

# Emigration and the labor market in Kosovo:

The untapped potential  
of the inactive workforce



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## List of Abbreviations

ATK	Tax Administration of Kosovo
EARK	Employment Agency of the Republic of Kosovo
EU	European Union
ICT	Information and Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund
KAS	Kosovo Agency of Statistics
LFS	Labour Force Survey
MIA	Ministry of Internal Affairs
NEET	Youth Not in Employment, Education, or Training
OECD	Organisation for Economic Co-operation and Development
WB	Western Balkans

## Executive Summary

Kosovo's labor market is expected to face challenges in the coming years due to a shortage of labor, primarily caused by the emigration and the high rate of economic inactivity. Other contributing factors include the aging population and the gradual decline in the overall population number. By 2023, according to official data, the number of people who had left Kosovo towards various countries around the world reached 359 thousand individuals, representing about 22.6% of the country's population. In 2023 alone, European Union (EU) member states issued 45,650 residence permits to Kosovar citizens, with Germany accounting for 50% of the total.

A portion of those emigrating from Kosovo are part of the active labor force, which, as a result, is increasing the domestic demand for both local and foreign workers. In 2024, the Ministry of Internal Affairs (MIA) in Kosovo issued a total of 8,293 residence permits to foreign nationals, of which 3,974 were issued for employment purposes. Most of these immigrants originate from regional countries such as Albania, Serbia, and North Macedonia, as well as non-regional countries such as Turkey, Bangladesh, Philippines, and other Asian nations. However, more than half of these permits are re-newals from previous years. Therefore, the annual net emigration significantly exceeds immigration, meaning that foreign workers cannot fill the labor force gap caused by emigration.

The most sustainable solution to address the labor shortage in Kosovo is to increase the participation in the labor market of working-age individuals who are currently not employed nor seeking employment. Kosovo has the highest inactivity rate in the Western Balkans. Data shows that out of approximately 1.1 million people of working age, only 461 thousand people (43%) are economically active, either employed (89%) or unemployed (11%). Meanwhile, the majority or around 613 thousand people (57%) of the working-age population are considered economically inactive. Among them, 66% are women and 34% are men, indicating that the particularly low participation of women in the labor market remains a serious challenge. In addition, part of the inactive labor force are youth who are not in education, employment, or training (NEET), accounting for 78 thousand people (30%), a rate significantly higher than the EU average of 9.9% and the highest in the Western Balkans.

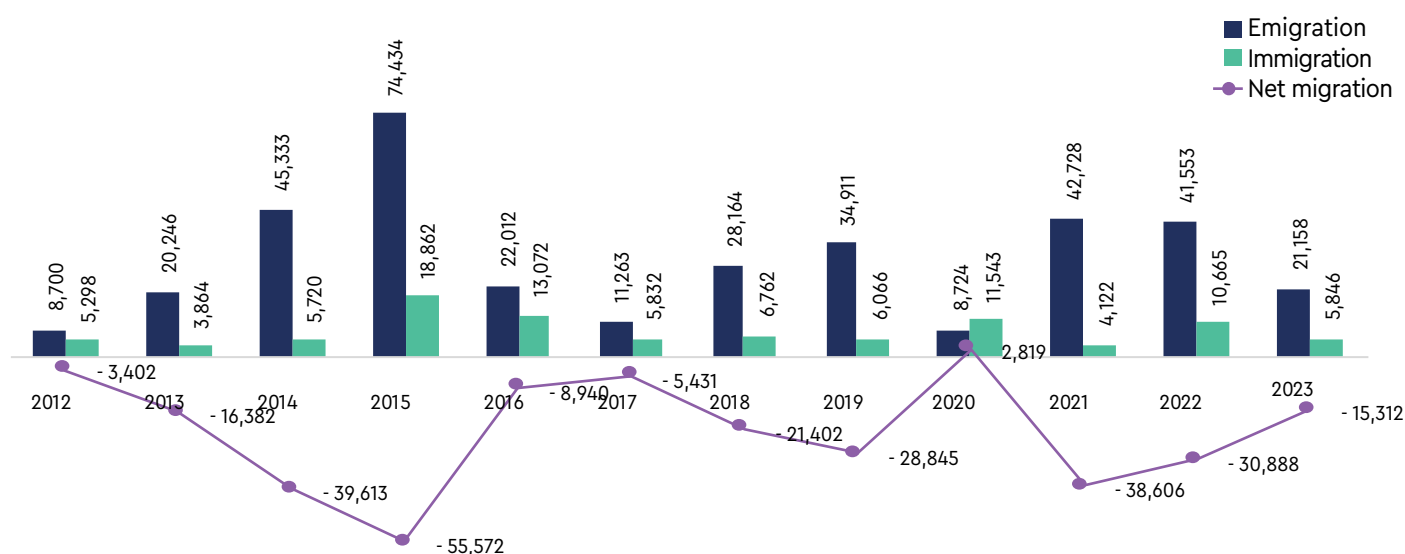
The sectors most affected by the labor shortage are construction, wholesale and retail trade, hospitality, and manufacturing, sectors also showing higher emigration tendencies. Most of the job positions in these sectors do not require high qualifications and involve tasks that can be learned in a short period, suggesting that the inactive local labor force could potentially meet these demands.

This report analyzes and presents findings on how to improve the connection in the labor market between inactive individuals and employers. It examines the characteristics of inactive people, market demand by job profiles, and provides recommendations on necessary reforms and training that could facilitate greater labor market inclusion of the local workforce in both the short and long term.

# 1. Introduction

For many years, Kosovo has faced high levels of emigration, a phenomenon that continues to significantly affect the country's economic and social development. Data up to 2023 show that the total number of emigrants from Kosovo has reached 359 thousand individuals, representing about 22.6% of the total population of Kosovo.<sup>1</sup> On the other hand, the category of immigrants which includes returning Kosovar citizens as well as foreign nationals living in Kosovo, accounts to around 99 thousand people, or 6.2% of the total population.<sup>2</sup> This reflects a significant disparity between those emigrating from Kosovo and those immigrating into the country. The ongoing emigration trend has created numerous and complex challenges, the most evident of which is the shift in the labor force structure, a factor that directly impacts the labor market and the country's potential for economic growth.<sup>3</sup>

**Figure 1.** Migration in Kosovo 2012 – 2023



Source: Kosovo Agency of Statistics (KAS)

The demographics of those who have propensity to emigrate primarily include young people, who are crucial for the domestic labor market.<sup>4</sup> Additionally, the sectors from which employed individuals in Kosovo most commonly emigrate are those with high productivity, including construction, manufacturing, wholesale and retail trade, and gastronomy.<sup>5</sup> For instance, in the manufacturing sector alone, each worker contributes approximately €28,336 in economic added value to the country. This highlights the overall negative economic impact resulting from the emigration of workers from these sectors. On the other hand, another challenge in the labor market is the emigration of qualified individuals employed in sectors such as healthcare, education, information and communication technology, and other areas vital to the country's social well-being and economic development.<sup>6</sup>

<sup>1</sup> This calculation is based on the new national census (1,602,515 individuals). Kosovo Agency of Statistics, [Population registration, 2024](#).

