaning relevant political parties are pushing forward for a Pay-As-You-Go (PAYG) pension and various other insurance programmes through the *ad hoc* parliamentary committee. To ensure effective social protection reforms, policymakers need to establish consensus regarding its aims, concepts and meanings, which the *ad hoc* parliamentary committee intended to achieve through ongoing consultations with members of all major political parties in Kosovo* represented in the *ad hoc* committee.

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

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

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

Trade unions and CSOs are the main institutions monitoring the social situation in the economy.

However, there are no specific social monitoring initiatives. The office of the Ombudsperson is an equality mechanism that promotes, monitors and supports equal treatment without discrimination of all Kosovo* citizens and the Kosovo* Women Network follows the gender equality topic.

The role of international organisations in the development and monitoring of policies and in the provision of services remains significant,

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

Availability of data remains an obstacle to assessing progress.

As it can be observed from Table A1 in Annex, Kosovo* lacks data for the majority of social indicators. Although the Ministry of Education, Science and Technology records data on the number of students, given the lack of data for different age cohorts and for vulnerable groups, it is not possible to disentangle participation rates in education, by age for all age groups, ethnicity, children with disabilities and other vulnerable groups. The Labour Force Survey has been implemented since 2012, but the report does not present the data for age groups as reported by Eurostat, and as a result, a comparative analysis with the EU is not possible. The Survey on Income and Living Conditions (SILC) was concluded in the summer of 2018, but the report has not been finalised yet. Kosovo* lacks data on occupational safety and health at work. Overall, there is a lack of data on the implementation of legal provisions for contracts and dismissals. There are no data on the share of workers who are paid the minimum wage and, what is more important, on the share of those that are paid below the minimum wage. Finally, there is no evidence on workers' engagement in the consultation process.

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

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

2.1.1 Education, training and life-long learning

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

Due to historic low levels of participation, the educational attainment of the labour force is still very low. In 2015, around 40% of the working-age population (European Commission, 2018) and about 20% of the labour force had no education beyond primary. There is a slight declining trend in early school leavers (aged 18-24): from 14.5% in 2015 to about 12.2% in 2018.⁴

Participation rates in compulsory education are almost universal. Transition rates from lower-secondary to upper-secondary education improved from 97.2% in 2014/15 to 99.4% in 2016/17, but then dropped to 96.4% in 2017/18. The dropout rate from compulsory education during the school year 2017/18 was 0.10% higher than in 2016/17 recorded at 0.07%. The dropout rate for Roma, Ashkali and Egyptian communities was considerably higher (1.78 pp) amounting to 1.85% (KEEN, 2017). The Ministry of Education, Science and Technology has increased the number of scholarships for Roma, Ashkali and Egyptian students from 500 to 600 in the 2018/19 academic year and has allocated funds to the so far mainly donor-funded learning centres specifically established to assist this group of children to improve their inclusion and performance in the school system (European Commission, 2019).

A significant improvement is observed in the participation rate of children aged 5 years old. In 2017/18, 92.4% of children between age 5 and 6 were in education, marking an increase of about 7 percentage points when compared to the year 2016/17 (MEST, 2018). However, this coverage remains far below the European standards (EU-2020 benchmark of 95%).

⁴ https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_education_statistics#Early_leavers_from_education_and_training

The participation rate of children under the age of 5 remains a pressing challenge, with long-term consequences for individuals and for society as a whole. During the school year 2017/18, the gross enrolment rate in the education of children up to 5 years was only 4.9% (MEST, 2018), a 1.4 percentage point increase in comparison to the school year 2016/17. During the school year 2015/16, only 2.3% of children under the age of 3 were in preschool education, while less than half of those aged between 4 and 5 years were in education (46.4%). The lack of infrastructure remains a key cause of the low participation of children at this level.

The gross enrolment rate in higher education is increasing. The gross enrolment rate increased from 68.1% in 2014/15 to 84.2% in 2016/17, putting Kosovo* in the eighth place in the world (KEEN, 2017). However, the completion rate remains low, at only 44% in 2013/14 (KEEN, 2017). It is considered that the poor labour market prospects are among the key motivating factors for the high participation rate in higher education. The number of students in higher education is nearly double the EU average compared to the population.

Low participation in the education of children from marginalised groups, particularly for children with special needs and those from Roma, Ashkali and Egyptian communities, remains a challenge in Kosovo*. According to the Kosovo* Education Strategic Plan (KESP) 2017-2021, the gross enrolment rate in compulsory education of children from the three communities (grades 1-9) is about 85%, significantly below the national average. Although the number of children in education from Roma, Ashkali and Egyptian communities is increasing, it is not possible, due to data constraints, to ascertain whether the participation rate is increasing. In 2016/17, 601 children participated in preschool education, nearly double the number from 2015/16 (373); the number in lower-secondary education increased from 5,524 to 5,544, whilst the number in upper-secondary education remained unchanged at 413 (KEEN, 2017). To support the education of children from the three communities, in 2017, the Ministry of Education, Science and Education (MEST) approved the Administrative Instruction (AI) No. 12/2017 on Establishment and Functioning of Learning Centres, which offer ancillary support and other educational activities. According to the AI, centres that have to be licensed by MEST, can be financed by the government and donors. They can provide programmes in developing children's skills in the following categories: pre-primary; primary; and lower-secondary education. By the end of 2017, 40 Learning Centres were operating in 15 municipalities (KEEN, 2017), but their impact has not been assessed yet.

There are no complete data on participation in education for children with special needs. In 2018/19, the total of 4,010 children with special needs were in education (out of which 365 in resource centres), which was less than in 2017/18 when the number was 4,766 (MEST, 2019). In 2019, UNICEF reported that only 12.3% (5,300 out of 43,000) of children with disabilities were attending regular schools that year.⁵ At present there are only 83 support teachers for children

⁵ https://www.unicef.org/Kosovo*programme/press-releases/estimated-38000-children-disabilities-Kosovo*-are-not-attending-school

with disabilities; they are engaged and paid by families, rather than the education system. The first cohort of 54 support teachers for children/students with special needs graduated in June 2018. In 2017, the MEST developed the instruments for the assessment of the pedagogical needs of children with special needs, and their implementation was planned to start during the school year 2018/19 (KEEN, 2017), but the implementation has not started yet. Lacking data on the number of children with special needs at different age groups, it is not possible to assess the progress towards reaching the KESP 2021 goal of a 50% participation rate of children with special needs in pre-university education.

Repatriated children compose another category of children facing challenges upon their return to Kosovo*. During the school year 2016/2017, there were about 320 repatriated children engaged in the education process (KEEN, 2017).

More spending on education is not being translated into a higher quality of education. According to the 2018 OECD Programme for International Student Assessment (PISA) results, 79% of Kosovo* students failed in reaching a minimum level of skills in reading, compared to the 23% of students in OECD economies; 77% failed to reach minimum levels in maths compared to the 24 in OECD economies, and 77% failed in sciences compared to the 22% in OECD economies. These results have placed Kosovo* in the third place from the bottom.⁶ Compared to the year 2015, a very slight improvement is observed in maths (from 78% to 77%), but worsening figures are recoded in science (an increase from 68% to 77%) and in reading (an increase from 77 to 79 of non-performers).

In 2018, the level of public spending on education reached 4.7% of GDP (European Commission, 2019) compared to 4.5% of GDP in 2016 (KEEN, 2017). The majority of the budget (81% in 2014) is being spent on wages and salaries, mainly due to increased wages for teachers (KEEN, 2017). As a result, limited resources are available to improve study conditions.

Adult education and lifelong learning are not developed in Kosovo*. This is explicitly acknowledged in the Kosovo* Education Strategic Plan (KESP) 2017-2021, stating a lack of a sustainable system for the provision of funding as a key challenge. There is no funding formula for adult education and the Agency for Vocational Education and Training and Adult Education (AVETAE) need to develop their capacities. As it is reported in the KESP, Kosovo* needs to establish an efficient adult education system of high quality. The Employment Agency, through its Vocational Training Centres (VTCs) is the key public provider for vocational training, available both to registered the unemployed and jobseekers. However, as emphasised in the Sectoral Strategy of the MLSW 2018-2022, matching the VTC training offer with labour market needs is a challenge. Whilst all VTCs are accredited, only 7 out of 30 professions are validated by the National Qualifications Authority. In addition to the lack of accreditation of professions, in some professions, the quality of training may be limited also due to the lack of work equipment and tools and the lack of continuous training of trainers.

⁶ https://www.oecd.org/pisa/publications/PISA2018_CN_KSV.pdf;

The Kosovo* labour market is characterised by a stark gender divide. According to the 2018 Labour Force Survey data, 81.6% of women are inactive (compared to 36.7% of men); with an extremely low female employment rate of only 12.3% (compared to 45.3% for men). Despite the high inactivity rate, still, the unemployment rate is higher among women 33.4% as opposed to 28.5% among men (Table 1). Referring to the age group 20-64 (for which year data are available), in 2017, only 34.4% were employed, 14.6% of women aged 20-64 years were in employment compared to 54% of male counterparts, with a gender employment gap of about 39.4%. In 2017, the unemployment rate for men aged between 15-74 years was 28.5%, whilst it was 36.4% for women – albeit the significantly lower activity rates of women.

Unequal distribution of family responsibilities is the key factor for the disadvantaged position of women in the labour market. According to the 2017 LFS, family responsibilities are the most common reason for women’s detachment from the labour market (for 38%), whilst this is a reason for only 3.8% of men. The unequal division of family responsibilities is also fostered with the existing Labour Law, where women have access to 9 months of paid maternity leave and 3 months of the unpaid, and men have access to 2 days of holiday and the possibility for 2 weeks unpaid. Lack of access to affordable childcare facilities is another contributing factor to poor labour market outcomes of women and lead to career interruptions: in 2018/19 in Kosovo*, 13 municipalities out of 38 (34% of municipalities) had no public kindergartens⁷. Moreover, childcare institutions are mainly concentrated in urban areas, with the exception of the municipality of Pristina that has established one such institution in one rural location. There are additionally 83 private ones,⁸ which are expensive and not affordable based on the average wage rate in Kosovo*.

Table 1. Labour market indicators, persons aged 15-64 years, by gender⁹

	2014		2015		2016		2017		2018	
	Men	Women								
Labour force participation rate	61.8	21.4	56.7	18.1	58.3	18.6	65.3	20.0	63.3	18.4
Inactivity rate	38.2	78.6	43.3	81.9	41.7	81.4	34.7	80.0	36.7	81.6
Employment-to-population ratio (employment rate)	41.3	12.5	38.7	11.5	43.0	12.7	46.6	12.7	45.3	12.3
Unemployment rate	33.1	41.6	31.8	36.6	26.2	31.8	28.7	36.6	28.5	33.4

Source: KAS, LFS results 2014-2018.

The LFS does not disclose data by ethnicity, hence there is no complete picture of the employment status of Roma, Ashkali and Egyptian communities. A recent assessment was

⁷ <http://masht-smia.net/Publikimet/37ALB.pdf>

⁸ https://www.keen-ks.net/site/assets/files/1445/edukimi_parashkollor_ne_kosove_alb.pdf

⁹ LFS report provides data for the working age population 15-64. The employment rate for 20-64 is available at Eurostat for the year 2016 and the unemployment rate for 15-74 was available for the year 2015 only.

conducted in 2019 (Prokshi, 2019), which found that during 2018, out of 56 central-level institutions that numbered 30,635 public service employees, only 113 of them resulted to be members of the Roma, Ashkali and Egyptian communities and they were employed only in 10 of these institutions.

Women are slightly more likely to be employed on a part-time basis. In 2018, 5.4% of employed women were employed on a part-time basis, slightly higher than the share of employed men (4.2% of men). Whilst for women part-time work seems to be a voluntary choice to accommodate family responsibilities (the most commonly noted reason – 29.1%), for men this type of employment is driven by labour market conditions, i.e. an inability to find a full-time job (for 89.8% of part-time male workers).

There is a very low engagement of women in entrepreneurship. According to the 2018 LFS data, the majority of women hold employee status, with only 13.7% being self-employed, compared to 23.8% of men (KAS, 2019). The low representation of women is confirmed also from the recent report of the KSA (2018), reporting that in 2017, only 11.6% of micro-enterprises (1-9 employees) were owned by women; only 4.7% of enterprises with 10-49 employees and as low as 2.9% of enterprises with 50 and more employees were owned by women. This low representation is related to low access to finance- a consequence of low access to property. According to the latest report of the KAS on Women and Men in Kosovo* (2018), in 2014 only 12% of women owned a house/apartment and only 4.9% of the land was owned by women. It is also important to underline that female enterprises are mainly focused on services (such as beauty salons, cooking, etc.), characterised by low value-added and limited opportunities for job creation and sustainable income.

Kosovo* lacks data related to the gender pay gap. According to the LFS results for 2012-2017, small differences have been observed, with a slight tendency that men receive higher wages. Given that responses in the LFS are organised in intervals this cannot be considered as sound evidence. The SILC survey completed in 2018, would shed light on this un-studied topic, but so far, the data processing and the report have not been completed. In 2019, the Agency of Gender Equality jointly with UN Women commissioned an assessment of gender pay gap. Utilising data from the large-scale Labour Force and Time Use Survey (the latter commissioned by the Millennium Challenge Corporation), preliminary empirical findings, find a statistically significant gender pay gap, all of which is unexplained by the different characteristics of women and men, which might indicate for a presence of discrimination. Due to care responsibilities and related career breaks, primarily taken by women, the share of women receiving pensions will remain lower and the gender pay gap in pensions will likely persist. Article 55 of the Labour Law opts for equal gender pay, stating that the employer should pay men and women an equal remuneration for work of equal value covering base salary and any other allowances.

The Law on Gender Equality is not implemented, and women remain unrepresented in public institutions and benefit significantly less from public funds. Defining unequal participation or representation of one gender as less than 50% at any decision-making level in political and public

life, the Law provides various general measures (to “prevent gender discrimination and ensure gender equality”) and temporary special measures (to “accelerate the realization of actual equality between women and men in the areas where inequities exist”) to be undertaken by public institutions. However, the legal obligation has not been implemented in practice, as women remain under-represented in decision-making positions at the central and local levels (KAS, 2018, pg.62). Currently, only two ministries are led by a woman and there are no women mayors in municipalities. Since 2015, the Gender Responsive Budgeting (GRB) is mandatory for all budget organisations in Kosovo*, including ministries, municipalities, agencies and institutes. The requirement to ensure women’s and men’s equal participation in budget planning processes, and the distribution of public funds to address the diverse needs of men and women in each sector has not been put in place. For example, in 2015, 18.7% of grant beneficiaries and 10% of subsidy beneficiaries from the Ministry of Agriculture, Forestry and Rural Development were women, in 2017 women accounted for 17% of the grant recipients of the Kosovo* Investment and Enterprise Support Agency, receiving 25 times less funds¹⁰. Ministries and relevant agencies do not report gender-disaggregated data, preventing proper examination of the support received by gender.

