

SEE 2020 Strategy Study on Labour Mobility|

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Kosovo* - Final Report

**This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence*

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1. Strategic documents related to migration

The key strategic documents of Kosovo* in the field of migration are the following:

- National Strategy and Action Plan on Migration (2013-2018)
- National Strategy of the Republic of Kosovo* on Migration (2009-2012)
- National Strategy and Action Plan against Trafficking in Human Beings (2011-2014)
- National Strategy of the Republic of Kosovo* on Integrated Border Management (2009)

There are no strategic documents focusing specifically on (regional) labour mobility, however, the National Strategy and Action Plan on Migration (2013-2018) recognises migration as a potential positive factor that can contribute to economic development and states the country's commitment to engage in regional and international dialogue aiming to strengthen bilateral and regional management of migration. In this strategy, the integration of foreign citizens in Kosovo* is seen to be closely linked to the needs of the labour market and, accordingly, an assessment of the labour market is considered to be a priority. The number of agreements with 'developed countries' on seasonal work and training is one of the indicators for monitoring and evaluating the implementation of the strategy, however no specific references are made to regional labour mobility. Similarly, the other strategic documents do not treat (regional) mobility specifically/separately from other forms of migration.

2. Responsible institutions

The Ministry of Internal Affairs (MIA), the Ministry of Foreign Affairs (MFA) and the Ministry of Labour and Social Welfare (MLSW) are the key institutions responsible for regional labour mobility in Kosovo*.

2.1. Ministry of Internal Affairs

The Department for Citizenship, Asylum and Migration (DCAM) is responsible for coordinating the process of migration, developing migration policy, as well as regulating and controlling the migration of foreigners staying in Kosovo*. This Department assesses applications for residence permits, including those for work purposes.

The Division for Foreigners, Visas and Stay Permits within DCAM is responsible for assessing stay permits, and it is part of the decision-making process with regard to issuance of visas for Kosovo*.

The Division for Planning, Strategy and Statistics within DCAM is responsible for compiling and systemising data on migration.

2.2. Ministry of Foreign Affairs

The Department for Consular Issues is responsible for applying the visa regime in Kosovo*. Diplomatic and Consular Missions of Kosovo* are responsible for issuing visas.

2.3. Ministry of Labour and Social Welfare

The Department for Labour and Employment (DLE) is responsible for proposing, initiating and negotiating regional and international bilateral and multilateral agreements in the field of employment. It is also responsible for issuing a Certificate for Employment Registration for foreign nationals.

Public Employment Services (PES) in Kosovo* are currently managed by DLE. PES are responsible for issuing certificates, on request from MIA, to justify the employment of foreign nationals outside the annual quota.

3. Legal framework

Until March 2010, there was no legislation in place to regulate the employment of foreign nationals in Kosovo*, hence foreign workers did not need work permits and were not registered with the MLSW. Between March 2010 and April 2014, the employment of foreign nationals was regulated: work permits, issued by the MLSW, were a condition for obtaining a temporary residence permit by the MIA.¹ During this period there were no quotas for the employment of foreign nationals, although they were referred to the relevant legislation.

Currently, the conditions of entry, movement, residence and employment of foreigners in the territory of Kosovo* are regulated by the Law on Foreigners. As of 10 April 2014, based on this law and secondary legislation which draws on it², foreigners in Kosovo* can obtain a permit for temporary residence for the purpose of employment, which is typically valid for up to a year. This law foresees the adoption of an annual quota for the employment of foreigners by economic activities and occupations by 31 October 2014. The quota is to be determined 'in accordance with the policy on migration and the labour market situation and in accordance with the needs and opportunities of employment of foreigners in the Republic of Kosovo*'. A recent study on labour market needs, based on an enterprise survey commissioned by the MLSW and implemented by the Alliance of Kosovan Businesses,

¹ The issuance of work permits in this period was regulated by the Law No. 03/L-136 on Granting Permit for Work and Employment of Foreign Citizens in Republic of Kosovo and Administrative Instruction (AI) No. 17/2009 for Regulation of Procedures for Issuing of the Working Permits of Foreign Citizens in the Republic of Kosovo.