<sup>2</sup> Ministry of Internal Affairs (MIA), [Migration Profile](#), p.19, 2023

<sup>3</sup> GAP Institute. [Propensity to Emigrate Following Visa Liberalization. Implications for the workforce](#). p.4., 2024.

<sup>4</sup> Ibid., p.12.

<sup>5</sup> Ibid., p.14.

<sup>6</sup> GAP Institute. [Employment of Kosovars in Germany. Sectors and Salaries based on Purchasing Power](#). 2024

**Table 1.** Propensity to emigrate from key economic sectors and their productivity

2024	Numbers of employees in Kosovo	Productivity (in euros) <sup>7</sup>	% of individuals who plan to emigrate
Wholesale and retail trade	84,154	17,525	18.1%
Agriculture, forestry, and fishing	11,505	61,935	2.6%
Manufacturing	47,545	28,336	12.9%
Hospitality and gastronomy	30,386	7,265	18.7%
Construction	49,592	16,060	18.7%
Information and communication	10,927	19,024	6.5%
Healthcare	19,993	11,214	7.1%
Education	38,485	8,576	7.1%
Transport and storage	13,541	34,171	3.2%

Source: Kosovo Agency of Statistics (KAS), GAP Survey, GAP Calculations

Developed European countries have been facing a shortage of labor for a while, mainly attributed to aging population and low birth rates.<sup>8</sup> To address this challenge, various reforms are being implemented, one of which is the attraction of foreign labor.<sup>9</sup> These reforms are increasingly contributing to the departure of individuals from Kosovo who play a key role in the domestic labor market. According to Eurostat data, in 2023, a total of 45,650 first-time residence permits were issued to Kosovar citizens by EU countries (Figure 1 in the Appendix).<sup>10</sup> Among these residence permits, Germany accounts for the majority (50%), followed by Slovenia (14%), Croatia (9%), Italy (8%), Switzerland (4%), and others (Figure 2 in the Appendix).<sup>11</sup>

Challenged by labor shortage, the private sector in Kosovo has turned its focus toward attracting foreign labor. Various agreements have contributed to the immigration of individuals not only from regional countries but also from distant Asian countries, primarily for employment purposes. According to the latest data from Kosovo's Ministry of Internal Affairs (MIA), in 2024, a total of 8,293 foreign nationals were issued residence permits in Kosovo. Of these, 4,273 or about half of them were granted for employment reasons, while the other half were issued for family reunification, studies, and other purposes (Figure 4 in the Appendix).

However, when comparing first-time residence permit decisions with those issued as extensions, it becomes clear that each year, the number of extension decisions is higher than those issued for the first time.

<sup>7</sup> Productivity has been calculated using data from the Kosovo Agency of Statistics (KAS) for the Gross Value Added of the respective sectors (2024) and the number of employed persons in those sectors (up to Q2 2024).

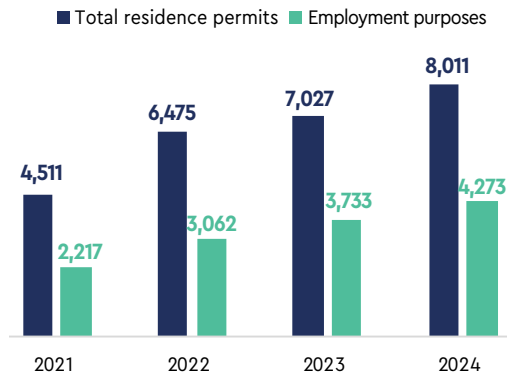
<sup>8</sup> Kennz, Ch., Yang, G., [Can Africa Help Europe Avoid Its Looming Aging Crisis?](#) Center for Global Development, Working Paper 584, 2021.

<sup>9</sup> Some of the reforms being implemented by Germany to attract immigrants and fill the labor force gap include: increasing the number of citizens from Western Balkan countries who can obtain a work visa from 25,000 to 50,000; issuing an opportunity card to allow job searching during a temporary visit to Germany; reducing the number of years required to obtain a German passport; among others. GAP Institute. [Employment of Kosovars in Germany. Sectors and Salaries based on Purchasing Power](#). p.4., 2024.

<sup>10</sup> These data also include countries such as Switzerland, Iceland, Denmark, and Liechtenstein, which are not part of the EU.

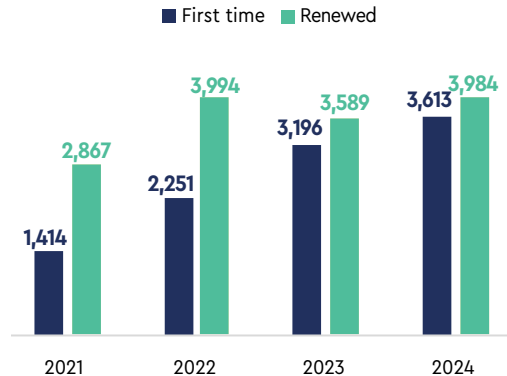
<sup>11</sup> For more on the reasons for emigration, see Figure 3 in the Appendix.