Some reforms are being proposed, which may partly redress labour market differences. The Government has drafted the Concept document on regulating the field of the employment relationship. The Law introduces maternity and paternity leave; however, it fails to redress the gender imbalance. According to the draft law, maternity leave will remain as it is with the applicable law – 9 months paid and 3 months unpaid leave, but the financial burden of the employer will be reduced. Employers will be obliged to pay 70% of the base salary for 3 months (currently it is 6 months) and the remaining 6 months will be compensated by the government at 50% of the average salary, with the possibility of 3 unpaid months of leave. Paternal leave is set at ten days (currently 2 days) with full compensation for the salary paid by the employer. Although the draft law introduced parental leave, this is not mandatory and hence it is not expected to produce results itself. The parental leave can be taken after the end of maternity leave by both the mother and father of the child, each in the duration of 4 months until the child reaches 2 years of age. In 2018, the Government also drafted a specific Law on Maternity and Parental Leave¹¹, with the same provisions on maternity, paternity and parental leave, as in the Draft Labour Law. A novelty to the draft Law on Maternity and Parental Leave is that it foresees compensation for maternity leave for unemployed mothers to be paid by the government for a period of 6 months. This proposal has been opposed by civil society, claiming that this provision is likely to increase birth rates, hence negatively influencing the active participation of women in the labour market.

The Gender Equality Agency has drafted the 2029-2024 Kosovo* Programme for Gender Equality, aiming to redress gender imbalances in Kosovo*. The document has undergone public

¹⁰ KWN, Kosovo* Gender Analysis, 2018.

¹¹ <http://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=40486>

consultations and was amended accordingly, while it is expected to be presented to the new government, within the first half of 2020. The Programme includes some important interventions, which if implemented, will set up a sustainable system, addressing gender imbalances and will safeguard the full implementation of the Law on Gender Equality.

2.1.2 Equal opportunities

Kosovo* has a sound legal framework on protection against discrimination, the majority of which is aligned with the EU directives. The Constitution of Kosovo*, the Labour Law and the Law on Protection against Discrimination provide employees with protection against all forms of discrimination. Law No. 05/L-021 on the Protection against Discrimination establishes a general framework for preventing and combating discrimination based on nationality, or in relation to any community.¹² As per the Labour Law, any discrimination including exclusion or preference made on the basis of race, colour, sex, religion, age, family status, political opinion, national extraction or social origin, language or trade-union membership which has the effect of nullifying or impairing equality of opportunity or treatment in employment is prohibited. Article 47 states that youth under the age of 18, women, and persons with disabilities enjoy special protection under the Law. The protection refers to working conditions and type of work they should not perform.

Law No. 05/L -020 on Gender Equality¹³ prohibits discrimination based on gender and sex. Obligations to promote equality of men and women in this Law shall mean the inclusion of equality and non-discrimination on the protected characteristic of gender identity. It further specifies that the direct or indirect gender discrimination, including less favourable treatment of women for reasons of pregnancy and maternity, marital status, nationality, race, disability, sexual orientation, social status, religion and belief, age or any other basis defined by law or agreement and international instruments in force is prohibited. The Law on Gender Equality defines that equal gender representation in all legislative, executive and judiciary bodies and other public institutions is achieved when a minimum representation of fifty percent (50%) for each gender is ensured, including their governing and decision-making bodies.

Within the legal framework, corrective measures are foreseen in Kosovo* to promote the employment of women, persons with disabilities and minorities. To achieve equal gender representation, the Law on Gender Equality allows undertaking special measures to redress gender imbalances. As per this Law, public institutions shall take temporary special measures in

¹² Including social origin, race, ethnicity, colour, birth, origin, sex, gender, gender identity, sexual orientation, language, citizenship, religion and religious belief, political affiliation, political or other opinion, social or personal status, age, family or marital status, pregnancy, maternity, wealth, health status, disability, genetic inheritance or any other grounds, in order to implement the principle of equal treatment. This law is in accordance with the following Council Directives: 2000/43/EC 2000/78/EC; 2004/113/EC; 2006/54/EC.

¹³ The Law is in accordance with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); and the following Directives: Directive 2000/78/EC 2006/54/EC 79/7/EEC 2010/41/EU Directive 2004/113/EC.

order to accelerate the realization of actual equality between women and men in the areas where inequities exist. Special measures could include: quotas to achieve equal representation of women and men; support programmes to increase participation of the less represented sex in decision making and public life; economic empowerment and steps to improve the position of women or men in the field of labour improvement of equality in education, health, culture and allocation and/or reallocation of resources; and preferential treatment, recruitment, hiring and promotion, and other measures in each area where inequalities exist.

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

Legal provisions regulate the employment of minorities in the public sector. Since 2010, Law No. 03/L-149 on Civil Service in Kosovo* determines the representation of the non-majority communities. This is though a minimum quota of 10% at the central level and a representation proportional to the demographic composition at the local level. Another important policy document is the Strategy for the Inclusion of Roma and Ashkali Communities in the Kosovo* Society (2017-2021) which foresees a range of activities to address the employment of these communities, mainly by increasing participation of these communities in ALMMs. In 2013, Kosovo* adopted the National Strategy for Rights of Persons with Disabilities 2013-2023 and in 2017 a new Action Plan was approved.

Despite the legal provisions, the implementation remains weak. Women are underrepresented in the labour market, both in the private and public sector; persons with disabilities have barriers to employment and the same applies to members of ethnic minorities, particularly members of the Roma, Egyptian and Ashkali communities. The Labour Force Survey does not disaggregate data by ethnicity; hence no clear picture exists for the employment status of ethnic minorities. In the Strategy for Inclusion of Roma and Ashkali communities 2017-2021, it was emphasised that the employment rate and quality of jobs of Roma and Ashkali community members is well below the national average. This is also reported in the 2018 European Commission Progress Report, which emphasises that members of Roma and Ashkali communities are characterised by low employment rates, more prevalent as informal workers and low-paid low-skill jobs. Among the main reasons for low employment among these communities are the low average level of education/skills, discrimination in the labour market and low access to relations/informal networks that would allow for more employability. The 2018 Progress Report appraises operationalisation of the Kosovo* Disability Forum in January 2017 but raises remarks for the

National Disability Council, which calls for a more regular and proactive role to improve the wellbeing and promote the rights of persons with disabilities. Overall, there is a greater commitment to utilise affirmative actions and tailor new incentive measures to correct and compensate for the disadvantaged groups.

2.1.3 Active support to employment

The steady economic growth in Kosovo* has not been accompanied by job creation. In 2018, only 40.9% of the working age population were active in the labour market, out of which 29.6% were unemployed. The employment-to-population rate of individuals aged 15-64 is 28.8%, marking a decline of 1.7% in comparison to 2017. According to the LFS 2018, 58.4% of the unemployed were long-term unemployed for more than 12 months.

Youth aged 15-24 are disadvantaged in the labour market. The youth unemployment rate remains very high, at 55.4% in 2018, much higher than the national average of 28.8% and any other age group (the unemployment rate for other age groups is: 39.3% for 25-34-year olds; 23.8% for 35-44 year-olds; 15.6% for 45-54 year-olds; and 9.5% for 55 to 64 years-olds). Another striking feature of youth is the high share belonging to the NEET category, i.e. at 30.1% in 2018, which is by 2.7 percentage points higher than in 2017.

The Employment Agency is the main institution providing employment support for the unemployed. Unemployed individuals (and other job seekers) who are registered and profiled are provided counselling and mediation in regular employment or access to ALMM such as wage subsidies, internships, on-the-job training, etc. Through the VTCs, the Employment Agency provides vocational training and retraining¹⁴ by delivering modular short-term training. In 2019, the number of registered unemployed at the Employment Offices was 70,790, with a low share benefiting from vocational training and active labour market measures (Table 2). In 2019, the Employment Offices identified 9,462 vacancies, 36.3% fewer than in 2018. In 2019, 4,160 unemployed people were employed through the intermediation support of the Employment Offices – only 5.9% of the registered unemployed. The number of intermediations is significantly lower than the number of identified vacancies, which may indicate the lack of alignment between labour demand and supply of the unemployed registered at the Employment Services.

Only a small proportion of unemployed people are covered by training measures. As can be noted from Table 2, only 6,607 (9.3%) and 4,611 (6.5%) of the registered unemployed were covered by training programmes and other ALMMs, respectively¹⁵, but with a higher coverage than in previous years – also due to a smaller number of registered unemployed. The limited

¹⁴According to Law no. 04/L-205 on the Employment Agency, Vocational Training and Retraining includes all activities aimed at providing practical knowledge and skills for the efficient realization of activities within a profession or a group of professions.

¹⁵ Given the short term engagement in public works, this is not accounted for.

inclusion of unemployed people in the employment services and ALMMs, had a particular focus on women and young people. This is partly explained by the orientation of development partners for the two groups: for example, the GIZ Youth Employment and Skills Project (YES) targeted unemployed individuals aged between 18-35 years old (giving priority to women and other vulnerable groups); United Nations Development Programme support was also mainly oriented towards youth aged 18-24. The low coverage is a result of limited financial resources of the Agency: the government budget allocated to the Kosovo* Employment Agency is small when compared to international standards – 0.09% of GDP, and the OECD average of 0.56% (Ministry of Education, Science and Technology-MEST, 2018). In 2019, the budget for ALMMs was EUR 6.6 million (1.1 million for repatriated persons, funded by the Ministry of Interim Affairs), which is an increase of 3.8 million Euros compared to 2018. The 2020 budget has not yet been approved, hence it is not known what the ALMMs budget for 2020 will be. It is important to emphasise that with the restructuring of ministries by the new government, the EARK is planned to be under the Ministry of Economy.

Although in the Sectoral Strategy 2018-2022 of the MLSW, it is envisaged that EARK provides career orientation and guidance, this service is not yet in place. Public Employment Counsellors profile each registered unemployed in one of the following categories: those with a low, medium and high risk of becoming long-term unemployed (they take into account the qualifications, work experience, age, job availability, etc.). For the latter group, an Individual Employment Plan is developed which aims to facilitate their employment and skills development. However, in a recent internal self-evaluation exercise implemented through the Regional Cooperation Council, it was not clear if the Plan is used as intended and hence it is unclear if it is an effective instrument. Moreover, in practice, it is not certain if the long-term unemployed are supported by priority. A large-scale evaluation of all ALMMs was commissioned by GIZ Yes Project in 2018/2019, surveying in total 986 beneficiaries from all ALMMs (not including VTC trainees). With regards to impact, the survey findings revealed that after at least 6 months of scheme completion 41% of on-the-job beneficiaries were employed, compared to 50.7% of wage subsidy beneficiaries. Among internship beneficiaries, the overall employment rate is 43.4%, but interns placed in the private sector are 5.5% more likely to be employed (44.5% compared to 39.7%). One of the main recommendations put forward for the Employment Agency was to orientate ALMMs towards the private sector and restrict numbers in the public sector, which were found less effective and more expensive per beneficiary. In 2019, an evaluation of VTC trainees was also undertaken¹⁶, which showed that 44% of persons were employed 6 months after the completion of the vocational training.

Despite the high unemployment rate among youth, Kosovo* does not operate a measure similar to the Youth Guarantee. In 2018, the Government approved the Action Plan to tackle Youth Unemployment. This is a sectoral Plan foreseeing the activities of different institutions to

¹⁶ Requested by EARK and implemented by UBO Consulting.

increase youth employment and reduce the NEET rate. There is no monitoring of the implementation of this Plan, and it seems that institutions have not used the Plan in planning their interventions. However, it is important to emphasise that EARK has set youth and women as priority groups, with about 28% of ALMM beneficiaries and 38% of VTC trainees being youth (up to the age of 24).

Table 2. Employment services and Active Labour Market Measures

ALMMs provided through Employment Offices	2015	2016	2017	2018	2019**
Public works	1,865	819	873	680	
Wage subsidy	498	474	713	336	
Internship	188	434	728	1,101	
Self-employment	49	54	35	390	
On-the-job training	281	951	478	493	
Vocational training	4,055	6,736	5,979	5,117	6,607
At VTCs only	3,811	6,641	5,612	4,920	6,285
Combined-VTC and enterprise	244	95	367	197	322
Total ALMMs	6,936	9,468	8,806	3,000	4,611
Number of registered unemployed	112,179	101,773	93,866	95,890	70,790
Job vacancies	11,506	14,137	12,511	14,847	9,462
Employment intermediations*	6,174	6,754	6,042	6,764	8,771

Source: MLSW, annual reports. *Intermediations include also ALMMs. ** Data by type of ALMM not available yet.

2.2 Chapter II: Fair working conditions

2.2.1 Secure and adaptable employment

The applicable Labour Law has recognised part-time and full-time working hours. The Law regulates that the employee working part-time is entitled to all the rights deriving from the employment relationship on the same basis as a full-time employee and in proportion to the number of hours worked. As it can be noted from Table 3, there is evidence of under-employment in Kosovo*, since in the period 2012-2018, the lack of a full-time job was a common reason for individuals working on a part-time basis. However, this is a more commonly cited reason for men,

with 90% working on a part-time basis due to lack of other opportunities, whilst it is a reason for 46% of women.

Table 3. Lack of full-time jobs as the reason for working on a part-time basis, %

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

Source: KAS, LFS results in 2012-2018

Temporary employment in Kosovo* is the highest in the Western Balkans and it increased most from 2017 to 2018 (World Bank, 2019a). According to the LFS data, in 2018, 74.6% of employed individuals had a temporary contract. Lack of other available contracts was the reason for 83.3% of temporary workers having such contracts. According to the Labour Law, a contract for a fixed period can be concluded for a cumulative period of up to 10 years, but it does not specify the minimum term of contract duration. As a consequence, short-term contracts are concluded, putting employees under pressure of losing their job periodically. This is a particular risk for pregnant women and those on maternity leave. Trade unions find the 10-year term of fixed-term contracts to be unlawful and unfair and adversely affecting workplace security. On the other hand, non-determination of the minimum contract term has significantly affected the very short-term contracts, mostly quarterly, even for the professional employees that work in the same workplace for years. Probation/trial period under the applicable Law cannot last more than six months in compliance with this Law, Collective Agreement and employer's internal policies. During the trial period, the employer and employee may terminate the employment relationship by submitting a seven-day notice. The draft Labour Law proposes that if the duration of employment is not stipulated in writing in the employment contract and/or if the fixed-term contract is not concluded in writing on the commencement of work, the employment contract is considered to be for an indefinite period. An important change in the draft Law is that the fixed-term contract can be renewed or extended no more than two times within a period of three years.