² Law No. 04/L-219 on Foreigners and AI No. 01/2014 on The Procedure of Issuance of Residence Permit for Foreigners and the Certificate for Notification of Work.

has suggested a quota of 1457 workers, which is only slightly lower than the number of work permits issued in 2013; however, this has not been officially proposed to the Government yet and at this point it is not clear whether the quota will be introduced by 31 October 2014 as the law foresees.³ Work permits to foreigners can also be issued outside the quota, provided a justification based on a skills deficit in Kosovo* (the qualification and experience of the foreign workers and the reasons why the vacancy cannot be filled by Kosovan workers). The temporary residence permit is only valid for the specific job and the specific employer for which the foreign worker has initially applied. Labour migrants are obliged to report in case they change the employer.

Applications for a residence permit for the purpose of employment have to be filed at the DCAM in Prishtina. For migrants originating from countries where visa restrictions are applicable, applications for residence permits have to be filed at Kosovan Consulates. Within the region this modality is applicable for citizens of Bosnia and Herzegovina, who have to apply in the Kosovan Consulate in Albania.

Kosovo* currently has no bilateral agreements for employment or seasonal employment with any EU or regional country.⁴ No cross-border arrangements are in place either.

Table 1 below summarises the current regulations with regard to regional labour mobility in Kosovo*.

Table 1

Current regulations in the field of regional labour mobility

Regulation	Yes	No
Residence permit	X	
Work permit ⁵	X	
Law on Foreigners	X	
Quota, by occupation and economic activity ⁶		X
Bilateral agreements		X
Cross-border arrangements		X
Seasonal employment		X

Source: Authors' research.

³ Based on the Law on Foreigners, the proposal of the annual quota should be drafted by MLSW based on the recommendation of the Economic-Social Council.

⁴ However, as of 2004, MLSW jointly with Arbeits-Förderung Kosovo (AFK) and the Ministry of Culture, Youth and Sports in cooperation with the German Federal Employment Agency (Bundesagentur für Arbeit - BA) are conducting one joint programme for seasonal employment of students from Kosovo universities. This programme targets students aged 18-35 years who wish to work 2-3 months during their holidays in Germany (mainly in agriculture, gastronomy/hotels, manufacturing, etc.).

⁵ As of March 2010.

⁶ As explained, the law foresees quotas according to economic activity and occupation (expected to be adopted by 31 October 2014), although these have not been applied to date. The previous law, applicable during 2010-2014, also foresaw a quota based on labour market conditions (although the term 'quota' *per se* was not used), but that has not been applied to date.

4. Regional cooperation and reforms towards liberalisation

The Republic of Kosovo* has not undertaken any major steps towards the liberalisation of the labour market and no reforms in this area are planned for the near future. Nevertheless, there have been a few initiatives in this area which facilitate regional cooperation and labour mobility. First, the adoption of the Law on Foreigners and secondary legislation (explained in Section 3) has simplified the procedures of obtaining a residence permit for the purpose of employment, although no significant changes in the requirements have been made. Second, a regional Job Portal is planned which is expected to include the exchange of information on vacancies between Kosovo*, Albania and the Former Yugoslav Republic (FYR) of Macedonia.⁷ Third, in recent years there has been cooperation in the area of vocational training between the Regional Employment Centre of Prizren (Kosovo*) and the PES in the town of Kukës (Albania) across the border. Finally, as of 7 May 2014 Albania has unilaterally removed the requirement of a work permit for Kosovans and citizens of the Presevo Valley (South-Eastern Serbia) as, according to the Minister for Social Welfare & Youth, '80% of the applications are, in fact, made by businessmen, so people who create jobs, mainly [owners of] small and medium-sized enterprises' (Gazeta Shqip, 2014).

5. Other relevant regulations

5.1. Recognition of qualifications

In Kosovo* there is a clear legal framework and procedures for the recognition of qualifications obtained abroad. The National Academic Recognition Information Centre (NARIC) within the Ministry of Education, Science and Technology (MEST) is responsible for undertaking all procedures for recognition of tertiary education diplomas obtained abroad. Similarly, there is a special unit within the MEST that processes applications for recognition of quittances, diplomas and other documents for VET education issued outside Kosovo*. Foreigners who apply for equivalence of their diplomas are requested to provide information on the reason why they need to undergo this procedure (typically their employment contract with a Kosovan institution/business).

Another step undertaken by the Kosovan authorities to facilitate labour mobility is the development of a National Qualification Framework (NQF) which is in line with the European Qualification Framework (EQF).