**Figure 2.** Number of temporary and permanent residence permits issued in Kosovo, 2021- 2024



Source: Ministry of Internal Affairs (MIA)

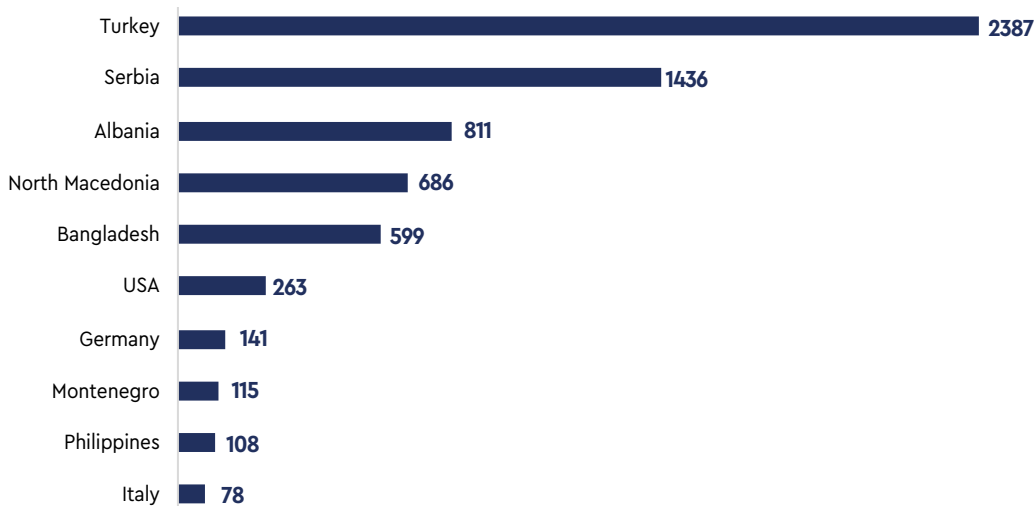
**Figure 3.** Number of first time and renewed temporary residence permits in Kosovo, 2021-2024



Source: Ministry of Internal Affairs (MIA)

The majority of immigrants in Kosovo come from regional countries such as Albania, Serbia, and North Macedonia, as well as from non-regional countries like Turkey, Bangladesh, and other Asian nations. However, the balance of emigration is significantly higher than that of immigration. As a result, foreign workers in Kosovo cannot compensate for the labor force shortage created by the large gap caused as a result of emigration.

**Figure 4.** Origin of individuals granted residence permits in Kosovo, 2024



Source: Ministry of Internal Affairs (MIA)

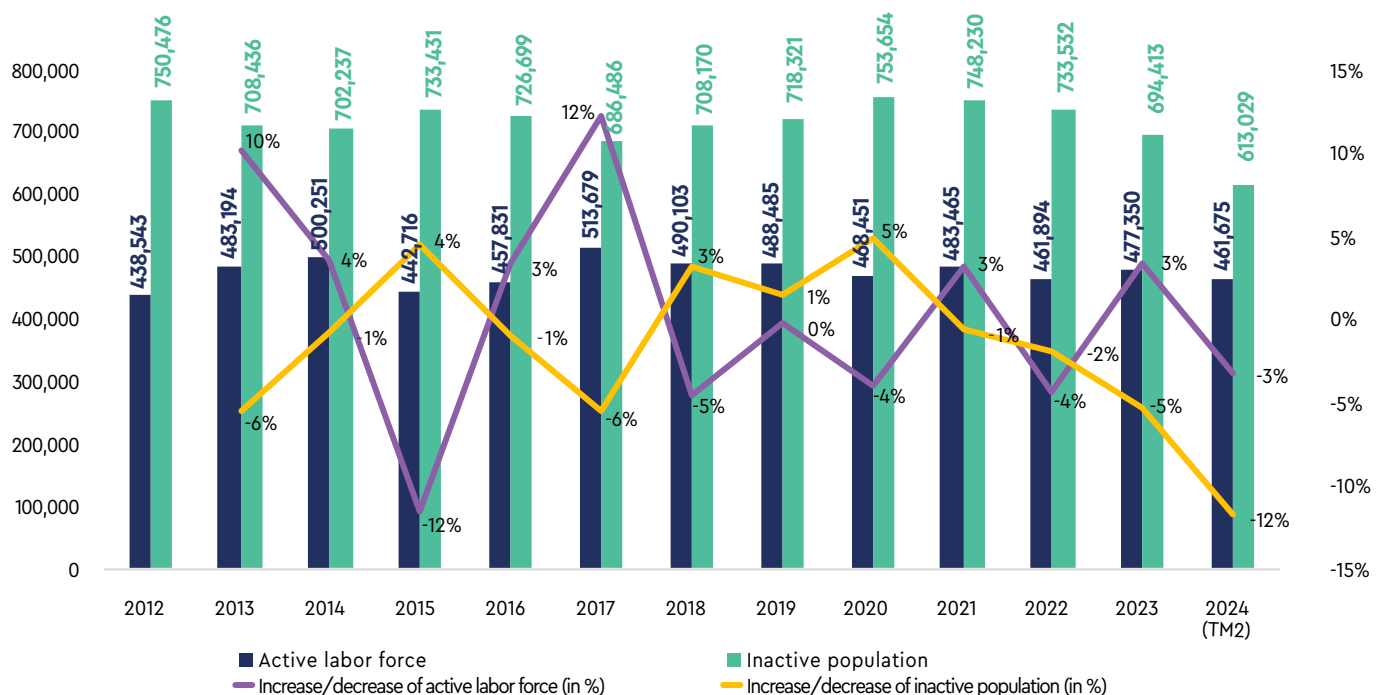
## 2. The Current Labor Market and Economic Activity Rate

According to the International Labour Organization (ILO) data, around 39% of the global working-age population is outside the labor market. Furthermore, more than half of working-age women worldwide are not part of the active labor force (52%), compared to only one-quarter of working-age men (25%), highlighting gender disparities in labor force participation. In the member states of the Organisation for Economic Co-operation and Development (OECD), the latest data shows that the average economic inactivity rate is 26%. This includes countries such as the United States (25%), the United Kingdom (21.7%), Switzerland (15.8%), Italy (33.4%), Germany (19.8%), France (25.2%), Austria (21.8%), among others.<sup>12</sup> Globally, 68% of governments consider labor shortages as the main reason for shaping their immigration policies.<sup>13</sup>

However, according to the Council of the European Union, addressing the unmet demand for jobs and skills requires the active engagement of unemployed individuals.<sup>14</sup> Based on this, relevant measures should aim to support part-time workers as well as economically inactive individuals of working age.<sup>15</sup>

In Kosovo, the latest data shows that out of 1,074,704 individuals of working age, 461,675 (43%) are economically active in the labor market, compared to 613,029 (57%) who are economically inactive.

**Figure 5.** Active labor force and inactive population rate, 2012–2024



Source: Kosovo Agency of Statistics (KAS)

<sup>12</sup> Organization for Economic Cooperation and Development (OECD) Data Explorer, [Infra-annual labour statistics. Inactivity rate](#), 2024.

<sup>13</sup> United Nations (UN), [International Migration Policies](#). Department of Economic and Social Affairs, Population Division, p.3., 2017.