The Labour Law leaves a legal loophole for employers to demand interns to work overtime and during weekends without compensation. According to the Law, employers may engage interns without pay or any other rights arising from the employment relationship. The employer who engages an intern without salary compensation shall be obliged to register the intern in the list of employees without salary compensation. The Law states that the Collective Agreement and employer's internal policies should define the form of professional capacity building and the

duration of the internship. Although the Law states that the intern has the status of an employee and hence has all rights and obligations arising from the employment relationship as other employees, the internship is not counted as working experience. This has had a particularly negative impact on youth, who face barriers to entering the labour market. Whilst the Law states that interns have the same status as employees, the Law does not specify intern rights, nor does it mention working hours and overtime. In many cases contracts are not even provided to interns – as the law states only that “*employers may sign a contract*” – leaving many interns without legal protection.¹⁷ Within the draft Labour Law, the internship is proposed to be regulated by constraining the maximum duration to a maximum of one year. Internships may be extended proportionally if the intern works part-time, but not for more than six months. As far as payment is concerned, it is proposed that the employee has to be paid at a value no lower than the national minimum wage. Under the draft Law, the voluntary internship is proposed to be part of the negotiations among social partnerships and regulated under the Collective Agreement.

Volunteer work is not recognised as work experience either. A recent study conducted by D4D (2018) has proposed to develop a Law on Volunteering, which among other things, should also ensure recognition of volunteer work. Failure to define voluntary work by law allows for work without contract and payment for an indefinite period for employees to allegedly learn craft skills. With regards to professional development, the Labour Law entitles workers to a salary compensation also during training and/or capacity building commissioned. ‘Commissioned’ seems to refer to the cases when training is organised by the employer.

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

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

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

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

through the Internet, email or phone (telework) carried out by the employee is also considered work from home. In the employment contract, the employer and the employee can agree for the latter to perform from home the work included in the activities of the employer or the work required to be conducted for performing the employer's activity for the entire duration or for a part of the employee's working hours. The probation period is proposed to be adjusted according to the best practices. In addition to the current regulation, it is proposed that this section be further detailed with respect to the rights and responsibilities of the parties.

Table 4. Vulnerable and informal employment in Kosovo*

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

Source: KAS, LFS reports 2012-2017

Informal employment is a chronic feature of Kosovo*'s labour market. As it can be noted from Table 4, in 2018, 14% of workers had no employment contract, recording a significant decline from 2017 (a drop of 7.5%). This decline is unexpected given that no major reforms or interventions took place in the course of 2018. This is more likely to be related to the quality of data collection, rather than a real decline of this phenomenon. Related to this, it is important to note that the prevalence of vulnerable employment and undeclared work was found to be significantly higher from the Millennium Challenge Corporation Survey in 2017¹⁸ (34.7% and 40.8%, respectively). Although the Labour Law in the definition of employees includes individuals who carry out work or services against a payment for the employer and have employment relations with the employer, as specified by the MLSW representative, it happens that employers

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

sometimes interpret only the declared ones as employees; hence undeclared workers do not enjoy the rights set by the Law. To redress this issue, in the new draft Labour Law, the term ‘dependent work’ is added, referring to ‘work carried out in a relationship *where the employer is superior and the employee is subordinate, and in which the employee carries out work personally for the employer, according to the employer’s instructions, in the employer’s name and for a salary or another kind of remuneration.*’

2.2.2 Wages

Wage levels are regulated in the public sector only. In the private sector, wage setting in Kosovo* is set at the company level, rather than in a centralized way, at the industry level. For the public sector, in March 2019, the Kosovo* Parliament approved Law No. 06/L-111, on Public Wages.

The average gross wage in Kosovo* is below the Western Balkans average wage (World Bank, 2019a). In 2017, the average gross wage in Kosovo* was EUR 1 123 (PPP), the second lowest after Albania with EUR 843 (PPP) (World Bank, 2019a). However, it should be noted that the average wage is driven upwards as a result of higher wages in the public sector. This is shown in Table 5, whereby the gross average wage in the private sector is EUR 384, compared to EUR 552 for the public sector.

Table 5. Wages, 2012-2018

	Average salary		Public Sector		Private Sector		Public enterprises		Public Sector (KCB) and Public Enterprises	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2012	431	384	407	353	367	333	518	465	424	384
2013	444	393	415	356	367	333	549	491	446	403
2014	482	430	465	408	358	326	624	556	511	459
2015	510	451	511	441	367	333	651	578	542	486
2016	519	457	525	449	371	337	660	586	549	492
2017	528	471	532	474	384	348	667	592	551	493
2018	558	499	573	509	401	364	699	620	560	501

Source: KAS, 2019c

A legally binding minimum wage has been in place in Kosovo* since 2011. The standard monthly minimum wage for full-time employment, accounting for 174 hours per month, was set and still is set at EUR 170 (gross), with a reduced minimum wage at EUR 130 (gross) for employees under 35

years of age.¹⁹ The minimum wage was set on an arbitrary basis, as there were no criteria or framework in place. In 2013, the Ministry of Labour and Social Welfare approved Administrative Instruction (AI) No.09/2013 for Criteria and Determination Procedure of the Minimum Wages, which defined the rules-based framework for setting the minimum wage levels. The AI specifies that the following indicators and sources of information are to be used to calculate these formulas: the average private-sector wage, according to the statements reported in the Tax Administration of Kosovo*; consumer price index, divided by COICOP6 components, published by the Kosovo* Agency of Statistics; and the real effective exchange rate published by the Central Bank of Kosovo*. The AI highlights the need for social dialogue and consideration of local labour market developments. The minimum wage in Kosovo*, in absolute terms, is the lowest in the Western Balkans (World Bank, 2019a), and in 2018, it was equivalent to 34.1% of the net national average wage (KAS, 2019c).

The criteria for setting the minimum wage level are encompassed within the Labour Law. Article 57 lists the key criteria, which include: the unemployment rate; general conditions in the labour market; and the general level of competitiveness and productivity in the economy. The Labour Law also allows for flexibility, stating that the minimum wage may be determined by collective agreements at branch and enterprise levels, but it cannot be set at lower than the national minimum wage. The minimum wage is not obligatory for compensation (payment when an employee is absent from work due to public holidays, on annual leave, or while participating in training programmes) and during probation practice. Although, a lower minimum wage among youth is discriminatory, given the sizable youth population and their low attachment to the labour market, a more thorough assessment of practices, particularly in EU Member States should be considered before a decision on the issue is made.

Article 61 of the Collective Agreement places a stronger emphasis on the cost of living to determine the minimum wage level. The criteria include the cost of living; the needs of workers and their families; workers' living standards in Kosovo*, and the level of economic development.

Although revisions to the wage level are mandatory according to the law, and the wage is amongst the lowest in the region, the minimum wage has never been revised. The Labour Law obliges the government to adjust the minimum wages at the end of every calendar year. According to Administrative Instruction (AI) No.09 /2013, the minimum wage can be raised if two conditions are met: if the overall CPI rate (average change over 12 months, October) published by the Kosovo* Agency of Statistics increases by more than 2%; and, if the real effective exchange rate (over the 12 months) published by Central Bank of Kosovo* is lower than 0.5%.²⁰ In 2017, the gross minimum wage in Kosovo* was 32% of the national average wage, but 44% of the average

¹⁹ Administrative Instruction (AI) No.09/2013 for part-time employment i.e. for employment under 174 working hours, the minimum hourly wage should be applied (0.98 per hours for those aged between 35-65, and 0.78 for those less than 35 years old).

²⁰ The formula for increasing the minimum wage level is Growth Rate of Minimum Wage=0.5*percentage change in CPI + 0.5*percentage change in the minimum wage in the private sector.

wage in the private sector. In 2016, the PPP gross minimum wage in Kosovo* was the second lowest in the region at EUR 333 (Albania has the lowest at EUR 321), far behind Montenegro at EUR 535, North Macedonia (EUR 517) and Serbia (EUR 464) (World Bank Group and Vienna Institute for International Economic Studies, 2018).

Strong disagreements between workers and employers' representatives have prevented adjustments to the minimum wage in Kosovo*. In 2013, at the request of the Kosovo* Social Economic Council (SEC), the Committee for Finance, Economy and Privatisation assessed the minimum wage. Considering the labour market indicators, inflation, effective real exchange rate and minimum wages in the region, the Committee estimated that the minimum wage would increase by EUR 5 only, which was not accepted by the workers' representatives. Given the lack of consensus, the minimum wage has not yet been changed.

Since 2018 there has been an increased pressure to increase the minimum wage. After intensive discussions, in December 2017, all members of the Kosovo* Social Economic Council agreed to increase the minimum wage from EUR 170 to 250, which was sent to the government for approval but was not approved. On 30 May 2019, the Kosovo* Parliament voted a resolution calling for the increase of the minimum wage. The resolution required the Social Economic Council to propose a new minimum wage in Kosovo* either as a defined percentage of average wages or tied to the lowest salary paid in the public sector. The proposed minimum wage was opposed by the private sector representatives and it was opposed by the previous government. The main reason for the opposition was that an increase of the minimum wage would have a huge financial impact on the public funds, which are already under strain because of the increase in the compensation currently paid for 40,000 war veterans²¹. The private sector representatives claim that such an increase in the minimum wage would damage private sector competitiveness. Only recently, the new Prime Minister stated that the minimum wage should not be under EUR 350, but still, no official changes have been made.

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

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

2.2.3 Information about employment conditions and protection in case of dismissals

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

Individual employment contracts are the most prevalent ones; termination can take place for many reasons. In Kosovo*, individual contracts are the dominant ones, although the law also envisages the Collective Agreement. In 2015, social partners and the government signed the Collective Agreement, but this was not implemented. According to the Labour Law, there are several instances for which the employer is entitled to terminate the employment contract, including if the termination is justified for economic, technical or organisational reasons; when the employee is no longer able to perform the job; if the employee has committed serious misconduct; when the employee's performance of work duties is unsatisfactory; if the employee is guilty of repeating a minor misconduct or breach of obligations; or when the employee's performance remains unsatisfactory in spite of a written notice. The Law provides that it is prohibited to terminate the employment relationship during pregnancy, maternity leave and absence from work due to special care for a child, except in cases of a collective dismissal. The implementation of legal provisions remains weak. A study conducted in 2017 by KDI, reported that workers are at a constant risk of being dismissed and there is a prolonged process within courts.

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

In case of a dismissal, the employee is entitled to make a complaint to the employer or its relevant bodies. The employees may initiate internal procedures for resolving issues deriving from the termination of an employment contract if this is envisaged under the employment contract and the employer's internal policies. Moreover, if he/she is not satisfied with the

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

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

In the case of a collective dismissal, the employer is obliged to make a severance payment to its employees who have a permanent contract. The Labour Law defines collective dismissals as when at least 10% of employees but not less than 20 employees are discharged within a six-month period. The severance payment amount varies and depends on their period of employment with the company: between two and four years of service, one month's salary; between five and nine years of service, two months' salary; between 10 and 19 years of service, three months' salary; between 20 and 29 years of service, six months' salary; and from 30 years of service upwards, seven months' salary.

The draft Labour Law presented by the previous government foresaw some advancements in the employment relations. It is proposed that the employer is obliged to submit a written draft contract to each employee at least three days prior to the conclusion of the contract, and the same procedure for providing information to employees also applies in the case of an annex to the contract or a new employment contract.

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

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

2.2.4 Social dialogue and involvement of workers

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

In Kosovo*, Social Dialogue functions on a tripartite and bipartite level. At the bipartite level, dialogue is conducted between employee organisations (trade unions or employee representatives) and employers' organisations such as the Chamber of Commerce and sectoral associations. The involvement of the social partners in the design of employment and social policies, and in policy and law-making is ensured with Law No. 04/L-008 on the Economic Social Council (ESC). The Council was established in 2011, as the highest tripartite body composed of representatives of employers' organisations, trade unions and government. The Council leads consultations and submits recommendations to competent bodies on labour and employment issues, social protection and other issues related to economic policies in Kosovo*. The ESC established its own bodies such as the professional committees of ESC; *ad hoc* negotiating groups and the Secretariat of ESC. Members of the Council include the largest organisations in Kosovo*, that is, the Union of Independent Trade Unions of Kosovo* (BSPK), the Kosovo* Chamber of Commerce (the only Chamber established by the Assembly of Kosovo*- Law No. 2004/7), and the Kosovo* Business Alliance, established in 2002. In 2014, the ESC signed the General Collective Agreement for both the public and private sector, which entered into force in January 2015 but

has not yet been implemented. A collective agreement exists in the public health sector and the education sector, while a collective agreement in Radio Television of Kosovo* and some others are under development.

Public consultations in legislation and policies²² drafting are mandatory in Kosovo*. This is regulated by Regulation No.05/2016 on Minimum Standards for the Public Consultation Process adopted in early 2016, whereby the Office for Good Governance/Office of the Prime Minister is obliged to create and maintain an online platform to be used by all public authorities to identify the stakeholders to develop public consultations. The online platform provides the opportunity for all relevant parties to be invited and included in the decision- and policy-making process. Documents that are subject to the public consultation process based on this Regulation are annual draft plans of public authorities; annual draft plan of strategic documents; the Government's legislative draft plan; secondary legislation draft plan; concept documents draft list; draft concept documents; draft normative acts; draft strategies; and all other documents that must be accompanied with an explanatory memorandum or which require public consultations.

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

It is of utmost importance to increase the involvement of social partners in implementing the legal provisions. Finally, there is a need to ensure direct consultation with workers in all sectors, so their voice gets heard on important matters such as privatisation, concessions, restructuring and merger of undertakings and collective redundancies.

2.2.5 Work-life balance

Flexible working arrangements are not common in Kosovo*. The data from the 2010 European Working Conditions Survey (Table 6) show that the working time arrangements are set by the employer only; for 30% of employees, it is difficult to take an hour or two off to take care of personal or family matters during working hours. Working hours do not fit well with family or social commitments outside work for nearly one-fifth of employees. As it can be noted from Table

²² These refer to annual plans of public bodies that are subject to the public consultation process in accordance with this Regulation: annual draft plans of strategic documents; draft Legislative Programme of the Government; draft secondary legislation plan; draft list of concept documents; draft concept documents; draft normative acts; draft strategies and all other documents that must be accompanied with an explanatory memorandum or which require public consultations

6, in these three indicators, Kosovo* scores close to the EU average and there were no significant differences by gender.