⁷ To date, the cooperation has been formalised only between the Ministers of Albania and Kosovo* and the technical preparations have been completed in both countries, however the portal is not functional yet.

5.2. Support in getting further training

Registered jobseekers in Kosovo* (including those who are currently employed) benefit from PES-provided services free of charge: employment counselling and career guidance, job mediation services, rehabilitation and vocational training. Foreign citizens who have temporary or permanent stay permits are eligible to be registered jobseekers and hence benefit from all the services provided by PES.⁸

5.3. Entitlement to social assistance

There are no unemployment benefits *per se* in Kosovo*. Instead, the Social Assistance scheme (Category II) includes elements of means-tested non-contributory assistance, one of the criteria for which is being registered as unemployed at PES. Foreign citizens who have residence permits are also entitled to social assistance if they are registered as unemployed and provide evidence that they are not exercising a business activity.⁹

5.4. Access to education for children

Based on a decision note issued by MEST, children of foreign parents with a long-term residence permit have the right to register in public schools in Kosovo* (GoK, 2014). Pre-university public education is free of charge in all public schools. Public schools in Kosovo* provide education in two national level official languages, i.e. in Albanian and Serbian language. Additionally, dependent upon the population composition in some municipalities, education programmes are also offered in Turkish and Bosnian language. Moreover, there are numerous private education institutions (from pre-school to tertiary education) in which the language of instruction is English.

5.5. Portability of pensions

Pillar I of the pension system in the Republic of Kosovo* consists of an old age basic pension to which all permanent residents aged 65 or older are entitled.¹⁰ Pillar II consists of a mandatory defined contribution pension¹¹ to which foreign citizens with permanent residence in Kosovo* can contribute, whereas those with temporary residence cannot. Kosovan residents who change their citizenship are eligible to request a transfer of their balance of funds to another country's pension scheme.

⁸ Law No. 04/L-083 on Registration and Records of the Unemployed and Jobseekers.

⁹ Law No.04/L-096 on Social Assistance Scheme in the Republic of Kosovo.

¹⁰ Law No. 04/L-101 on Pension Funds of the Republic of Kosovo.

¹¹ This scheme requires both the employer and employee to contribute a minimum of 5% of gross wage, and allows a further voluntary contribution consisting of up to a maximum of 15% in total.

6. Socio-economic characteristics of regional labour migrants

This section provides data on labour migrants in Kosovo based on work permits issued by the Ministry of Labour and Social Welfare (MLSW) to foreign workers; when data allow, specific reference to regional migration is provided. Data on work permits cover the period 2010-2014 and have been extracted from annual and internal reports of the MLSW (MLSW, 2011, 2012, 2013, 2014a, 2014b and 2014c). However, the information available is not detailed and consequently profiling of regional workers according to age, gender, educational background, occupation, etc. is not possible.

The data presented in Table 2 show that during the period 2010-2014 the total number of work permits issued by the MLSW ranged between 1,300 and nearly 2,000. The largest number of work permits (about 2,000) was issued in 2011 whereas for other years the total number was more or less the same, accounting for 1,300-1,500 permits per year. Table 2 provides data for SEE countries; as it can be noted, data by countries are only available for the year 2011. For other years, reports of MLSW provided data only for few countries hence constraining the analysis for SEE countries.

Although statistics on issued work permits by individual country were not reported for 2013 (MLSW, 2014a), it was noted that in 2013 Albania, Croatia and FYR Macedonia citizens comprised the largest share of work permit claims.

In 2011 406 work permits were issued to citizens from SEE, accounting for one fifth of total issued permits in this year (Table 2). The biggest share of work permits among SEE countries were issued to citizens from Albania (61%), followed by FYR Macedonia (21%) and Croatia (14%). No work permits were issued for citizens from Montenegro. Assuming that the same trend as in the first quarter of 2014 will continue throughout the year, the number of work permits issued to citizens from Albania, Bosnia and Herzegovina and Serbia will be higher in 2014 compared to 2011 (Table 2). However, constrained by data availability no comparison can be drawn for other SEE countries.

In the first quarter of 2014, 72% of work permit recipients in Kosovo were aged 25-40; nearly 80% were male (MLSW, 2014b, 2014c).