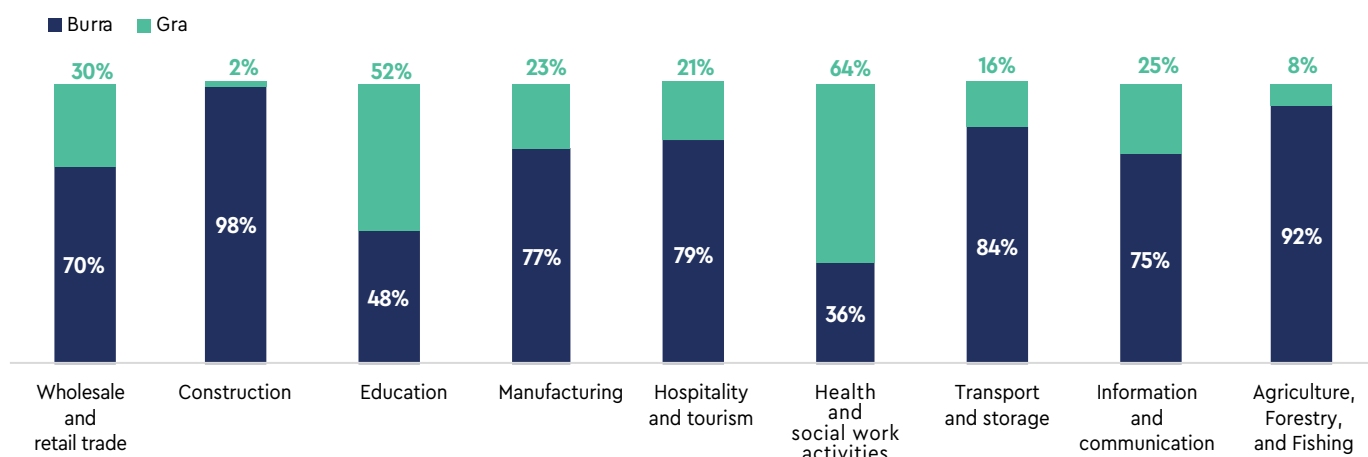
<sup>14</sup> Other measures also include specific groups that are underrepresented in the labor market, including the provision of opportunities for upskilling and reskilling in fields identified as needed by the labor market. Council of the European Union, [Labour and skills shortage in the EU: Mobilizing untapped labour potential in the European Union](#). Draft Council Conclusions, 15463/24., 2024.

<sup>15</sup> Ibid.



An analysis of economic sectors by number of employees shows that the sector with the highest employment rate is wholesale and retail trade, followed by construction, manufacturing, and education (Table 1 in the Appendix). When analyzing employment by gender, key sectors such as construction, transportation, agriculture, forestry and fishing, manufacturing, and information and communication are male-dominated in terms of the number of employed individuals. Only the human health and social work sector is dominated by women.

**Figure 6.** Employment ratio by gender in key economic sectors in Kosovo 2024 (Q2)

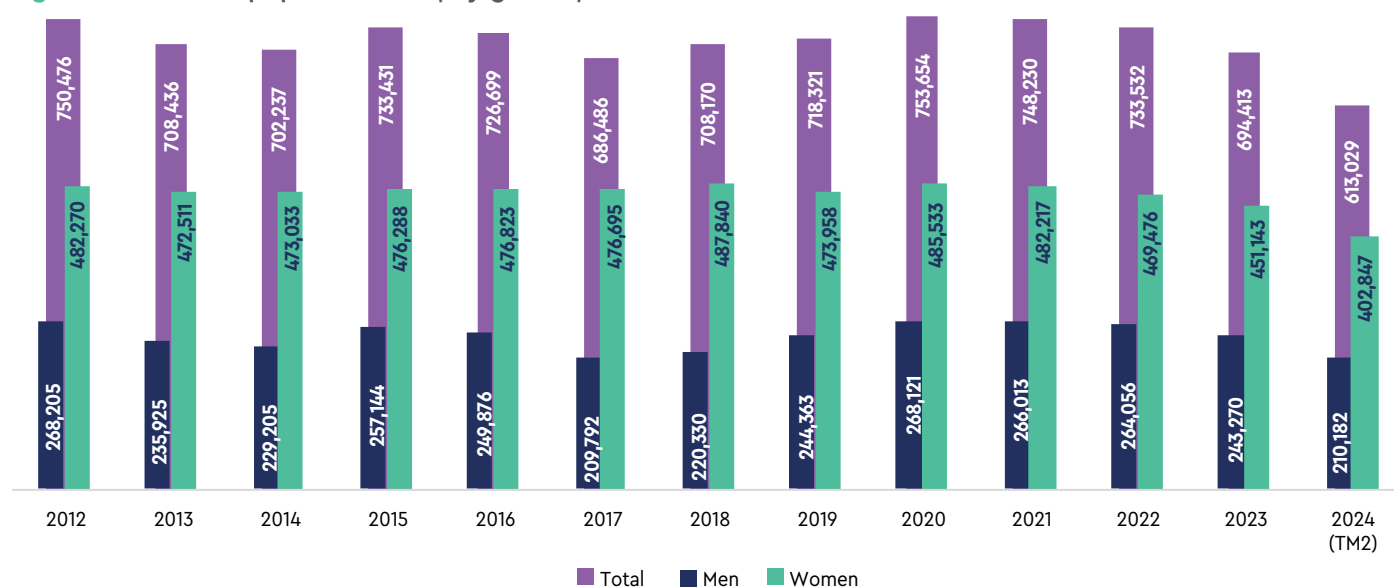


Source: Kosovo Agency of Statistics (KAS)

### 3. Inactive Labor Force

Out of a total of 613,029 economically inactive individuals in Kosovo's labor market, 402,847 (66%) are women, while 210,182 (34%) are men. This means that the economic inactivity rate among women is 32 percentage points higher than that of men.<sup>16</sup> The inactive labor force has dominated the domestic labor market for years. Kosovo ranks first in Europe and fifth in global scale in terms of the lowest female labor force participation.<sup>17</sup>

**Figure 7.** Inactive population rate, by gender, 2012–2024



Source: Kosovo Agency of Statistics (KAS)

<sup>16</sup> Kosovo Agency of Statistics (KAS). [Labor Market, Labor Force Survey](#), 2023.