Table 6. Work-life balance

	Kosovo*	EU average
It is somewhat or very difficult to take an hour or two off to take care of personal or family matters during working hours.	30%	36%
Working time arrangements set by the employer	62%	59%
Working hours fit in relatively well or well with family or social commitments outside work	18%	18%

Source: EWS Fifth wave-2010.

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

There is a lack of affordable childcare facilities, a lack of a day care school system and a lack of access to caretaking services for the elderly. In 2017/18, only 4.9% of the gross enrolment rate of children 0 to 5 years were in pre-school²³, whilst the participation of children under 3 years in 2017 was as low as 2.3%²⁴. In 2019, 121 elderly persons without family were accommodated (KAS, 2019c) and there are no day care services for the elderly, something which could support the entrance of family carers in the labour market.

Long working hours challenge the possibility of work-life balance. Although the Labour Law, within Article 23 stipulates that in extraordinary cases, with the increase of volume of work and in other cases when required, on the employer's request, an employee shall work extended working hours (overtime) for a maximum of 8 hours per week, this is not respected. Data from the LFS reveal that 25% of workers work more than 48 hours a week (KAS, 2018). Although the Law mandates an overtime pay or a time-off compensation, anecdotal evidence shows that this rarely occurs in practice.

By law, part-time workers have the same rights as full-time ones. Labour Law recognises part-time work, stating that the employee working part-time is entitled to all the rights deriving from the employment relationship on the same basis as a full-time employee and in proportion to the

²³ <http://masht-smia.net/Publikimet/35ALB.pdf>

²⁴ http://www.keen-ks.net/site/assets/files/1345/raporti_i_vleresimit_psak_alb-2.pdf.

number of hours worked. Mothers with children up to 3 years of age and single parents as well as persons with disabilities are entitled to 2 additional working days off. However, there is no evidence on whether the legal provisions are implemented.

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

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

Workers in Kosovo* are faced with poor working conditions. According to the European Working Conditions Survey (EWCS) 2010 data, large shares of workers work under conditions posing risks to their health. About 35% of workers in Kosovo* are not satisfied with their working conditions, compared to 18% of workers in the EU-28 (Eurofound, 2012). According to the fifth European Working Conditions Survey conducted in 2010²⁵, on average, workers in Kosovo* work under worse working conditions compared to their European counterparts. A larger share of workers in Kosovo*, at least a quarter of the time, are exposed to vibrations from tools and machinery (32%), loud noise (43%), chemical products (17%), to tobacco smoke²⁶ (48%), and materials that are infectious (18%). Nearly 40% of workers in Kosovo* reported that for most of their working hours, they were in a tiring or painful position, compared to only 16% of European workers. In 2018, there were 13 fatal accidents, with 3.7 deaths per 100,000 persons employed, compared to 2.8 (for the year 2015) in the EU. The number of reported accidents has more than doubled from 2017 to 2018, but employees remain reluctant to report accidents out of fear of losing their job, and as a consequence, statistics on accidents are under-reported. According to the Labour Inspectorate data, in 2018²⁷, 0.04% of employees experienced an accident at work, compared to only 0.014% in 2017. This share is significantly lower than a rate captured through the European Working Conditions Survey in 2010, according to which 7% of workers were absent due to work accidents during a period of 12 months. With regards to fatalities at work, the number of deaths at the workplace increased from 19 in 2017 to 21 in 2018. However, as reported by the LI representative, in 2017, five deaths were natural. In 2018, two fatalities were natural; four were

²⁵ Kosovo* participated only in the 2010 Survey.

²⁶ Currently the rate would be significantly lower, since smoking is prohibited in work environments in Kosovo* from 2013 onwards (Law No. 04/L-156 on Tobacco Control).

²⁷ The 2019 report is not yet available. Inspectorate's website: https://ip.rks-gov.net/?page_id=2703

not at the workplace and two were self-employed individuals. So, in total, in 2017, there were 14 work-related accidents with a fatality, compared to 15 in 2018. Until September 2019, there were 15 workplace fatalities in total and the average age at the time of death for workers was 27 years.²⁸ A new EWCS will be made available in early 2021, which will provide updated information on working conditions in Kosovo*.

Legislation protecting the health and safety of workers is in place. The Law on Safety and Health at Work was adopted in 2013 (04/L-161) mirroring the Framework Directive 89/391/EEC and covering all workers, including the self-employed and undeclared ones. According to Article 5 of the Law on Safety and Health at Work, every employer is obliged to carry out a detailed risk assessment for all workplaces in order to prevent the risks, including exposure of employees to substances harmful and hazardous to their safety and health at work during the working process. Pursuant to the Law, numerous regulations have been approved, which altogether have transposed about 90% of the EU Directives. During the period 2016-2017, 16 fully harmonised Regulations were adopted. There are no legal obligations, nor any practices in place to adapt the working environment to specific occupational circumstances of workers.

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

The implementation of occupational safety and health at work is largely ineffective. Given that Kosovo* does not have an effective reporting system for safety at work, the incidence of work-related accidents is highly underestimated whilst no evidence exists for occupational health. The Labour Inspectorate is the only institution recording data on work-related accidents. Several challenges exist in safeguarding occupational health. The assessment of health conditions in companies, as well as monitoring of workers' health, is not adequately maintained. Training in the OSH area is not established and there is a lack of occupational health service providers. Kosovo* does not possess information on financial costs associated with work-related accidents and ill-health. Moreover, there is little awareness among employers on the benefits of taking preventive actions and the costs related to accidents at work. During 2019, within the European Union Office in Kosovo* funded project 'Support to Labour Inspectorate for fighting against undeclared work', the MLSW has worked on the Strategy for Occupational Safety and Health at Work, which remains to be completed by the newly elected government if they decide to continue with it. The project

²⁸ <https://sinjali.com/vdekjet-e-punetoreve-ne-kosove-as-nuk-numerohen-si-duhet/>

has also organised numerous training sessions for labour inspectorates and developed manuals to improve inspection effectiveness.

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

2.3 Chapter III: Social protection and social inclusion

2.3.1 Childcare and support to children

Despite consistent progress, access to early childhood education and care (ECEC) remains low. The reasons for low attendance in pre-school education (PSE) include a limited number of public kindergartens (only 42, distributed unevenly across the economy), a limited number of subsidised places for children from vulnerable groups (such as the unemployed), and a dominant policy and public perception on PSE as a care service for employed parents rather than a child's right for care and education (UNICEF, 2017a). Additionally, there are 83 private and 5 community-based kindergartens, mainly located in big cities, the majority in Pristina (51).

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

Pre-school education is mostly seen as a care service for employed parents. Registering children in public kindergartens is subject to several point-based criteria, the most important being: working parents, poor parents, war veterans and war invalids and single parents. Thus, PSE is

currently seen as a care service for working parents rather than an important aspect of children's entitlement to education and development. It is important that this attitude is challenged, and relevant policies and regulations are reconsidered so as to establish an appropriate balance between care and education in order to realise children's rights.

The provision of early childhood education and care is concentrated in urban areas. Most kindergartens are located in urban areas where shortages of spaces are common - only 22% of providers are able to accept new clients without putting them on a waiting list (World Bank, 2015a). In smaller towns and rural areas there are fewer kindergartens, and some are even closing down due to a lack of demand for places among the local population. Poverty, rural-urban migration and a perception of kindergarten by the local population as a day care service rather than a learning opportunity for their children contribute to this low demand. Consequently, many mothers in rural areas, who stay at home during the day, see no reason or benefit in sending their children to kindergarten and paying for the service (UNICEF, 2017a).

Very few childcare providers offer free enrolment and the gap between the poorest and the wealthiest quintile is high. According to a recent World Bank (WB) report (2015a), a mere 3% of public providers and none of the private childcare providers offer full-day care for free. The 2013-2014 Multi-Indicator Cluster Survey (MICS) provides valuable information about high enrolment gaps, particularly between the poorest quintile (7% attendance) and the wealthiest quintile (37.1% attendance). This widens inequalities in entering school, as those without PSE and PPE are often less prepared for primary school. In terms of access to public kindergartens, Britto et al. (2011) reported an unusual separation of roles between public and private kindergartens in Kosovo*, where the public and highly subsidised kindergartens were mainly attended by the upper quintiles of the population, while private and more expensive pre-school centres were mostly attended by the lowest quintile. This phenomenon fosters inequality for poorer families also because children at public kindergartens are entitled to free healthcare from medical centres, and kindergartens receive support from civil society and international partners with specialist training, salaries of specialist staff, and contributions towards equipment and materials. Currently, KAS supported by UNICEF is running the MICS survey, which will provide valuable updated information on a wide range of domains.

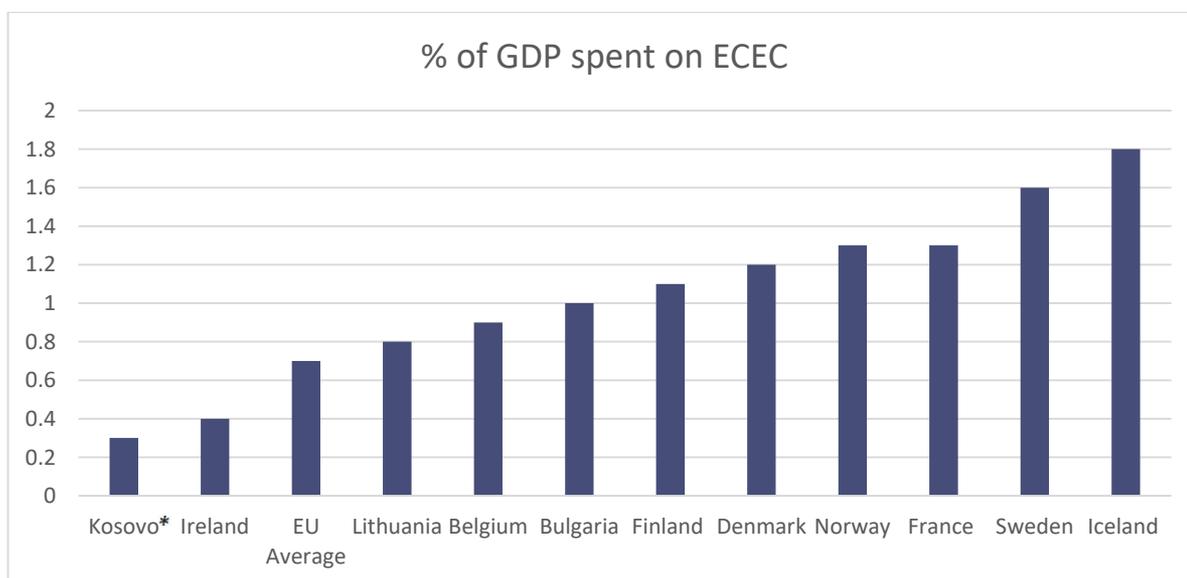
Despite the recent expansion of public kindergartens, the demand for a place remains higher than the supply, especially in urban areas. The MEST built five new public kindergartens in 2018 in five municipalities and is in the process of building seven additional kindergartens with EU funds in 2019²⁹. These kindergartens will become increasingly available to poorer families through affordable means-tested fees that the new law on early childhood education and care aims to introduce.

²⁹ In response to the National Plan, the MEST built five new public kindergartens in 2018, and is in the process of building seven additional kindergartens with EU funds in 2019.

Municipalities are piloting community-based and public-private partnership kindergartens to increase enrolment. Pristina and Fushe Kosove have piloted kindergartens that involve partnering with parents and private investors respectively to provide subsidised ECEC. In both models, municipalities provide public premises, books and other learning materials, and also cover 50% of the fees for children. The remaining 50% is paid by parents - a practice already applied in public kindergartens. Community-based kindergartens are registered as NGOs and have considerable autonomy (including financial autonomy) that allows them to generate alternative funding from international or private donors.

Public expenditure on pre-school and pre-primary education remains far below the EU level. The public expenditure on pre-school and pre-primary education in Kosovo* in 2017 was EUR 6,432,574 and EUR 14,138,970 respectively or 0.3% of the GDP in total (MEST, 2018). In comparison, France and Nordic countries spend more than 1% of their GDP on ECEC, with Iceland leading the group with 1.8% of GDP spent on ECEC and Sweden following with 1.6%. All other EU Member States spend no less than 0.5% of their GDP on ECEC (OECD, 2019).

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



Source: 2015 OECD data for EU Member States, 2018 national data for Kosovo*

The overall quality of childcare services in Kosovo* ranks just below the Western Balkans average. Kosovo* scores particularly well in materials, curriculum and learning, but relatively low in quality of infrastructure (World Bank, 2015a). However, the implementation of the well-designed competency-based curriculum for pre-primary education (5-6) that started in 2017 is facing many challenges. Teachers expressed their dissatisfaction with the insufficiency of the training and unclear instructions on how to implement the new curriculum. They felt unprepared and concerned regarding the implementation of the new curriculum. In addition, non-alignment and non-adaptation of textbooks with the new curriculum made teachers' work even more

difficult (KEEN, 2017). In addition, the development of the new curriculum for pre-school education (0-4) has been delayed for almost two years and its rollout in 2019 is no longer feasible.

Public kindergartens provide good services, while the quality of pre-primary education in elementary schools is good but the duration is short. Kindergartens are open from 6.30 to 17.00 and offer both care and education. Children receive three meals a day and health check-ups from the local medical centres. Public kindergartens receive support from civil society and international partners in relation to specialist training, salaries of specialist staff, and contribution towards equipment and materials. PPE is also provided in primary schools in rehabilitated/refurbished classrooms that become available due to the reduced number of children in primary schools (except Pristina that is witnessing inward migration). International CSOs and other donors provide funds for refurbishing, equipping and resourcing of PPE classes in primary schools. Learning is provided two hours per day, five days a week. Many argue that a total entitlement of ten hours a week is insufficient. Attendance in private kindergartens on the other hand is either full-time (eight hours a day) or part-time (four hours a day). PPE offered in primary schools is free of charge for all children (no parental fee is paid), except for extracurricular activities that require financial participation from parents.

A lack of trained inspectors hampers the adequate monitoring of ECEC provision. While the MEST is in charge of licensing and monitoring the quality of services provided by licensed kindergartens, its regional inspectors are not trained to monitor services provided by kindergartens. Strengthening the capacity of education officials at the ministry and municipal levels should take place, to enable them to conduct external monitoring and evaluation of pre-primary education services and provide counselling to educational institutions.