Table 2

Number of work permits issued

Period/year	Total work permits issued	SEE countries						Total SEE
		Albania	Bosnia and Herzegovina	Croatia	FYR Macedonia	Montenegro	Serbia	
March-end December 2010	1,337	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	1,951	248	4	57	81	0	16	406
2012	1,711	217	n.a.	50	72	n.a.	n.a.	n.a.
2013	1,541	216	n.a.	n.a.	93	31	n.a.	n.a.
January -10 April 2014 (335)	1,340	295	80	n.a.	n.a.	n.a.	54	n.a.

Note: Estimates by countries for 2012 are based on 'Kosova: Extended Migration Profile 2012, p. 42. The 2014 figures are estimated based on the first quarter data; n.a. not available

Source: MLSW, 2011, 2012, 2013, 2014a, 2014b and 2014c.

6.1. Mobility hubs

In 2013, over half (57%) of the foreigners in Kosovo were from Turkey; however, this figure is largely due to the construction of the highway between Durrës and Prishtina, implemented by an American-Turkish consortium (MLSW, 2014d). The other major countries of origin were Albania and FYR Macedonia, accounting for 15% and 6% respectively of foreign workers, followed by Bulgaria (3.5%), China (3%) and Thailand (2.4%).

The municipality with the highest number of foreign workers in 2013 was Prishtina, which accounted for 80% of work permits issued, followed by Prizren and Ferizaj with 8% and 7% each (MLSW, 2014d).

Foreign workers who have obtained work permits in 2013 are concentrated in the following occupations: civil engineers, telecommunication engineers, architects, economists, medical staff, auditing, banking and finance specialists, aviation engineers, foreign language teachers, etc. (MLSW, 2014b, 2014c). Anecdotal evidence suggests that regional labour mobility of academic staff in the higher education sector is common between Kosovo*, Albania and FYR Macedonia, whereas outward seasonal mobility from Kosovo* is more pronounced in Albania and Montenegro.

7. Research and data on migration

7.1. Previous research

There has been no previous research on inward or outward regional mobility in Kosovo*, or on labour mobility specifically; however, there is considerable research on migration and its effects in general, which draws mainly on household survey data.

Riinvest (2007) and UNDP/KAS (various years) present information on the Kosovan Diaspora and its effects, regardless of their country of destination or reason for emigration. The destination countries and demographic and socio-economic characteristics of Kosovan emigrants, their propensity to remit and to invest in businesses, and the value and use of remittances, are some of the key areas of focus in these studies. The studies are based on a combination of household surveys and surveys of Kosovan emigrants while in Kosovo*, whereas MIA (2012) and KAS (2013) provide profiles of Kosovan emigrants and immigrants. MIA (2012) draws on administrative data on regular and irregular migration, whereas KAS (2013) provides a profile of Kosovan emigrants and immigrants¹² based on the results of the Kosovo* Population and Housing Census conducted in 2011.

¹² The Census covers immigrants who, at the time when the Census was conducted, had lived – or intended to live – in Kosovo for at least one year.

The reasons for emigration of Kosovans and the (potential) destination countries are addressed in household surveys (e.g. Riinvest, 2007; UNDP/KAS, 2008), as well as by regular opinion polls (UNDP, various years, public pulse). The findings generally suggest that economic conditions and lack of jobs in Kosovo* are among the main reasons for Kosovans having emigrated in the past (together with political conditions in the period before the war), and the main reason for potential emigration of those who report to have emigration intentions. Regional countries are generally not seen as attractive emigration destinations. The main destination countries in the past have been EU countries (mostly Germany and Switzerland), and EU countries are mainly reported to be the destination countries that Kosovans would wish to emigrate to. Econometric analyses on the determinants of emigration propensity of Kosovan individuals/households are provided by Kotorri (2010) and Kotorri et al. (2013). Household income and employment conditions (in the area of residence) are found to affect the probability of a household to report emigration intentions (due to economic conditions).

Kupiszewski et al. (2009) provide an overview of labour migration trends, and an analysis of availability and quality of data as well as migration policies and their demographic and labour market effects in the Western Balkans, including Kosovo*. Strategic documents related to migration, migration policies and the legal framework, and regional and international cooperation, are also analysed by MIA (2012) and GIZ (2012). These analyses generally reveal that migration policy does not tend to focus on labour mobility per se and, accordingly, regional (and international) cooperation in the field of labour migration is limited.