<sup>17</sup> International Monetary Fund (IMF). [Republic of Kosovo, IMF Country Report No. 24/365](#), 2024

Given that women make up 66% of the economically inactive population, some of the challenges they face in entering the labor market include: family care responsibilities, lack of childcare facilities, a mismatch between their skills and labor market demands, lack of formal employment contracts, low salaries and the gender pay gap, absence of compensation for overtime work and internships, insufficient government support, fear of losing social assistance, limited transportation options, and other similar barriers.<sup>18</sup> According to the latest data from the Labour Force Survey (LFS) in Kosovo, the unemployment rate among women is 8.7 percentage points higher than that of men.<sup>19</sup> Moreover, differences in women's unemployment between the early and later months of the year indicate discouragement and a shift toward inactivity.<sup>20</sup>

Women living in rural areas are twice as likely to remain economically inactive compared to those living in urban areas.<sup>21</sup> Studies show that in households that receive remittances, labor force participation is lower, especially among women.<sup>22</sup> The impact of remittances on increasing the reservation wage negatively affects labor supply.<sup>23, 24</sup> Given that Kosovo receives a high value of remittances (1.35 billion in 2024),<sup>25</sup> they significantly influence labor market behavior by providing an additional source of household income. According to data from the Kosovo Agency of Statistics (KAS), remittances are a primary source of income for about 7% of household economies.<sup>26</sup> This financial security allows recipients to be more selective in their job search and to remain inactive in the labor market.<sup>27</sup>

### 3.1 Labor Market Demand and Supply

The interconnection of factors such as the high rate of economic inactivity, high emigration, and low immigration collectively results in many sectors in Kosovo facing challenges due to the lack of skills and labor force supply. According to a GAP survey,<sup>28</sup> key sectors such as construction, wholesale and retail trade, gastronomy and hospitality, as well as manufacturing, are most affected by the shortage of labor.

If we analyze the data in more detail from the largest employment platform in the country (KosovaJob) for the years 2023 and 2024,<sup>29</sup> over 80% of all job postings are categorized into the following positions: salesperson, cashier, waiter/waitress, cook, driver, graphic designer, various officers, call center agents, various assistants, various managers, engineers, interns in different fields, warehouse workers, among others (Figure 7).

These profiles reflect the economic structure of our country, which has a very low level of industrialization. In the Western Balkan countries, including Kosovo,

18 USAID Private-Sector Led Workforce Development Activity. [ICT Sector Overview. Workforce Demand and Supply](#). 2024.

19 The unemployment rate for men is 7.7% and for women is 18.2%. Source: Kosovo Agency of Statistics (KAS). [Labor Force Survey 2023](#), p.15., 2024.

20 Gashi.A, Rizvanolli.A, Adnett.N, [Bucking the Trend: Female Labor Market Participation in Kosovo](#). Vol.21. p.88–89, 2019.

21 Ibid.

22 United Nations Development Programme (UNDP). [Kosovo Remittance Study](#).

23 Shair, W., et al., [The Differential Effect of Internal and External Remittances on Labor Participation and Employment Choices in Pakistan](#), Google Scholar, Volume 14, Issue 3, 2024.

24 In economic terms, the reservation wage is defined as the lowest wage at which an individual is willing to work. Torzewska.E.C., [Gender gap in reservation wages and the choice of education field](#). Routledge Taylor&Francis Group, 2023.

25 Central Bank of Kosovo (CBK). [Payment balance, time series](#), 2024.

26 Kosovo Agency of Statistics (KAS). [Household Budget Survey](#). 2022.

27 Chami. R., Ernst. E, et al., [Are Remittances Good for Labor Markets in LICs, MICs and Fragile States? Evidence from Cross-Country Data](#). IMF Working Paper WP/18/102, 2018.

28 At the end of 2023, with the aim of measuring the propensity to emigrate following visa liberalization, the GAP Institute conducted a nationwide public opinion survey using the technique of stratified random sampling. A total of 1,066 citizens of Kosovo aged over 18 were surveyed, with a confidence level of 95% and a margin of error of +/-3%.

29 [kosovajob.com](#) is the largest employment platform in the country. The data used is based on around 12,000 job postings during the years 2023–2024.

measurements show that nearly half of the workers are employed in jobs that do not require literacy skills.<sup>30</sup> This means that a significant portion of jobs in Kosovo primarily require low-level skills. Similarly, based on the job demands reflected on KosovaJob, many of the positions do not require specialized qualifications or skills but involve routine tasks that can be learned within a short period. This makes it easier for young, inexperienced individuals, long-term unemployed persons, as well as women of working age who are currently outside the labor market, to access the labor market.

In overall, professions that require fewer skills also have relatively lower salaries. According to data from the Kosovo Tax Administration (KTA), the construction sector in Kosovo offers an average monthly net salary equivalent to 511 euros (572 euros gross), the trade sector offers 491 euros (548 euros gross), the manufacturing sector offers 473 euros (527 euros gross), and the hospitality and gastronomy sector offers 348 euros (384 euros gross).<sup>31</sup> Based on data from the education profile of the inactive workforce, over 70% of them have completed only primary and secondary education.

**Table 2.** Most demanded professions in the market based on job postings from KosovaJob for 2023–2024

Most demanded positions in the labor market	Number of job postings 2023–2024 (KosovaJob)
Salesperson, cashier, etc.	1,846
Waiter/waitress, cook, dishwasher, receptionist, etc.	1,200
Officer and assistant, coordinator, various recruiters, etc.	765
Accountant, credit analyst, auditor, economist, etc.	760
Call center agent, sales agent, virtual assistant, etc.	688
Expert, consultant, advisor, various analysts, etc.	666
Driver, warehouse worker, postman/postwoman, logistics assistant, etc.	649
Marketing agent, graphic designer, animator, content creator, etc.	451
IT expert, programmer, technology specialist, etc.	423
Electrician, mechanic, installer, service technician, various craftsmen, etc.	401
Department manager, project manager, general manager.	359
Electrical engineer, mechanical engineer, civil engineer, etc.	287
Sales manager, store manager, branch manager, etc.	256
Tailor, makeup artist, various service workers, etc.	255
Teacher, educator, mentor, etc.	231