The new law on early childhood education and care aims to improve access, quality and enrolment. In March 2019, the MEST established a working group to draft a new law on ECEC. This law aims (among other things) to facilitate the work and licensing of various pre-school entities (especially community-based and public-private partnership kindergartens) and make public kindergartens more accessible to poor families through the introduction of means-tested fees. The initial draft law was completed and sent to the MEST legal office for verification of compliance. It was also sent to the cabinet of the minister for comments. UNICEF is now hiring an international expert to finalise the law in close consultation with the working group. The law is expected to be adopted by the end of 2019.

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

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

To ensure standardised and quality education and care in all ECEC institutions, the MEST is simultaneously developing a new PSE curriculum. A working group established by the MEST and assisted by UNICEF drafted the PSE curriculum in 2018. However, various NGOs have voiced complaints about its heavy focus on children aged 4-5, the lack of targeted activities for 0-3s, and the overall lack of development activities for children. This forced MEST to initiate a re-development of the curriculum and to hire new experts to complete this work. The team who drafted the curriculum disagrees with these complaints and believes that the real reasons for refusal are political. UNICEF, who sponsored the international expert that drafted the curriculum is also surprised by the decision to redraft it. Despite these disagreements, the redrafted curriculum was circulated for comments in May 2019. According to the stakeholders involved, the process lacked transparency and the involvement of key national stakeholders. The cabinet of the minister led this process without the involvement of other MEST departments, namely the department of early childhood education and care, which created tensions. It is clear that the curriculum will not be ready for the new school year starting in September 2019.

Child benefits

Despite high child poverty rates, there is no targeted child benefit scheme in Kosovo*. The overall poverty rate for children in Kosovo* is higher than for the general population. According to the latest Kosovo* Consumption Poverty Report (KAS, 2019d) the overall poverty rate for children in 2017 (set at EUR 1.85 a day for an individual) was 22.8% compared to 18% for the whole population. Despite this, still there is no child benefit scheme in place in Kosovo*. Currently, children may only benefit from social assistance schemes if they belong to a family receiving such benefits. In fact, families who benefit from the social assistance scheme (SAS) additionally receive a child allowance of EUR 5 per month for each child under the age of 18.

A resolution from the Parliament requests the introduction of a universal child benefit scheme. On 7 November 2018, the Kosovo* Parliament adopted Resolution No. 06-R-014 calling for the introduction of the universal child benefit scheme. The Parliament demanded the Government to draft the legislation and to begin the implementation of the child benefit scheme in 2019. The resolution stated that the monthly child allowance should be decided based on household income, employment status of parents and age of the child. However, implementation of the

scheme in 2019 is almost impossible considering that the law still remains to be drafted³⁰. The new Government Programme 2020-2023³¹ foresees the introduction of child benefits, amounting to a monthly EUR 20 for each child under the age of 2 and EUR 10 for children up to the age of 16. In addition, the Programme includes tax reimbursements for the following categories: families with children under the age of 16 and an annual income below EUR 5,000 will receive EUR 150 reimbursement, those with an annual income below EUR 6,000 will receive EUR 100 and those with an annual income below EUR 7,000 will receive a reimbursement of EUR 50.

In 2019, The MLSW was working on a concept document that aimed to introduce child benefits as part of the reformed social assistance scheme. The MLSW asked the World Bank to conduct an assessment regarding the direction of the social assistance reform in Kosovo*. A working group consisting of representatives from different ministries and municipalities was established by the MLSW to draft a concept document that will recommend three options regarding the reform of the SAS. According to the MLSW, the concept document will also address the child allowance – one option in the Concept Document will suggest the provision of child benefits only to families who are part of the social assistance scheme (Morina, 2019).

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

2.3.2 Social protection

The majority of workers in Kosovo* are not covered by health insurance and there is no insurance against injuries and related illnesses sustained in the course of performing work³². This is also due to a lack of determination of insurance coverage and classification of injuries and

³⁰ According to the Kosovo* Population Prediction Report 2017-2061 (KAS, 2017) the number of children younger than 16 in 2019 is 469,327, hence, the annual costs of the universal child benefit scheme (if approved) which would allocate EUR 10 per month for each child under 16 would be around EUR 56M.

³¹ The official programme is not available online yet and might be subject to changes upon publication.

³² Article 60 in Labour Law No. 2010/03-L-212 on Compensation for Occupational Injuries.

the level of compensation of injuries caused at work. As stipulated by Article 5 of the Law on Safety and Health at Work, if workers are not insured with an insurance company, employers in Kosovo* bear all medical treatment expenses for employee/s who have suffered an injury at work, but this is not implemented for occupational illness. Moreover, the compensation system for non-fatal and fatal accidents is not yet in place. As a result, many workers end up jobless due to injuries and have to cover medication expenses for themselves at times when their income flow stopped due to the lack of schemes to finance long-term absences from work.

A small share of the workforce is covered by private health insurance. Staff hired mostly by international organisations and the banking sector in Kosovo* are covered by private health insurance schemes. The arrangements vary from employer to employer and may include full coverage by the company for the employee, his/her spouse and up to two children, or may be limited only to the employee through a full or partial coverage (usually 50%). However, the share of workforce covered by private health insurance is very small. According to a recent survey (Farnsworth et al., 2016) only 6% of Kosovars declared to have private health insurance.

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

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

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

The law on work-related disability pensions was adopted but implementation has not started yet. A flat, minimum disability pension (currently set at EUR 75) is only granted to individuals younger than 65 years old who have 100% disability from work-related injuries or diseases. It also covers individuals younger than 65 who received this pension prior to 1999. The work-related disability pension scheme will be financed by government revenues. Apart from the Medical Commission of the MLSW for the permanent disability scheme, the work disability pensions

would be checked by specialised public institutions of labour medicine operating under the authority of the Ministry of Health that will verify and evaluate the insurable events even before the application files are transmitted to the Medical Commission of the MLSW (IMF, 2016).

Individuals with long-term injuries, who do not qualify for a disability pension, are expected to find private solutions to treat their injuries. As stated earlier, there is no public or mandatory health insurance programme in place that could cover the costs of work-related injuries. At the same time, the disability pension is only granted to individuals with 100% disability. This means that long-term sickness costs that exceed the first 90 days and do not qualify as 100%, permanent incapacitation, are paid for by injured workers themselves. The absence of longer-term sickness protection at work causes serious poverty of injured employees who have to find private solutions, namely, rely on private loans and support from other family members to recuperate from work-related injury (see Boletini 2018).

The current maternity leave is considered long where the financial burden is borne largely by the employer. Table 7 shows the number of beneficiaries between 2011 and 2019 and includes government compensation of 50% of the average economy wage for 3 months.

Table 7. Number of beneficiaries who received paid maternity leave from the government by sector, 2011-2019

Year	Civil Servants	Public Sector	Private Sector	Total	Total government expenditure in EUR
2011	364	256	128	748	256,833
2012	203	560	363	1,126	506,319
2013	238	570	462	1,270	523,212
2014	204	531	624	1,359	592,711
2015	185	519	729	1,433	958,372
2016	265	570	940	1,775	1,155,320
2017	248	548	1,083	1,879	1,260,842
2018				2,152	1,432,547
May 2019				1,036	733,558

Source: Employment Agency, MLSW (2019)

Combined parental leave is negligible. Additional combined parental leave (either paid or unpaid) beyond maternity leave is very limited or inexistent in Kosovo* (parental leave is limited to 2 paid days). Hence, the amount of total employment-protected leave that a mother can take in Kosovo* is lower than in most economies in the region and in the EU. Mothers who have a child under the age of 3 have the right to 2 additional days of annual leave for childcare and this cannot be transferred to the father (World Bank, 2015b). Furthermore, parents do not have any right to flexible working hours or a part-time job. According to Law No. 05/L -023 on the Protection of

Breastfeeding, nursing mothers that return to work from maternity leave after 6 months, if not utilising the maternity leave after the sixth month of the leave, from the sixth month up to one year, have the right of using two hours of paid break daily during the working hours, additional to the regular break. The Law does not explicitly state the rights for mothers that return to work prior to 6 months, which may leave room for misinterpretation by employers.

The current social protection policy is weak and inadequate. During the socialism period in the former Yugoslavia, sick-leave, maternity leave, healthcare and rehabilitation costs were financed from the social health insurance in Kosovo*, which charged contributions from employers and employees. Current charges are vested only on employers and the legal requirements resulting from Article 60 of the Labour Law might serve as a discouragement for employers to hire new workers. At the same time, the absence of protection from longer-term injuries might discourage workers from taking riskier available jobs and prevent social policy to fight poverty more efficiently. The MLSW's (2018) concept document foresees the establishment of a Pay-as-You-Go (PAYG) pension for invalidity at work and professional sickness, including cutting back on eligibility criteria compared to current permanent disability pensions and additionally speaks about a potential sickness benefit in cases of long-term injuries. Yet, it remains unclear whether such ideas will find a place in Kosovo*'s actual policy anytime soon. A Public Health Insurance Law, adopted in 2014, which should finance contributor's healthcare, has not commenced yet and there is no clear prospect if and when the implementation will begin. The absence of public insurance and protection in these cases might be an important reason behind the wide unwillingness of workers to declare informal employment.

The new Labour Law and the proposed Social Insurance Fund aim to address shortcomings of the current social protection policy. As stated earlier, the newly drafted Labour Law is aiming to partially transfer the financial burden of maternity leave from employer to the government, to introduce home-based work and telework as forms of employment relationship, and to introduce the term '*dependent work*' that refers to informal employment. At the same time, the development of the Social Insurance Fund would regulate work invalidity, sick leave and unemployment insurance and could provide stronger employment protection and increased union and worker participation in industrial relations. Unfortunately, as stated earlier in the text, due to the recent political developments and forthcoming elections in October 2019 it remains unclear whether the anticipated reforms through SIF will occur at all.

2.3.3 Unemployment benefits

There is no unemployment benefit *per se* in place in Kosovo* to serve as a temporary bridge to reemployment. When UNMIK, in cooperation with the World Bank and other international organisations, launched Kosovo*'s initial social policy framework after the war (1999), the framework did not include any typical unemployment benefit. International organisations discontinued the prior unemployment protection (there had been a small unemployment

insurance programme in place during the Yugoslav period) fearing that high unemployment rates after the war - 51.8% in 2001 (KAS 2018:99), would pose a heavy financial burden for the fragile emerging economy of Kosovo*. Unemployment rates have remained high to date (29.6% in 2018), hence even local politicians repeatedly failed to introduce unemployment benefits since the declaration of independence in 2008.

The Concept Document of the MLSW adopted in late 2018 proposed unemployment benefits.

The Ministry proposed the creation of an unemployment protection insurance programme as part of a general public social insurance institution. The document (MLSW 2018: 43-44) sketches an unemployment benefit (financed from future insurance contributions) issued under the condition of willingness to participate in retraining and labour activation institutions when: (1) an individual has been in uninterrupted employment for at least 24 months; (2) employment has ended due to employer's bankruptcy, or due to technological changes and reorganisation. The length of the benefit was proposed to be a maximum of six months while replacement would take into account prior earnings/contributions. Provisions of the Concept Document were developed further by an *ad hoc* Parliamentary Committee, however, it is now clear that the current Parliament will not be able to take any steps regarding the recommendations of this Committee.

Current financial support to the unemployed mainly comes in the form of social assistance. The social assistance scheme is considered a last-resort income support scheme designed to provide financial support to those in poverty (World Bank, 2019b). There are mainly two types of beneficiaries who receive social assistance: category I, all household members must be either incapable of working or not of working age; category II covers families with one member able to work, at least one child under five years old³³ or those who are permanent guardians of an orphan under 15 years old. The family member capable of working must obtain a certificate from the employment office that confirms his or her unemployment, and that he or she is actively seeking work.

Despite activation efforts, dependency on social assistance persists. When an individual, who is a recipient of social assistance, gets a job that generates an income higher than the threshold criteria for receiving SAS, he/she loses the right to receive SAS. Moreover, the emphasis of the social assistance scheme on increased activation is aimed at reducing social assistance dependency. For instance, category II individuals, who are capable of working, must maintain their registration as unemployed with the EA to demonstrate their unemployed status and *bona fide* efforts to find a job. However, given pervasive low-paid work and hard-working conditions in Kosovo*, many beneficiaries may opt for remaining under social assistance schemes. Moreover, those in social assistance schemes may engage in informal work when possible, allowing them to

³³ The criterion of having a child under 5 for Category II eligibility is considered arbitrary and counterintuitive by most local and international stakeholders (e.g. UNICEF, KOMPF). It is unclear why Category II beneficiaries should become ineligible when the age of their youngest child reaches five. While one could use, for instance, compulsory school starting age to justify an age limit, the cost of raising a child does not become significantly less and/or discontinuous at the age of five.

maximise their income. On the whole, the social assistance scheme, including its inherent activation logic, does not appear to ensure that exiting from an unemployment spell also results in work that pays above the in-work poverty threshold. In short, due to generally low-paid work in Kosovo*, social assistance beneficiaries are implicitly incentivised to remain in social assistance schemes.

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

The main form of support to the unemployed comes in the form of Active Labour Market Programmes, though Kosovo* spends little public funds on them. The main form of support to the unemployed, other than social assistance, comes in the form of ALMP programmes listed under Table 2. Despite attempts of the EARK to activate social assistance beneficiaries, due to social assistance and accompanying other benefits, a very limited number of beneficiaries have joined the scheme. In 2019, only 97 social assistance beneficiaries have participated in ALMPs and only 51 were intermediated. EARK does not have data about participation of social assistance beneficiaries in trainings provided by VTCs.

The current nature of ALMP targeting towards the unemployed needs to be reformed. In recent years, the national public employment agency has developed a profiling tool to help determine the distance of a jobseeker from labour market integration. However, the tool appears to have been maintained mainly for analytical work and does not appear to be actively used to target those most in need. In fact, most ALMP programmes in Kosovo*, largely funded and implemented by donors, have identified and selected their clients (i.e. youth, women, etc.) either based on pre-defined criteria.