Finally, a major strand of literature on Kosovan migration is that which focuses on the effects of emigration and remittances in the country of origin. World Bank (2011) analyses the role of (outward) migration and remittances in the Kosovan economy and labour market, whereas UNDP (2014a) analyses Kosovo*'s migration flows, political participation (in Kosovo*) of emigrants, and the effects of migration and remittances on the Kosovan economy, its labour market and on human development (e.g. on consumption welfare, education and health). The effects of emigration, including those on welfare/poverty, have also been analysed by Bhaumik et al. (2006), Duval and Wolff (2013) and Kotorri et al. (2013). The findings of these studies tend to support the hypothesis that emigration has positive effects in terms of increasing consumption welfare and reducing poverty. The effects found on health and education investment/outcomes and on business investment, on the other hand, tend to range from positive to inconclusive. The effects of emigration on the Kosovan labour market are briefly discussed in Section 8 of this report in the context of the likely effects of enhanced regional labour mobility.

7.2. Data availability and quality

Data on inward labour mobility in the Republic of Kosovo* are available from MLSW, MIA and the Kosovo* Agency of Statistics (KAS).

As irregular labour migration from the countries in the region is not believed to be pervasive (see sub-section 7.3 below), administrative records of foreign citizens working in Kosovo* compiled by MLSW and MIA appear to be the most complete and reliable source of data for regional labour migration in the Republic of Kosovo*. These records contain information on the characteristics of foreign worker (such as age, citizenship, occupation, level of education) and of his/her employment in Kosovo* (such as name of organisation, position held, sector of economic activity, length of employment contract).

These data are provided in terms of flow measures, i.e. the number of work permits or temporary residence permits issued each year; however, considering that a permit is typically renewed each year if a foreign citizen continues to work in the Republic of Kosovo*, these can reasonably be treated as annual stock figures. A drawback of this time series is that it is only available from 2010 when the employment of foreign workers was first regulated in the Republic of Kosovo*.

The other source of data on inward mobility, and specifically *labour* mobility, in Kosovo* could be the Kosovo* Population and Housing Census conducted in 2011 by KAS, from which the number of foreign workers in Kosovo* and their employment outcomes can be extracted. However, this source provides only a snapshot of the period when it was conducted and is likely to underestimate the number of foreign workers as it has only covered individuals that have lived in Kosovo* for a year or more.

Similarly, data on outward regional mobility, though not specifically *labour* mobility, can also be obtained from the Kosovo* Population and Housing Census conducted in 2011. As this source contains information on the year of emigration, estimates of stocks of outward migrants can be calculated. However, as data on migrants were obtained from family members residing in Kosovo* at the time of the Census, outward stocks obtained from this source are likely to underestimate the stock of migrants because they do not capture the cases where whole households have emigrated. Considering these drawbacks, and that Kosovans are required to obtain work permits if they want to work in the region, the most reliable data for regional labour mobility are likely to be those compiled by the relevant institutions in the destination countries.¹³

¹³ Note that Albania has recently removed the requirement of work permits for Kosovo* and some municipalities in South-Eastern Serbia, as explained in Section 4, therefore a closer analysis of administrative data from 2014 onwards would be warranted if the use of these data is considered.

Finally, as explained in the previous sub-section, there are numerous surveys which have addressed emigration from Kosovo*. These include surveys by Riinvest Institute (2007), World Bank (2009), UNDP (2010 and 2011) and UNDP and KAS (2013). Whilst these surveys provide extensive information on Kosovans living abroad, their employment outcomes, etc., the extent to which these sources can be useful for the purpose of analysing regional labour mobility is not clear, considering that their focus is migration in general and the share of Kosovan labour migrants in the region is relatively low.

7.3. Irregular migration

Data on irregular migration in the Republic of Kosovo* are collected by MIA. Using data from the Kosovo* Border Police, MIA (2012) reported the number of refusals of entry of ten main countries, also including data from some countries in the region. In 2012, among the top ten countries of origin whose citizens were refused entry into Kosovo* were Serbia (318 persons), Albania (213 persons) and FYR Macedonia (91 persons). It is noted that entry of citizens from neighbouring countries has been denied due to lack of passports or ID cards.