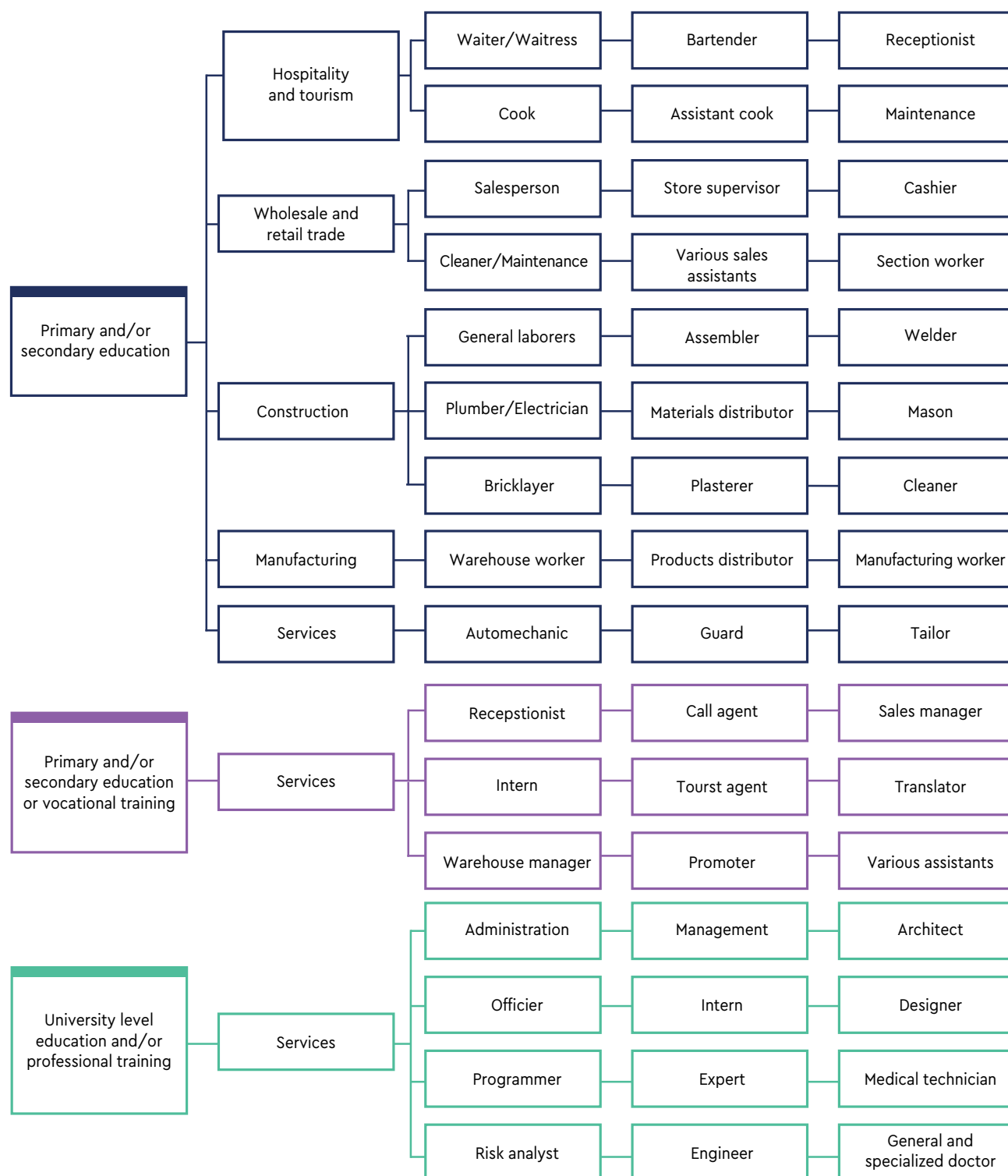
Source: KosovaJob, GAP calculations

In the figure below, a connection is made between the key professions currently in demand in the market according to sectors and the level of education required to perform such jobs. If institutions in Kosovo create training programs, re-skilling, etc., broken down further in this report, it would enable easier and quicker inclusion of inactive individuals in the labor market in the short term. Additionally, it would help prepare and adapt the labor market to trends in various sectors for the medium and long term.

<sup>30</sup> European Training Foundation (ETF). [Bridging the Skills GAP: Embracing Digital Transformation](#). 2025.

<sup>31</sup> Data provided by the Tax Administration of Kosovo (TAK) through a data request, May 2024.

**Figure 8.** Some of the most demanded professions based on the KosovaJob postings, adapted to education levels, 2023–2024



Source: KosovaJob, GAP calculations

## 4. Actions to be Taken for Engaging the Inactive Workforce

### *Training for Advancing Knowledge and Easier Inclusion in the Labor Market*

Offering tailored training opportunities addresses systematic barriers, particularly for women and young age groups. Considering that the majority of women who are inactive in the labor market have lower levels of education, and the sectors most challenged by the lack of workers in Kosovo primarily require practical skills, as shown in Figure 8, it is important to develop or support training programs that prepare young people for labor market orientation. Similar approaches have proven effective in other countries in empowering and equipping young people with skills that encourage their participation in work and contribute to inclusive economic growth.<sup>32</sup> In Kosovo, such training would be particularly effective for youth who are currently not in education, employment, or training.

On the other hand, many companies do not offer training to improve employees' skills, including internships for recent graduates. Therefore, in addition to training, it is important for the government to continue supporting through salary subsidies, aiming to encourage employers to provide employment opportunities, especially for women, young people, and individuals who have been inactive for long periods. This can be achieved by continuing to subsidize salaries for employers seeking young individuals, as is currently approached through the Superpuna program.<sup>33</sup>

### *Support for Increasing Women's Participation in the Labor Market*

The high rate economically inactive women highlights the need for policies to focus significantly on integrating women into the labor market and easing the barriers that prevent them from being active. Increasing women's participation, especially in sectors facing a significant labor shortage, would directly contribute to the growth of the country's Gross Domestic Product (GDP).<sup>34</sup> In order for Kosovo to reach the Western Balkan average (45%) of female labor market participation, around 180 thousand women would need to be added to the labor market. According to a model by the International Monetary Fund (IMF), it is stated that "the impact on GDP would be estimated at 22.9%, of which 19.3% would result from closing the employment gap, 1.1% from reducing the working hours gap, and 2.5% from reducing the wage gap."<sup>35</sup>

Therefore, in addition to training for skill development, some of the necessary interventions include providing affordable and quality childcare services, as women are often kept out of the labor market due to their childcare responsibilities. There is a direct link between childcare services and women's participation in the labor market.<sup>36</sup> One of the government's commitments to address this service was the construction of 160 childcare centers, but in three years, only four have been completed.<sup>37</sup> Additionally, in Kosovo, the widespread

<sup>32</sup> European Commission. [European Network of Public Employment Services](#). 2023. p.59.