2.3.4 Minimum income

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

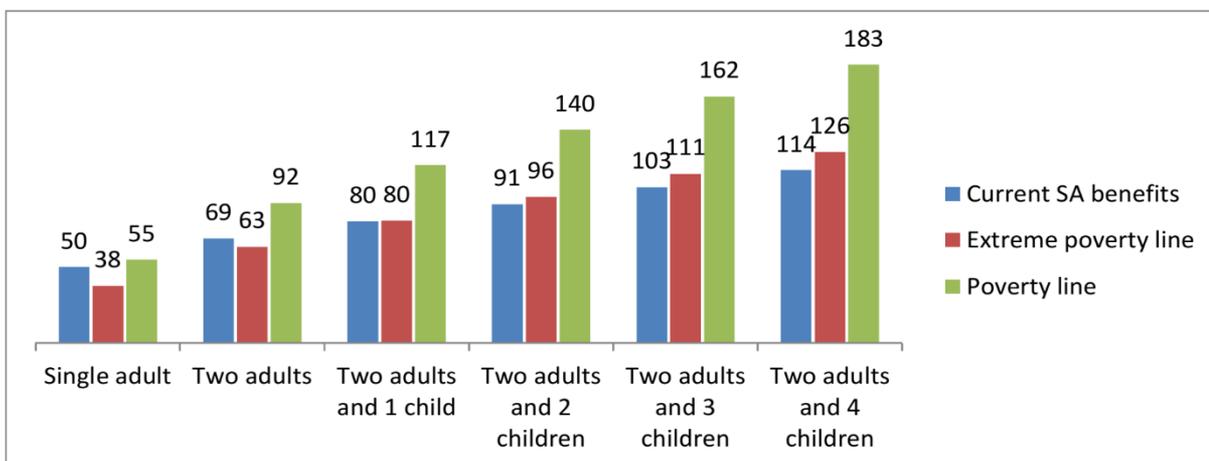
The current design of SAS does not promote activation and productive use of available labour. Apart from the reasons explained earlier, the possibilities for activation are also restricted by the profile of SAS beneficiaries who are registered as unemployed. Compared to the general pool of

unemployed, they are more disadvantaged in the labour market and more distant to jobs due to longer unemployment spells, less work experience, lower education attainment, and less willingness to be trained (World Bank, 2019b).

Targeting accuracy of the SAS is good, but the coverage of the poor receiving SAS is low. The number of households receiving social assistance in Kosovo* in March 2019 was 24,995 while the total number of beneficiaries was 102,335 (KAS, 2019b). According to a recent World Bank report, the proportion of SAS beneficiaries in each population quintile is progressive, with nearly 85% of SAS recipients belonging to the bottom 40% and about 70% of SAS beneficiaries belonging to the poorest quintile (World Bank, 2019b). However, the coverage of the poor is low - in 2016, about two-thirds of the poorest quintile did not receive any SAS benefits (Ibid.). Hence, the targeting accuracy appears to be a result of a high poverty rate and a small beneficiary base rather than appropriate targeting of the poor. Fortunately, nearly 20% of the poorest 40% in Kosovo* receive remittances, which provide an important safety net for these families (Ibid.).

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

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



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

The absence of automatic price indexation of SAS benefits³⁴ and the eligibility criterion of having a child under age five for Category II remain the main weaknesses in the adequacy of the scheme. The latter was introduced due to budget constraints, and under the assumption that the child's caretaker would be able to find a job easier when the child is at this age. However, in reality, the chances of the caretaker to find a job are generally low, hence the family is removed from the scheme although their financial situation may have not improved. In fact, these families are left out of the scheme when the needs of the child only increase (higher food consumption, need for learning materials and clothing for school, etc.) (UNICEF, 2017b).

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

Kosovo* has high in-work poverty (IWP)³⁵ rates, especially among the self-employed. The overall IWP rate was 15.2% in 2017 (see ESPN's TR1). Most in-work poverty in Kosovo* is found among self-employed individuals, young and middle-aged employees, and low-educated workers. In terms of gender, more in-work poverty is found among male employees than female employees. However, the overall IWP rate declined by 6.8 percentage points (p.p.) during the reference period, 2012 to 2017. The highest decline in IWP occurred among young employees, low-educated employees, and women. The high IWP results from a number of factors, namely a low overall employment rate (29.8% in 2017), a particularly low employment rate among women (12.5%), and a workforce dominated by individuals with secondary and lower education (52.6%).

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

³⁴ Although the WB reported that despite the lack of formal inflation indexation of the SAS benefit, discretionary increases of the benefit amount by Kosovo* Government had more than offset the benefit erosion and led to an increase in the real value of SAS.

³⁵ IWP is measured on the basis of the Household Budget Survey (HBS) rather than the European Union Statistics on Income and Living Conditions (EU-SILC). A person is considered **at risk of in-work poverty** if he/she is in employment and lives in a household that is at risk of poverty according to HBS data. A person is **in employment** when he/she worked for more than half of the income reference year. Employed individuals can be waged employees or self-employed. A household is **at risk of poverty (or "income poor")** if its equivalised disposable income is below 60% of the national equivalised disposable household median income. The population covered is those aged 18-64.

Kosovo* lacks other measures for countering in-work poverty that are typically implemented in the EU Member States. There are no benefits provided to individuals who are on temporary contracts, as is the case in Belgium (Frazer and Marlier, 2010). No other minimum or basic income is available as a supplement to the earned income for those who are in-work poor, as is the case in France (ibid.). Moreover, Kosovo* does not administer a so-called low-wage support benefit, as in Finland, where the government provides an in-work top-up benefit to certain low-wage earners (ibid.). As mentioned earlier, Kosovo* also does not implement a child allowance, as is the case in many EU Member States and other economies. Kosovo* does provide an indirect allowance for electricity bills and, in some cases, social housing; but this is not targeted towards the in-work poor, but rather focuses on social assistance beneficiaries (who are not working). In some cases, social housing is provided to individuals; this also relies on an income test and, according to the new draft law, 30% of social houses will be distributed to individuals on a low income, while the vast majority will still be distributed to social assistance beneficiaries (who do not work).

2.3.5 Old age income and pensions

Kosovo* runs a three-pillar pension system. A three-pillar pension system was introduced in 2002 in line with the advice of the World Bank and other international organisations working in Kosovo*. Originally, the pension system was organised as follows (for details on terminology, see EU Pension Adequacy Report 2018): a.) Pillar I: A flat-rate basic pension for all residents aged 65 or above, paid from general taxation and connected to the cost of a minimum food basket (2,100 calories a day), i.e. only EUR 75 per month in 2019; b.) Pillar II: Mandatory individual pension savings, consisting of minimum 10% of gross salaries paid equally by employers and employees and managed by the autonomous body Kosovo* Pension Savings Trust (KPST). An initial lump sum and a monthly payment no smaller than the minimum wage are issued after reaching pensionable age (65 years); c.) Pillar III: Supplemental, individual or employer-sponsored voluntary pension. This pillar is underdeveloped, with only one existing fund which managed only 0.6% of all (EUR 1.65 Billion) pension savings in 2017.

Pillar I, which is entirely financed from the national budget, makes the bulk of the pension system in Kosovo*. More than 90% of all pension spending in Kosovo* is financed through general taxation. When the pension system was installed in 2002, Pillar I consisted of a universal, flat-rate basic pension issued to all 65-year-old citizens; it was later complemented with a pension on full permanent disability (2004). Pension amounts in both cases were calculated based on the costs of 2,100 calories of food per day for an individual. However, since 2006 (with the transfer of power from United Nations Mission in Kosovo* to local institutions) and especially after the declaration of independence in 2008, Pillar I has been continually layered from politics in the form of separate schemes for particular groups causing variation in payments, in disability measurements, and age qualification criteria. The most important and best paying of these layers include former members of Kosovo* Corps Troops (KCT), former workers of socialism, former invalids and veterans of war, and former political prisoners of socialism. In addition to cash

benefits, war invalids and veterans and former political prisoners' families are provided privileged access to education and various administrative benefits. Therefore, most spending is highly status-based, particularistic and clientelistic. Amounts of payments are politically decided and there was a 20% foreseen increase with the new (2019) law on budget.

Only a small share (5.5% in 2018) of the pension spending is financed from Pillar II or contributors' savings at the Kosovo* Pension Savings Trust (KPST). The pension savings are managed by Kosovo* Pension Savings Trust (KPST), an autonomous body whose board (usually involving international experts as well as local ones) is elected by the Parliament. The KPST invests the majority of savings in western financial markets and a smaller share in Government bonds. Although usually, the KPST reported positive investment returns, there were huge losses in 2008 (EUR 92.5 Million) and 2018 (EUR 85 Million). The KPST applies a cautioned approach in its investments and pays among the highest salaries in the economy for its top management, but there were also concerns expressed years ago of potential political involvements in deciding where (at which entities) the investments were made (Marzouk, 2011).

The pension savings in Pillar II are currently low. Contributors, who have entered the programme since its beginning in 2002 and retired in 2018, have an average savings monthly income of EUR 300 which they will spend in three years. Such pension saving income paid by the KPST should grow in relevance in the long-term future, but until 2016 the maximum annual total payment was less than EUR 20 Million. These pension savings are not social insurance pension programmes and do not involve the traditional solidarity of the Pay-As-You-Go (PAYG) pensions.

Pillar III is very small and underdeveloped. The Kosovo*-Slovenian Pension Fund (KSPF), the only provider in the Pillar III, is very small: its share in the total pension savings was 0.6% (EUR 1.65 billion) in 2017.

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

The reform also aims to end the layering of the general tax-financed pensions benefiting powerful interest groups by establishing universal rules and increasing the income of ("average") pensioners. The following are the main proposed changes regarding pensions: i.) Former Pillar I, financed through general taxation, will be named Pillar Zero (0). Basic old-age pensions will be means-tested to individual income and set to at least 20% of the median market individual income. For disability pensions, the rules that determine the level of disability for ordinary citizens will now also apply to invalids of war; ii.) In Pillar II, the old-age pension income will be calculated by dividing the overall saving by the average life expectancy after age 65 (144 months in 2018). If the resulting pension income is lower than 60% of the median income (which

corresponds to the income poverty threshold according to the EU definition), the basic pension (Pillar 0) will be added to it entirely or only to cover the difference. Pensioners with income equal to or higher than 60% of the median will not receive the basic pension; iii.) Pillar I: A Pay-As-You-Go (PAYG) pension scheme, in which current workers' contributions are used to pay for current pensions (contrary to funded systems where contributions are set aside in a fund and used after workers retire), will be reinstalled for the first time since pre-war period (1999). Pillar I will kick in to finance the pension of retirees after they have spent their savings in Pillar II (that is, after 144 months), under the same terms they sustained in Pillar II, until the end of one's life. Thus, if an individual used to receive EUR 100 a month from Pillar I for 144 months, Pillar II will now continue to pay EUR 100 after 144 months and until the end of one's life. This will be financed from contributions from employers (1.5%) and employees (1.5%). Pillar I will have a pension ceiling set at 2.4 x 60% of the median income.

2.3.6 Health care

The current health system should guarantee universal access for everyone, but user fees and other out-of-pocket payments place a heavy burden on the poor. Depending on services required, patients incur some co-payment costs. In the primary sector, except for vulnerable population groups that are exempt by law, patients pay user fees (co-payment) of EUR 1. Secondary and tertiary care fees depend on the type of treatment and the medical institution. For instance, specialised treatment in the Psychiatric Clinic of Kosovo* University Clinical Centre costs EUR 5, some other clinic might charge a different price. In addition, most patients pay for their medicines. As reported by the World Bank (2014:79), private out-of-pocket payments for health services, including user fees and drugs, amount to up to 40% of healthcare expenditure in Kosovo*.

The system does not provide targeted financial risk protection for the poorest segments of the population. Kosovo* has all three factors that generally give rise to catastrophic health expenditure by the population: health services requiring out-of-pocket health payments; low household capacity to pay; and lack of social health insurance or risk pooling. According to a recent study (Qosaj et al., 2018), a higher age of the household head, belonging to the two poorest quintiles and having disabled or aged members of the household can all significantly increase the likelihood of being confronted with catastrophic health expenditure. The same study reveals that households in higher consumption expenditure quintiles spent more on out-of-pocket health payments; however, households in the lower quintiles spent a higher share of their consumption expenditure on healthcare.

A quarter of Kosovo* citizens confirmed that there was at least one instance when they needed to consult a doctor but did not. In comparison, this figure is only 6.7% in the EU-28. While there was no difference by gender, this seems to have affected older people more than younger people. The most commonly stated reasons for not consulting a doctor were that they 'wanted to wait

and see if the problem got better on its own' (34%) or they could not afford it (27%). Other reasons for not utilising healthcare services included that they could not take time off from work or from caring for others (11%); and fear of doctors, hospitals, examinations or treatment (5%), among other reasons (Farnsworth et al., 2016).

Rural Kosovars used fewer services than urban Kosovars. This trend holds for both men and women, with urban men using fewer services than urban women, and rural men using fewer services than rural women. Rural men are the group least likely to use healthcare services. Kosovo* Serbs seemed to utilise healthcare services more than all other ethnic groups in Kosovo* (Ibid.).

Women and men face similar barriers in accessing healthcare, though women seemingly have more sociocultural barriers than men. Rural women faced more financial, cultural and patient-provider relationship barriers in accessing healthcare than men or urban women. Bosnian and Turkish women tended to face more barriers than men of the same ethnicities and significantly more barriers than Albanian women and men. Roma, Ashkali, Egyptian and Gorani women and men had the highest geographic, financial and cultural barriers to accessing healthcare (Ibid.)

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

Despite improvements, the number of doctors and the number of hospital beds remain significantly lower than the EU average. In 2018, there were 3,908 public beds (2,000 in secondary care and 1,908 in tertiary institutions) and 440 beds in private institutions, resulting in a total of 4,348 beds (KAS, 2019e) or 2.4 per 1,000 inhabitants³⁶, which is less than half of the EU average of 5.3 beds per 1 000 inhabitants. Furthermore, there are 2.2 medical doctors per 1,000 population, which is far below the EU-27 average of 3.4 doctors per 1,000 citizens (Eurohealth, 2017).

The most pressing challenges of the system are the outmigration of health professionals, dysfunctional health information system and inability to roll out social health insurance. The current (ongoing) healthcare reform is centred, among other things, on mandatory health insurance and the establishment of a modern electronic health information system. However, little progress has been achieved to date. In addition, the system is seriously challenged by the trend of outmigration of health professionals.

³⁶ The KAS population estimation for 2018 is used, estimated at 1,798,506: <https://ask.rks.gov.net/media/5022/estimation-population-2018.pdf>

The outmigration of health professionals will weaken the already fragile system. Anecdotal data reveals that around 400 health professionals left Kosovo* in the last 5 years. According to the Kosovo* Doctors Chamber, in December 2019 there were more than 600 unemployed doctors in the economy. During 2019 the Chamber issued 115 migration-supporting documents to doctors, 110 more than in 2018.