The data outlined in Table 3 show that in 2012 the largest share of irregular labour migrants¹⁴ came from Albania (134 persons) followed by Serbia (31 persons) and FYR Macedonia (15 persons).

Table 3

Irregular migration in Kosovo*

Country	Foreigners caught within Kosovo*					Foreigners who have worked irregularly and to whom a removal order was issued		
	2008	2009	2010	2011	2012	2010	2011	2012
Albania	1	2	92	138	234	125	243	134
FYR Macedonia	0	2	52	5	26	4	11	15
Serbia	0	0	17	32	17	11	11	31

Source: MIA (2012).

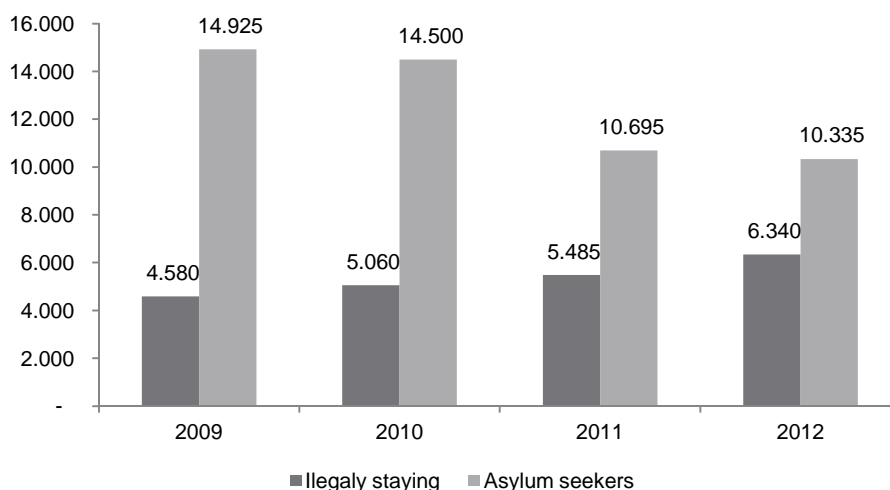
In the opinion of relevant public officials interviewed for the purpose of this report, irregular immigration from the countries in the region is not pervasive and, to the extent that it occurs, it is more likely to be a result of negligence or lack of awareness of the legal framework, rather than a reflection of the legal and administrative barriers. With regard to irregular Kosovo* citizens caught in EU Member States or the Schengen zone from 2009 to 2012, their number was increasing annually. In 2012, 6,340 irregular migrants were caught

¹⁴ Foreigners who entered legally and then remained in Kosovo* in violation of legal provisions by committing offences (overstaying), violation of the removal order, changing the stay destination, no notice on residence change, non-extension of residence permits, etc.

in these countries (Figure 1). By contrast, the number of asylum seekers declined throughout this period, from 14,925 in 2009 to 10,335 in 2012.

Figure 1

Irregular migration and asylum seekers of Kosovo* citizens in EU Member States or Schengen zone



Source: MIA (2012) based on data from Eurostat.

8. The (likely) impact of regional labour mobility

As explained in Section 7, previous research on Kosovan migration focuses mainly on the effects of emigration on the Kosovan labour market, regardless of the country of destination. This section draws on this research as well as on expert interviews and the findings of other labour market-related research to assess the (likely) impact of current regional labour mobility on the Kosovan labour market, as well as the potential impact of increased regional labour mobility in the future.

The effects of emigration on the Kosovan labour market have been argued to be largely – if not fully – positive. Considering the high unemployment rate, at 31% (KAS, 2013), labour emigration is considered as an important source of labour market pressure alleviation (World Bank, 2011; UNDP, 2014). The remittances that result from labour emigration have been argued to potentially have a negative effect on labour market supply through the ‘reservation wage effect’; however, this is likely to be less of a worry when it comes to regional labour emigration as the differences in the level of wages is smaller across the region (and hence the scope for remittances would be smaller) compared to the differences between Kosovo* and the EU countries where a predominant share of Kosovan emigrants currently reside.

Other potential concerns regarding labour emigration from the perspective of the country of origin are 'brain drain' and the increasing wage pressure in the domestic labour market. Again, this is unlikely to become a significant concern in the case of regional labour mobility (in the near future), for two reasons: first, a higher propensity to emigrate is found for individuals from households that have fewer employment opportunities and there is no evidence that those with higher educational attainment are more likely to emigrate (Kotorri, 2010); second, Kosovo* is considered to have a high skill premium compared to the other countries in the region (World Bank, 2010a), partly due to the relatively low level of educational attainment of the workforce and the presence of international organisations which pay wages that are many times those paid by domestic firms or the public sector, which in turn is likely to at least partly explain the lower propensity to emigrate of the highly skilled.