<sup>33</sup> Through the Superpuna program, the government supports young people aged 18–29 by mediating between them and employers and subsidizing a monthly salary of 350 euros for a six-month period. Source: Ministry of Finance, Labor, and Transfers (MFPT). [Superpuna](#).

<sup>34</sup> World Bank Group. [South Asia's Growth Outpaces Expectations, More Jobs for Women Needed to Unlock Full Potential](#). 2024.

<sup>35</sup> International Monetary Fund (IMF). [Republic of Kosovo. Selected Issues](#). 2024.

<sup>36</sup> European Union. [Gender equality and work-life balance policies during and after the COVID-19 crisis](#). 2022.

<sup>37</sup> Around 26 child daycare facilities are under construction. Kosovo 2.0. [Three Years of Kurti's Government. How is it going?](#) 2024.

use of schools operating on a two or three-shift system further complicates efforts to balance the roles of parents and employees. Based on the experience of other countries, extending the school day has a positive effect on increasing women's participation in the labor market.<sup>38</sup>

Remote work and the possibility of working part-time are also important factors for balancing work and family obligations, especially for women. Historically, flexible working hours have been used to help women have more opportunities to engage in the labor market, giving them the chance to better manage family responsibilities and household tasks, a statement that is also supported by empirical studies.<sup>39</sup>

At the international level, countries such as the United Kingdom and Germany have a long tradition of using flexible working hours and continue to implement important reforms to support women by addressing their needs for more opportunities to engage in the labor market without a direct conflict between professional and family life.<sup>40</sup> Countries facing high emigration and labor shortages have, as a result, tried to implement reforms that encourage economic participation. In the case of Mexico, the introduction of 'telework' under the Labor Law has positively impacted the increased participation of women in the labor market.<sup>41</sup> Similarly, Jordan has adopted a special regulation allowing women to work remotely, particularly in government administrative positions and certain roles in the private sector. The government has also promoted flexible working hours to make it easier for women to balance work and family responsibilities.<sup>42</sup>

However, in Kosovo, remote work and flexible working hours are limited, thus restricting opportunities for better work-life balance for many employees. Both employers and employees benefit from flexibility, as it increases productivity, especially for women who primarily stay out of the labor market due to the lack of flexibility.<sup>43</sup>

### *Increasing Youth Participation in the Labor Market*

Another concerning characteristic of the labor market in Kosovo is the high level of youth unemployment.<sup>44</sup> Around 30% of individuals aged 15 to 24 in Kosovo are not in education, employment, or training (NEET).<sup>45</sup> Kosovo has the highest NEET participation rate of all Western Balkans countries.<sup>46</sup> This rate exceeds the average in EU countries by over 20% (Table 2 in the Appendix).<sup>47</sup> This category represents a significant portion of the youth population and poses a serious challenge to the country's economic development. To address this issue, effective policies are needed that promote the activation of youth in the labor market and create opportunities for their professional development.

38 Contreras,D.,Sepuleva.P.,[Effect of Lengthening the School Day on Mother's Labor Supply](#). World Bank Group. 2016.

39 Ibid.

40 Marazoitis.F, [Flexibility for equality: Examining the impact of flexible working time arrangements on women's convergence in working hours](#). *British Journal of Industrial Relations*, Volume 62, Issue 2, 2024.

41 World Bank Blogs. [Increasing Women's Workforce Participation in Mexico requires support for Child and Elder Care](#). 2024.

42 Qutteineh. H. [New Emploment Regime in Jordan. Working Within Flexible Arrangements](#). 2017.

43 Marazoitis.F, [Flexibility for equality: Examining the impact of flexible working time arrangements on women's convergence in working hours](#). *British Journal of Industrial Relations*, Volume 62, Issue 2, 2024.

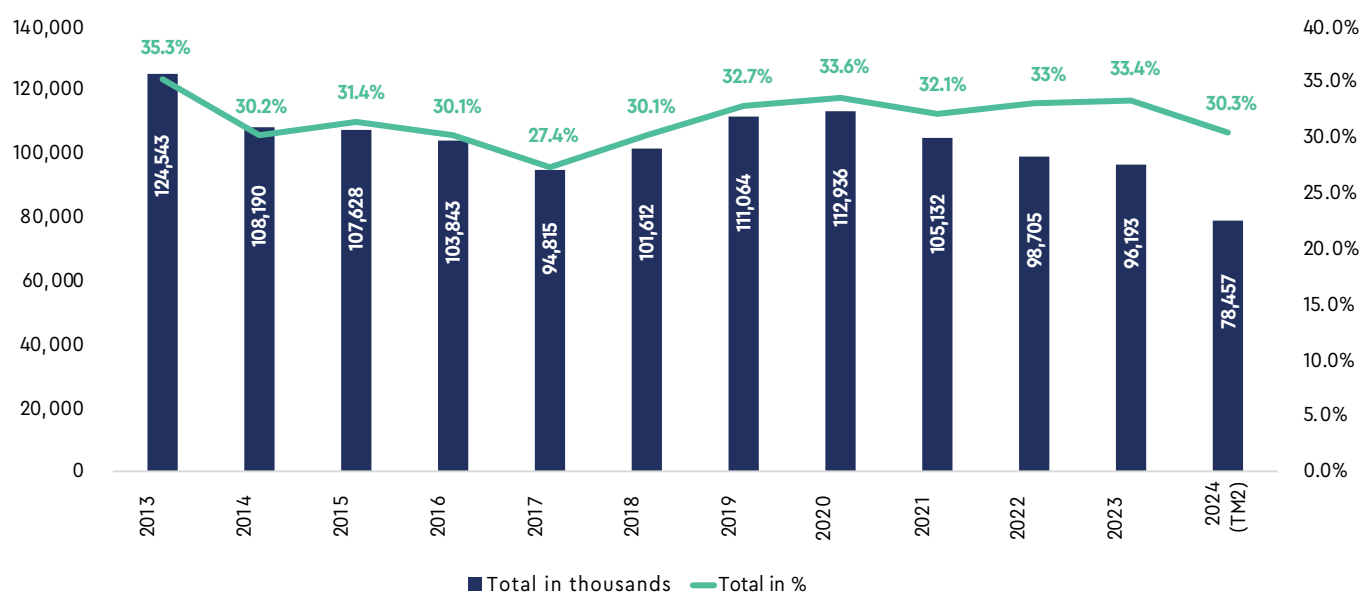
44 European Union Kosovo. [Vocational Education and Training in Kosovo: Challenges and Opportunities](#). 2019.