Furthermore, a share of prospective health professionals who attend private education institutions such as Heimerer College Pristina is trained from the onset to enter foreign labour markets. The Heimerer College cooperates with WBS Expert Solutions from Germany to run the German Kosovar Programme for Career and Education providing qualitative education, professional career and exclusive employment abroad for students who have studied or are studying nursing in healthcare.

The MoH and the Health Insurance Fund will most likely fail to roll out once again the mandatory health insurance in 2019. The law on health insurance intended to ensure funding for health insurance mainly from personal income tax. However, further analysis revealed that the revenue for health insurance would be insufficient, and the law should be promulgated. The HIF was working to promulgate the law and drafted a revised version of the law; however, it is questionable if the document can be put forward due to political developments that are expected to end the mandate of the current government. In the meantime, the HIF developed certain aspects of the secondary legislation, namely Administrative Instructions to determine the prices of medicines and medical devices as well as the criteria for exemption from payment for certain categories. It also worked on the HIF information system and e-prescription, which they have started testing. Finally, it continued to recruit staff since they are underdeveloped and need to strengthen their own capacities before premiums can be collected. The HIF also conducted a financial analysis of the collection of premiums and expenditures of the HIF for the next three years. The HIF director confirmed that based on current developments, it was unlikely that premiums could be collected before 2020. This is another delay among many previous delays regarding the initiation of mandatory health insurance in Kosovo* (first debates around health insurance started back in 2004).

The inability to establish a functioning Health Information System (HIS) is hampering adequate planning and delivery of healthcare services. The current Minister of Health, immediately upon his appointment, requested an impact evaluation of all donor-funded projects, including the large Health Information System project funded by Luxembourg Development. Subsequently, the Minister has halted many project activities related to the further rollout of the HIS, thus diminishing and even reversing the progress achieved to date (institutions that were trained and equipped to use the HIS in the previous phase were no longer able to use the system, and the MoH is now planning to introduce a new information system). Eventually, the current HIS developed by Luxembourg Development has been completely abandoned and a new process for the development of HIS with domestic funds has been initiated by the MoH.

The new HIS is initially rolling out in six municipalities and is limited to primary healthcare facilities. During the first phase of the new HIS development project (the project will last 24 months), the MoH piloted the system in primary health care facilities in 6 municipalities. During the second phase, the system was introduced to all the other municipalities and includes also secondary and tertiary care institutions. The system is initially focused on two modules – Web App BHIS (collecting patient data) and SMSF (monitoring the stocks of drugs and medical supplies in healthcare facilities). According to the MoH, the HIS covering these two main modules will be operational throughout the entire economy by the end of 2019. However, the Trade Union of Health Workers in Kosovo*, based on the information from healthcare professionals, is not convinced that the HIS will be operational during 2019.

A Concept Document from the MLSW suggests financing of healthcare from national revenues (rather than contributions) but having it managed by an autonomous fund. While the MoH is continuing its plans to introduce the HIF, informal discussions among some opposition political parties in Kosovo* focus on health financing models applied in the UK, Sweden, Spain, etc. These discussions were reflected in the recent Concept Document of the MLSW (MLSW, 2018b), which suggests that the health sector could be financed from national revenues rather than contributions, while it would be managed from an autonomous fund. The proposal is based on the fear that in the particular context of Kosovo*, if mandatory health insurances commence with an implementation based on the existing (2014) concept, it could have various negative consequences such as increased public revenues spent on public sector wages in the form of employer (Government) contributions; potential increased public revenues spent on health insurance benefits for various social groups (such as pensioners, KLA veterans, political prisoners, etc.); small contributions received anyway from employers and employees due to small employment rate; exclusion of the unemployed population where they are not officially accounted as poor; and that most health insurance funds could be used to pay for services from private health service providers, etc.

2.3.7 Inclusion of people with disabilities

The legal framework guarantees equal rights and non-discrimination for people with disabilities; however, it has several shortcomings related to the content. The legal framework targeting people with disabilities (PWD) is not inclusive – instead, there are several different laws that regulate the benefits for specific groups, while the needs of certain groups (e.g. the deaf) are not addressed at all. In addition, the vague language of the Law on Disability Pensions places several categories of PWDs at risk of not qualifying for a disability pension, while the rigorous criteria require a person to be “totally and permanently disabled and incapable of any form of occupational activity” in order to qualify for a disability pension. Also, many laws are incompatible with the needs of PWDs as PWDs are rarely consulted during the process of drafting laws that affect them.

The implementation of the legal framework and delivery of services are inadequate. The lack of commitment, human and financial resources and a continued lack of understanding of disability from the social perspective by professionals hampers the implementation of legislation and service provision. Despite the existing anti-discrimination law, PWDs are discriminated against daily, in particular, PWDs that suffer from multiple disadvantage factors. Disability in Kosovo* is still understood as a medical condition, and not a human rights issue, and professionals are not trained to mainstream disability in their own daily practices.

The participation of people with disabilities in decision-making in both private and public life is minimal. The lack of appropriate infrastructure that is accessible for PWDs hampers their inclusion in public life and prevents them from participating in decision-making. There is also a lack of cooperation between policymakers and PWD organisations, thus further limiting the incorporation of PWD needs in policy design. In addition, the lack of education and employment opportunities make PWDs mostly dependent on social assistance and family support, thus undermining their ability to participate in decision-making even at a family level. Although there is no reliable data on the violation of property and inheritance rights among PWDs, there are reports that suggest families frequently exclude PWD members from inheritance processes (USAID, 2018).

There is a lack of access to educational facilities and a lack of learning materials for students with visual and hearing disabilities. Most educational facilities (at all levels) do not provide appropriate physical infrastructure for students. In addition, there is a widespread lack of learning materials for students with visual and hearing disabilities, such as a lack of digitalized or recorded lectures in Albanian and learning materials in braille. Children with intellectual disabilities such as Down Syndrome or autism have yet to be integrated into the education system (USAID, 2018).

The legal provision for employing one PWD per every 50 employees is not being implemented. According to a USAID report (2018), none of the central and local level institutions that were monitored adhered to this mandatory quota. Even the office of the Prime Minister and the MLSW do not meet this legal requirement – of 179 employees working in the office of Prime Minister only one was PWD, while out of 799 MLSW employees only 5 (instead of the required 16) were PWD (Kosovo* 2.0, 2018). Factors that contribute to this lack of implementation include inadequate enforcement mechanisms, low fines for breaking this law, and insufficient knowledge among employers about the existence of the law (USAID, 2018).

Unemployment is high also because PWDs and their families are hesitant to try. As applying for a disability pension can take several months, PWDs are hesitant to take the risk of living without any pension should the job opportunity not work out. In northern Kosovo*, some PWDs reportedly receive pensions from the governments of both Serbia and Kosovo*. Since the total resources such persons receive amounts to more money than they would earn if they would work, they have no incentive to seek work. Without employment, PWD lack access to their own resources and therefore become dependent on government-provided social assistance coupled

with support from their families. Such dependency can place PWD in a vulnerable position and undermine their ability to participate in decision-making at home and in public spaces.

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

The National Strategy on the Rights of Persons with Disabilities 2013-2022 provides guidelines to protect and promote the rights of PWDs; however, implementation is inadequate. The 2015 Progress Report on the Strategy implementation reported underperformance: out of the planned 93 indicators, 49 were incomplete, under development, or had not started yet. Many factors contribute to this, including insufficient budget allocation, lack of political will, and weak enforcement mechanisms. The National Commission for Reporting and Implementing the Strategy has never been functional, thus undermining an adequate evaluation of the Strategy's implementation. In addition, the National Disabilities Council has not been operational since the 2017 elections, exacerbating the problem of inadequate monitoring mechanisms (USAID, 2018).

There is no reliable data about the number of people with disabilities in Kosovo*. While data has been gathered both in the Census and through administrative means, there is no accurate number that can support data-driven decision-making because multiple definitions of disability are in use by multiple institutions and stakeholders. However, based on the latest World Health Organisation World Disability Report, which suggests that 15% of the world population lives with a disability, we can assume there are anywhere between 170,000 to 260,000 people with disabilities in Kosovo*.

2.3.8 Long-term care

Most of the long-term care in Kosovo* is provided informally at the household level. Most Kosovars believe that caring for the elderly at home by family members is an obligation and the most appropriate way of helping their aging loved ones. A recent WB study (2015) reveals that Kosovars' believe that it is their filial obligation to take care of their parents and that the care needs of the elders can be best met at home by family members. There are a number of concerns regarding this, however. Firstly, in part as a result of crises since the 1980s, the extended family has become more dispersed with a significant group of working-age adults living abroad. Secondly, economic and demographic trends may be eroding the tradition of extended family care and, even more importantly, the ability of the family to look after ageing and disabled kin. Thirdly, particularly in relation to children with disabilities, family care may not always be in the best interests of children in the context of a cultural feeling of shame and a tendency to keep the child hidden away and excluded from many activities. While most of the long-term care is provided informally at the household level, formal care is incrementally expanding.

Despite recent advances, there are still fewer publicly provided long-term care services in Kosovo* than elsewhere in the region. Residential elderly care is provided in the main House for Elderly without Family Care in Pristina (HEWFC) and in the three community-based elderly care centres in municipalities of Skenderaj, Gurakoc/Istog and Gracanica. HEWFC is managed by MLSW, while community-based centres are managed by municipalities since January 2016. The budget for these centres is planned as part of the MLSW budget, however, they receive funding directly from the Ministry of Finance. In 2018, there were 70 residents in the Pristina House for Elderly without Family Care (capacity 110), 8 residents in Gracanica community-based centre (capacity 10), 15 in the centre in Istog (capacity 20) and 20 in the centre in Skenderaj (capacity 20) (KAS, 2019b).

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

There is concern regarding the quality of services in residential care centres. The current format and quality of formal residential care for the elderly are seen by most participants in a WB survey as inadequate in addressing the care needs of the elderly and therefore mostly incompatible with social norms (World Bank, 2015). The report of the Office of the Ombudsperson in Kosovo* (2016) revealed that the old infrastructure and a lack of required medical staff affected the quality of services that were provided at the HEWFC. Community-based centres, on the other hand, had good internal infrastructure and provided enough medicaments for the residents; however, they lack in-house medical doctors; have inadequate infrastructure for persons with disabilities; lack psychologists and physiotherapists; and offer limited daily activities.

Public day care services are limited to the capital. Pristina is the only municipality that runs public day care centres for the elderly. The recently opened two Socio-Cultural Centres for Elderly offer recreational activities for socialisation of elderly people and food and can accommodate up to 40 people each. The municipality revealed plans to open at least two more such centres in other larger neighbourhoods in town. According to the WB report (2015), the demand for such centres throughout Kosovo* is very high.

Private day care and residential care centres are available, but very few can afford them. Private services are mostly found in urban areas and offer varying services, from basic day care to quality residential care. These centres are registered as businesses and operate legally, however, there is no system in place at the MLSW to license them and monitor the quality of services provided in these centres. They are generally expensive and cannot be afforded by the majority considering modest pensions, something confirmed in a recent WB survey (World Bank, 2015). The same survey revealed that some private centres provided price discounts based on the elders' monthly income, family situation, type of room, elder's health condition, and elder's status as a war invalid (ibid.).

Shtime Institute is the only residential facility providing care for individuals diagnosed with mental illnesses. According to KAS, there were 63 residents in the Shtime Institute in 2018 of which 36 Albanians, 15 Serbs and 12 from other nationalities (KAS, 2019b). Most long-term mental health cases are however dealt with in the Community Mental Health Centres, which were established in the main regions in Kosovo*. These are day care centres that provide treatment and care for patients, while they are expected to spend the rest of the time with their families.

Very few NGOs provide activities targeting the elderly in Kosovo*. Based on the reports from the MLWS, there are no NGOs licensed to specifically provide regular activities or services for the elderly in Kosovo*. However, limited, sporadic activities offered by local and international NGOs are available, but there is no consistency in these activities. International and faith-based organisations provide home care for the elderly (mostly for those without family care), terminally ill patients and people with a permanent disability, however, their assistance is not available in all municipalities and their activities are dependent on donor funding.

The current situation gives Kosovo* a distinct advantage in the modernization of long-term care services. The rising demand for care services in Kosovo* provides an opportunity to develop a modern formal care system. Day care centres or home-based formal eldercare are viewed more positively by Kosovars compared to residential care. They are seen to be more compatible with the norms that emphasise the well-being of the elderly. However, the service is not yet regulated, and accessibility of such services is very limited and not affordable for the majority of families. The MLSW Strategy 2017-2021, foresees the shift in provision of eldercare, by introducing family foster care for older people. The MLSW plans to work with interested families to train and license them. They are also working to develop a scheme that will provide cash benefits for these families. The approach could both save money and enable older people to choose a safe and comfortable place to live. It remains unclear, however, when the service will become available to beneficiaries as there is no agreed timeframe for its adoption.

2.3.9 Housing and assistance for the homeless

Housing assistance in Kosovo* is provided as part of a broader policy approach that aims at improving the situation of different vulnerable groups. The assistance targets households receiving social assistance (including Roma, Ashkali and Egyptians), displaced persons, returnees and repatriated persons, and women who are victims of domestic violence (limited to provision of temporary shelter). Interventions, therefore, are fragmented and do not address the housing needs of all residents. Most cases of homelessness in Kosovo* fit into two ETHOS-light³⁷ categories: a) category 3 (“houselessness”)—many IDPs, refugees and victims of domestic violence live temporarily in institutions or shelters; and b) category 5 (“living in inadequate

³⁷ <https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion>

housing”)—many potential beneficiaries of social housing programmes in Kosovo* live in unfit housing or in extreme overcrowding.

The limited assistance with social housing currently excludes working households. The Law on Financing Specific Housing Programmes (Law No. 03/L-164) was adopted in 2010 aiming to provide access to adequate housing for those in need who are unable to afford it. The Law requires municipalities to provide adequate and sustainable housing services for families with low income by creating three rental schemes: i) houses newly built by municipalities, central authorities or donors; ii) existing dwellings rented to families benefiting from a housing bonus; iii) rental apartments owned by municipalities for specific housing programmes. Income level is an important criterion for the selection of social housing beneficiaries. The legal framework in Kosovo* establishes a points system, whereby potential beneficiaries are awarded points across a number of categories: housing status; income/employment; structure of the family; health condition; disability. Priority is given to the families of martyrs in the former conflict; single-parent families; or families caring for orphans and families receiving social assistance.