This, in turn, is related to the (potential) effects of labour immigration. As explained in Section 6, and in accordance with the relatively high skill premium in the country, foreign workers in Kosovo* tend to be predominantly VET and tertiary education graduates. Evidence from enterprise surveys suggests that the availability of workers with the appropriate education and skills is a common obstacle faced by Kosovan firms (Riinvest, various years; World Bank, 2010b). Manufacturing sectors such as textile and food processing, for instance, report that they need to hire VET and/or higher education graduates (e.g. chemistry and food processing technicians, mechanical engineers, production managers, etc.) from the region (e.g. FYR Macedonia, Serbia and Bulgaria) (UNDP, 2011; UNDP, 2014b). These foreign workers sometimes also provide on-the-job training, enhancing the skill base of the firm (and of the sector). Similarly, the survey of labour market needs commissioned by MLSW (AKB, 2014), based on which the quotas for foreign employees by sector and occupation are expected to be proposed to the Government, identifies the following occupations as the most frequently cited by Kosovan firms to require foreign workers: operators and assemblers of equipment and machinery, followed by engineers, teaching staff at tertiary education level, etc. The economic sectors most frequently cited in this survey are: construction and transport and telecommunications, followed by manufacturing, education, hotels and restaurants, healthcare etc. These findings are in accordance with the concentration of foreign workers in Kosovo* in certain occupations and sectors reported in Section 6.

Considering the skills deficiencies reported by the private sector, based on which the quotas for foreign workers are expected to be based, and the apparent match between market demand and the structure of the foreign workers who have obtained work permits to date, it appears reasonable to conclude that there is skill complementarity between the Kosovan workforce and its regional counterparts, and enhanced regional mobility is unlikely to result in the displacement of domestic workers. On the contrary, the facilitation of mobility of highly skilled workers can serve to fill the skill gaps (in the short to medium term), and is

likely to contribute to the creation of new jobs for domestic workers to the extent that it enhances the competitiveness of domestic firms.

9. Main obstacles to regional labour mobility

9.1. Regulations

As outlined in Section 3, there are currently work permit requirements in the Republic of Kosovo*, and an annual quota for the employment of foreigners by economic activities and occupations is expected to be introduced from 31 October 2014. However, there is also a possibility to exceed the quota provided a justification based on skills deficits issued by PES, and the procedures have recently been simplified.

9.2. Recognition of qualifications

Problems with recognition of tertiary and other post-secondary diplomas issued in some countries in the region represent one of the barriers to mobility. This is mainly related to political reasons, but also a result of bureaucratic procedures. For instance, despite an agreement reached between Kosovan and Serbian authorities based on an equivalence assessment which would be conducted by the Association of European Universities, the Constitutional Court of Serbia has declared this agreement to be anti-constitutional. Although the equivalence process run by the Association of European Universities has not ceased, Serbian institutions often do not recognise the issued certificates.¹⁵ Another politically driven problem is encountered with applications for equivalence of diplomas obtained from higher education institutions in Bosnia and Herzegovina. Since Bosnia and Herzegovina does not recognise the independence of Kosovo*, the relevant institutions either do not respond at all, or respond with a delay, to the NARIC office in Kosovo*. As a consequence, equivalence of diplomas obtained in Bosnia and Herzegovina takes longer than in the case of other countries.

There are also some delays in the equivalence process for diplomas obtained in Albania and FYR Macedonia; however, these are purely due to the highly bureaucratic procedures in the respective institutions in these countries.¹⁶ An additional problem in the case of Albania is that there are about 1,000 pending applications for diplomas issued by non-accredited private HEIs in Albania.¹⁷

¹⁵ On the other hand, in accordance with the reached agreement, equivalence certificates issued by the Association of European Universities are being recognised in Kosovo* and no problems have been encountered so far.

¹⁶ In the case of Albania, responses to the NARIC office in Kosovo* are sent only by post, which unnecessarily prolongs the process. The parties are currently undergoing discussions to reach an agreement to submit responses via e-mail.

¹⁷ The problem rests on the fact that these diplomas are issued by HEIs which are not accredited by an accreditation agency registered with the European Association for Quality Assurance in Higher Education (ENQA).

9.3. Level of wages and employment opportunities

The limited employment opportunities in Kosovo* can be considered as the single most important barrier to inward labour mobility. As far as the level of wages is concerned, the attractiveness of the Kosovan labour market to foreigners seems to differ depending on the skill level. Whilst the average level of wages in Kosovo* is amongst the lowest in the region, there appears to be a considerable skill premium in Kosovo* compared to other countries in the region (World Bank, 2010a), making Kosovo* an attractive country of destination for high-skilled workers from the region.

9.4. Language

Most Kosovan citizens have a common or similar language with other countries in the region, i.e. Kosovan Albanians with Albanians in Albania and FYR Macedonia (and, to a smaller extent, Montenegro and Serbia), which facilitates labour mobility between these countries. Further, the other official language in Kosovo* is Serbian, which facilitates mobility with other countries with similar languages. Moreover, the presence of international communities and the wide use of the English language in Kosovo* further facilitates labour mobility, particularly of the highly skilled, with all countries in the region.

9.5. Housing prices

In spite of the lack of related studies or data available on housing prices, prices can be considered to be high, the price per square metre in Prishtina ranging between 600 and 1,000 euro. The rent is also high relative to the average wage, in Prishtina ranging between 200 and 500 euro per month.

9.6. Availability and cost of transportation

Recent investment in a highway to Albania has significantly reduced the duration and cost of travel between Kosovo* and Albania. This highway also provides a better connection to Montenegro. The construction of another highway to FYR Macedonia, planned to start in 2014, will further facilitate travel between Kosovo* and that country. Kosovo* is easily accessible from Serbia by road transportation, whereas for citizens of Croatia and Bosnia and Herzegovina, which are farther away, flights to Prishtina are available. Between Kosovo* and Bosnia and Herzegovina, however, mobility is complicated because there are no direct flights and because both countries apply visa regimes for the citizens of the other country.

10. Recommendations

This report has argued that both outward and inward regional labour mobility is likely to have positive effects on the Kosovan labour market, particularly to the extent that there are complementarities in terms of workforce skills. Therefore, the general recommendation is that regional labour mobility should be promoted. Based on this, an analysis of the main obstacles to regional labour mobility in Section 9, and the experience of existing labour mobility initiatives in other regions, it is recommended that:

- Bilateral or regional labour mobility agreements are considered. Initially, these could focus on specific high-skilled occupations and/or unskilled (seasonal) workers, depending on each country's labour market conditions and skills deficits. The list of occupations should be modified periodically to reflect labour market needs, and the requirements to be met by foreign workers should be clear and easily accessible.
- Countries in the region produce reliable data on skills deficits and share these with the other countries in the region. Considering the lack of experience with regard to this type of analyses in the region, increasing capacities of the local institutions and researchers would be required to achieve this.
- Cooperation between PES, but also private providers of employment services, is facilitated at the technical level. Information sharing on vacancies and jobseekers, particularly for occupations for which skills deficiencies are identified in the domestic labour market. The initiative of a Regional Jobs Portal between Albania and Kosovo* (and potentially FYR Macedonia), can serve as a pilot project.
- The duration of the residence and work permit for specific occupations and for foreign investors is extended.
- Where visa regimes are in place (i.e. between Kosovo* and Bosnia and Herzegovina, and for Kosovans travelling to Croatia), the issuance of visas for business people, professionals and skilled labours is facilitated.
- Cooperation between the institutions responsible for recognition of qualifications would facilitate labour mobility is enhanced. Commitment at political level seems to be warranted in the case of Serbia and Bosnia and Herzegovina, whereas in the case of FYR Macedonia and Albania efficiency of the process can be improved.
- The availability, quality and comparability of data on regional labour mobility is improved. This could be achieved, e.g. by unifying migration-related definitions and reporting practices, and by sharing information between relevant institutions in the region on a regular basis.
- Policy-oriented research on the impacts of regional labour mobility is conducted.
- In Kosovo*, an awareness campaign on obligations and rights of labour migrants is undertaken (e.g. at the border points) in order to reduce/eliminate irregular migration.

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