Data on housing needs are incomplete. According to the Law on Financing Specific Housing Programmes (Law No. 03/L-164), municipalities are required to conduct housing needs assessments and prepare three-year social housing programmes. To date, only 22 out of 38 municipalities in Kosovo* have prepared these programmes, and only 11 programmes are still effective, since the three-year validity period for the remaining municipalities has passed (MESP, 2019). Table 8 shows the number of households requiring housing assistance in Kosovo* based on the available data from these 22 municipalities.

Table 8. No. of households requesting housing assistance in Kosovo by applicant category – 2019*

Categories of applicants	Number of requests³⁸
Families receiving social assistance	4 264
Roma, Ashkali, Egyptian community	436
Families of war martyrs, war veterans and war invalids	4,267
Returnees (refugees and IDPs)	1,189
Repatriated persons	2,054
Total	12,210

Source: Ministry of Environment and Spatial Planning (2019) based on the three-year housing programmes of 22 municipalities (Ferizai, Graçanica, Hani i Elezit, Kamenica, Klina, Obiliqi,

³⁸ Municipalities only keep track of housing requests received from individuals rather than evaluating proactively and comprehensively the municipal-wide housing needs. This approach excludes all those who do not directly apply to the municipality for housing assistance and thus does not provide an accurate picture of the social housing needs for the municipality. To date, only one municipality (Peja) conducted a thorough needs assessment of housing needs in their municipality (OSCE, 2016).

Podujeva, Rahoveci, Shtërpce, Vushtri Deçan, Fushë Kosova, Drenas, Istog, Kaçanik, Lipjan, Malisheva, Mitrovica, Peja, Prizren and Shtimje). Author's own compilation.

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

The implementation of existing municipal three-year housing programmes is very low as municipalities lack funding. In the absence of a national strategy, social housing interventions are fragmented through short-term and *ad hoc* projects implemented by different municipalities and supported by different donors. Overall, the total number of social housing units in Kosovo* remains very limited. According to incomplete records from the MESP, 51 social housing facilities with a total of 1,178 social housing units were built across Kosovo* between 2003 and 2018 (MESP, 2019). To address shortages of social housing units in Kosovo*, the MESP is planning to pilot the construction of 200 new social housing units in two municipalities (not yet selected) and then extend the project to other municipalities if the model proves successful. The MESP is negotiating with the Western Balkans Investment Framework (WBIF) and Council of Europe Development Bank (CEB) to obtain a soft loan for the finalisation of the two pilot projects.

A combination of funding approaches is used by municipalities to implement housing projects. In the absence of government funding, municipalities have identified alternative funding mechanisms. The Pristina municipality has adopted a public/private partnership approach to developing its housing projects. The residential blocks are constructed on the municipal property by a private developer, after which a certain number of units are placed under municipal ownership for use as social housing, while the remaining units are sold by the developer. The Pristina municipality completed two projects using this approach, one for allocation of apartments for rental use for martyr's families, invalids and veterans of war and the other for families receiving social assistance. Other municipalities provided construction materials and direct funds to households to improve their housing situation.

Many shortcomings have been identified with procedures regarding the distribution of social housing units. OSCE monitored and assessed the progress and shortcomings of institutions in Kosovo* regarding the provision of social housing. In its report (2013), it noted several shortcomings in municipalities that implemented social housing programmes, namely: i) lack of public notification of housing projects, ii) domination of municipal selection commissions by municipal assembly members, iii) absence of representatives of minorities in the commissions and inclusion of war veterans, while not including representatives of vulnerable groups whom the Law requires to be prioritised for social housing. Furthermore, it stressed that the lack of comprehensive and disaggregated data on applicants and beneficiaries of social housing prevented proper monitoring of the selection procedure (OSCE, 2013). The new online database system that was developed by MESP aims at providing transparency and accountability during the

selection process, by establishing a point-based system that will automatically show households that are most in need and meet most criteria for being allocated a social housing unit.

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

Kosovo* is aiming to extend housing assistance to working households through a new (draft) law. The new draft law foresees that families and individuals who do not own a housing unit, were left without housing as a result of the recent armed conflict or whose residential buildings do not meet habitability standards will have the right to social housing. The law addresses specifically the needs of low- and middle-income families by earmarking 30% of social housing for low-income families and 20% for middle-income families. The remaining 50% of the dwellings will be distributed among families who are covered by the social assistance scheme.

Planned submission of the draft law to the Parliament in September 2019 is halted due to the recent political developments. The draft law had passed all formal procedures for adoption in Parliament in 2018, however, the Ministry of Finance returned it for reassessment due to budgetary implications. A new working group consisting of 12 members from various ministries was established by the MESP in 2019 and the group is now reviewing and adjusting the law in close consultation with the MF to avoid another refusal due to budgetary issues. The plan was to finalise all formal procedures and present the revised law to the Kosovo* Parliament in September 2019; however, the sudden resignation of the Prime Minister and the anticipated dissolving of the Parliament on 22 August 2019 will delay the process. In addition, the MESP is working with the MF to create a separate budget line/code for social housing projects in the MESP and municipal budgets. The approval of a designated budget line for social housing will enable adequate planning and implementation of social housing programmes by central and local authorities.

2.3.10 Access to essential services

Access to power supply is universal. In terms of affordability, beneficiaries of social assistance receive energy cost assistance. Every year, the government of Kosovo* allocates EUR 4.5 million for energy cost assistance to families that receive social assistance. This, however, does not include in-work poverty households. The maximum monthly amount allocated per household is EUR 20. The MLSW prepares the lists of beneficiaries. In 2017, 35,102 families benefited from this assistance.

KAS reports that 89.5% of Kosovo*'s population are connected to water supply systems (2016), however expert reports suggest lower figures (76%). According to the independent expert report (CDI, 2014), only 76% of the population has access to piped water. The figure in rural areas is even

lower - only 61% of the population has access to potable water from operational water supply systems. The same report states that current investments in water supply systems and minor additional investments in rehabilitation of existing (but currently not operational) rural water systems will bring the overall coverage to over 80%. Supplying the remaining 20% of the population with water from systems managed by Regional Water Companies (RWC) will require massive investments, since they are mainly scattered in small remote villages. It should be noted however, that out of the 20% of the population who are not connected to RWC systems, only 0.7% do not have any access to potable water, while the remaining 19.3% get their water from own water sources or from systems that are not operated or maintained by licensed RWCs.

The quality of water and reliability of supply from water systems is adequate. According to the National Institute of Public Health, the quality of water provided by water systems is appropriate. However, the concern is with the 20% of the population who does not have access to water supply systems operated by RWCs. In terms of reliability, only 1.74% of the clients connected to water supply systems of RWCs do not have uninterrupted water supply, while 0.18% of them reported low water pressure from the system (ARRU, 2019).

One-third of households in Kosovo* are not connected to a sewage system. Only 65% of the population in Kosovo* lives in dwellings connected to a sewage system. Figures are lower in rural areas where only 42% of the population has access to a sewer system. Furthermore, the wastewater from sewage systems in Kosovo* is mostly untreated - at the end of 2018, only 0.7% of the economy's wastewater was treated, while the majority was either partially treated or not treated at all. The donor community is assisting Kosovo* in building additional wastewater treatment facilities; however, considering the complexity of such systems it will take 5 years to witness any significant improvements.

There is high internet penetration and usage in Kosovo*. In 2018, 93.2% of households had an internet connection from any device at home, higher than in 2017 (88.8%) (KAS, 2019a). Internet usage is also intensive, with 87.7% of individuals having used it every day in the last three months, again marking an increase in comparison to the year 2017. The report includes information on the usage of the internet for e-government, e-trade and personal reasons but does not contain information on the purpose of usage, i.e. if usage is for information, communication, problem-solving, content creation. Almost every fifth individual has used the internet for private purposes for activities such as public services, government agencies or administration over the last 12 months.

Utilisation of railways is decreasing, while access and utilisation of motorways has improved significantly. There are 333 km of railways in total in Kosovo*. The number of passengers has been constantly falling since 2011 - from 357,000 in 2011 to 120,000 in 2018 (KAS, 2019b). In terms of roads, there are a total of 2,074 km of roads in Kosovo*, of which 95% (1,979 km) are asphalted. In particular, the network of highways has increased significantly, from 38 km in 2011 to 119.1 km in 2018 (Ibid.).

3 Conclusion

The main weaknesses in the Pillar remain in implementing the legal provisions. This stems from limited commitment, insufficient budget, low effectiveness of policies (though limited evidence exists on effectiveness and impact of policies and measures), lack of cooperation between institutions (for example to address undeclared work), limited capacities of institutions, and a lack of data to track progress.

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

Kosovo* was on the path of undergoing significant social protection reforms; however, the recent political developments may delay or reverse the process. The resigning government was working to improve access to early childhood education and care through the facilitation of community-based kindergartens and the introduction of means-tested fees in public kindergartens. It was also working to guarantee standardised quality delivery of education and care by developing a new curriculum for pre-school education (0-5-year-olds). Furthermore, efforts to establish the Social Insurance Fund aim to provide unemployment protection, while the housing reform foresees the inclusion of persons at risk of in-work poverty among the beneficiaries of social housing. The ongoing reform of the health sector focused on the mandatory health insurance is seriously challenged. There seemed to be a commitment from the government and SDP to reform the old-age pensions and pensions due to disability at work. In addition, a new draft law on maternity and parental leave planned to introduce paternal leave for the first time and lift the burden from the employer. There was also an initial proposal by the MLSW in the Concept Document to introduce unemployment and sickness benefit. Despite these positive initiatives throughout late 2018 and 2019, the current political situation does not promise any progress or finalisation of the reforms during 2019.

Kosovo* should explore a better mix of finance sources, in particular by utilising contributions, but the discussions on the right balance should be informed both by local context and the European developments. Another goal of the potential reform should be the rise of relevance of contributions in financing social protection against social risks such as old age, invalidity at work, long-term sickness, unemployment protection, etc. However, in doing so, the government must find the right balance. The low employment rate implies that the contributions will produce limited budgets, and the low capacities for quality governance of public institutions (as demonstrated with the current crises at Kosovo* Post-Telecom) suggest that it would be difficult for the Ministry of Labour and Social Welfare to gather qualified human resources and

successfully manage contributions. These points should be seriously considered before any decision on the future saving charges (contributions) for Kosovo* Pensions Savings Trust is taken. In addition, the European level developments show that the population is aging, the nature of jobs is often changing (e.g. part-time and short-term jobs are more present), and in various economies (such as Sweden and Norway), the contributory pensions are relevantly dissimilar with the former Yugoslav PAYG pensions in that: they are mixed with other pension sources; they seek to contribute to social equality; and are managed and invested from several funds. Therefore, rather than re-traditionalise the system, the reformers must take into account the latest best practices in terms of contributory pensions.

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Social scoreboard table for Kosovo*

	2015	2016	2017	2018	Notes
Early leavers from education and training (% of population aged 18-24)	14.5	12.7	12.2		Source: Eurostat (online data code: edat_lfse_14)
Gender employment gap, age 15-74	N/A	35.3	39.4	N/A	LFS report refers to age group 15-64 years old For 2017 data from: Eurostat: https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_labour_market_statistics#Employment_rates
Income quintile ratio (S80/S20)	N/A	/A	N/A	N/A	SILC report not made available yet
At risk of poverty or social exclusion (in %)	N/A	N/A	N/A	N/A	SILC report not made available yet
Youth NEET (% of total population aged 15-24)	31.4	30.1	27.4	30.1	LFS Kosovo*
Employment rate (% population aged 20-64)	29.1	32.3	34.4	N/A	Eurostat: https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_labour_market_statistics#Employment_rates

Performance of Western Balkan economies regarding the European Pillar of Social Rights:
Kosovo*

Unemployment rate (% population aged 15-74)	35.3	32.9	30.3	N/A	Eurostat: https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_labour_market_statistics#Employment_rates
Long term unemployment	27.6	20.6	N/A	N/A	20.6% for men and 25.1 for all. Data for all not available.
GDHI per capita index	N/A	N/A	N/A	N/A	
Impact of social transfers (other than pensions) on poverty reduction	N/A	N/A	N/A	N/A	SILC report not made available yet
Children aged less than 3 years in formal childcare	N/A	N/A	2.3	N/A	
Self-reported unmet need for medical care	N/A	25.9	N/A	N/A	
Individuals' level of digital skills	N/A	N/A	N/A	N/A	

N/A: means data are not available

Key policy priorities for the short to medium term

Education, training and lifelong learning

Increase investments in preschool childcare facilities, also in rural areas; and
Increase participation in education of children with special needs and those from Roma, Ashkali and Egyptian communities.

Gender Equality

Utilise the legal right to apply affirmative actions, to achieve gender equality;
Develop entrepreneurship programmes, tailored to support women in entrepreneurship;
Increase access of women to property; and
Amend the Labour Law by introducing mandatory paternity leave.

Equal opportunities

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

Active support to employment

Increase budget for ALMMs; and
Enhance the service provision of the Employment Offices in order to offer individualised assistance and support in enhancing employability.

Secure and adaptable employment

Reduce the length of the maximum duration of fixed term contract;
Ensure that internship is paid and is recognised as working experience;
Regulate volunteer work; and
Address informal employment

Wages

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

Information about employment conditions and protection in case of dismissals

Increase effectiveness of courts in employment cases.

Social dialogue and involvement of workers

Increase representativeness of private sector in the trade unions;

Enhance capacities of social partners, particularly of trade unions; and
Increase direct consultations with workers.

Work-life balance

Advocate for flexible working arrangements, like home-based work, possibilities for transfer from full to part-time work; and

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

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

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

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

Childcare and support to children

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

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

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

Introduce child benefits in 2020.

Social protection

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

Begin with the implementation of the new maternity leave scheme.

Unemployment benefits

Introduce unemployment benefits through the planned Social Insurance Fund.

Improve the quality and the target of ALMPs.

Minimum income

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

Old age income and pensions

Complete the pension reforms and introduce the Pay as You Go pillar.

Health care

Adopt the promulgated Health Insurance Law after consultations with all stakeholders.

Operationalise the Health Insurance Fund, including the completion of staff, adoption of secondary legislation and functionalisation of the electronic prescription system. Functionalise the Health Information System and start utilising data for evidence-based planning.

Inclusion of people with disabilities

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

Ease the regulation for 100% disability for disability pensions.

Long-term care

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

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

Housing and assistance for the homeless

Finalise and adopt the new law on social housing and begin its implementation.

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

Functionalise the online data system.

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

Formally define homelessness and collect accurate data on homelessness in the upcoming 2021 Census.

Access to essential services

Expand access to potable water for the 20% of the population that does not have access to water supply systems.

Increase the share of households connected to a sewage system.

Increase the number of wastewater treatment facilities.