45 UNICEF Kosovo Programme. [Annual Report 2023](#).

46 UNDP. [Youth Challenges and Perspective in Kosovo](#). 2021.

47 World Bank Group. [Share of youth not in education, employment of training, total \(% of youth population\)](#). 2020-2023.

**Figure 9.** Participation of Youth Not in Education, Employment, or Training (NEET) in Kosovo, 2013–2024



Source: Kosovo Agency of Statistics (KAS)

Many individuals part of the NEET category lack the skills and qualifications necessary to enter the labor market. Professional training programs, focused on the skills demanded by high-demand sectors, are essential. Practical experience is often a barrier for NEET individuals, and connecting them to practical opportunities such as professional internships and apprenticeships in local companies can help them gain valuable work experience. Training programs can enable NEET individuals to transition from inactivity to direct employment. To encourage companies to hire these individuals, the government and local authorities should continue offering incentives for businesses that employ young people who are inactive in the labor market.<sup>48</sup>

Expanding opportunities for learning through work would positively impact the alignment of individuals' skills with the demands of the labor market, contributing to the gradual reduction of the gap between individuals' skills and the market's labor needs.<sup>49</sup> NEET category are a valuable resource for the economy, and the lack of investment in their training could result in lost potential for the local labor market.<sup>50</sup>

### *Strengthening the Capacity and Role of the Employment Agency*

The lack of information about work opportunities, which is one of the reasons why women are inactive in the labor market, needs to be addressed by expanding information about available job openings, particularly in sectors where demand for workers is highest. Various mentorship networks would motivate young women to pursue employment.<sup>51</sup> The Employment Agency in Kosovo (EARK) is recognized for assisting businesses with recruitment; however, individuals interested in entering the labor market report that the agency needs to provide more information to citizens and offer more employment services.<sup>52</sup>

<sup>48</sup> Examples include the [Superpuna](#) program, [selfemployment](#) program, and similar.

<sup>49</sup> Prime Minister's Office. [Employment Strategy– Kosovo 2023–2027](#).

<sup>50</sup> European Union Kosovo. [Vocational Education and Training in Kosovo: Challenges and Opportunities](#). p., 39. 2019.

<sup>51</sup> Sahay, A., Rawlings, L., [How to increase women's economic participation?](#), World Bank Blogs, 2023.

<sup>52</sup> UNDP. [Analysis of satisfaction for the provision of employment services for jobseekers and employers by the Employment Agency](#). Public Opinion on Kosovo Employment Agency Services. Final Report. 2020



Additionally, there is a need to expand the capacity for offering training programs and organizing job fairs, as job seekers believe these services are not offered adequately.<sup>53</sup>

### *Matching Education with the Labor Market Needs*

Matching the needs of the labor market in Kosovo with the qualifications of graduates from educational institutions remains a challenging issue.<sup>54</sup> Studies show that many recruitment companies in Kosovo face difficulties related to the insufficient skills of candidates compared to the qualifications and experience required. According to an employment survey, businesses rate the education system poorly, as it is not sufficient in identifying individuals with specific skills for the jobs demanded by the market. On a strategic level, the interaction between the private sector's needs and the educational system in Kosovo is inadequate. Only a small portion of businesses that are in contact with educational institutions provide recommendations or assist in school curricula.<sup>55</sup>

Additionally, the impact of the pandemic, technological development, and the energy transition requires improved performance from educational institutions,<sup>56</sup> as there is a risk of worsening the situation of the unemployed and reducing opportunities for jobseekers. On a global level, as a result of these changes, by 2030, employers expect that around 40% of workers' basic skills will change.<sup>57</sup> Specifically, developing countries like Kosovo will be even more affected by the need for skills improvement and adaptation.

### *Support for Innovative Technologies*

Alongside the common challenges Kosovo faces in its labor market, technological development offers significant opportunities for improving the situation. Investing in technology and equipping young people with skills in high-potential fields, such as artificial intelligence and software development, is crucial for the country's future. With its young population, well-prepared to adapt to innovations, Kosovo has the potential to develop sectors that require advanced technological skills.<sup>58</sup>

Sustainable technological development can help address some of the major challenges in the labor market, including youth unemployment and the lack of skilled professionals for certain industries. Increasing the productivity and efficiency of businesses through the use of new technologies can create new employment opportunities, which align with the demands of the local market.<sup>59</sup>

Despite this potential, Kosovo ranks among the last in the Western Balkans in terms of ICT policies.<sup>60</sup> To capitalize on this potential, Kosovo must invest more in training and education for advanced technologies. To date, there are about 106 technology training centers in Kosovo, most of which are part of the private sector.<sup>61</sup> Government support for the ICT sector remains insufficient, requiring a restructuring of the approach to this sector, particularly by preparing young people through curricula that include the development of ICT skills, fostering

<sup>53</sup> Ibid.

<sup>54</sup> GAP Institute. [Short Analysis of the Mismatch Between Education and Profession in Kosovo](#). 2020.

<sup>55</sup> World Bank Group. [Kosovo Country Report, Findings from the skills towards employment and productivity survey](#). p.17., 2019.

<sup>56</sup> European Training Foundation (ETF). [Skills Mismatch in EFT Partner Countries. Cross-Country Report](#). 2022.

<sup>57</sup> World Economic Forum. [Future of Jobs Report. Insight Report](#). 2025.

<sup>58</sup> OECD. [Job Creation and Local Economic Development](#), 2024.

<sup>59</sup> Ibid.

<sup>60</sup> OECD, [Western Balkans Competitiveness Outlook 2024. Kosovo](#). f.134., 2024.

<sup>61</sup> USAID Private Sector-Led Workforce Development Activity. [ICT Sector Overview. Workforce demand and Supply](#). 2024.



creativity, guiding youth into these fields through university scholarships, and supporting training programs in specific areas that can meet the high demand in the market.<sup>62</sup> These efforts would be crucial for creating employment opportunities for young people and ensuring sustainable economic development.

### *Support for Advancing Skills in the Clean Energy Sector*

On the other hand, the transition to clean and efficient energy is expected to generate many jobs in the future.<sup>63</sup> Clean energy is already playing an important role in driving employment globally. In 2023, in EU countries, the US, and Japan, about 4–6% of employment growth was a result of clean energy. In China, the impact was even greater, with clean energy contributing 11% to employment growth that year and accounting for about 20% of the country's overall GDP growth.<sup>64</sup> According to some estimates, by 2030, the transition to clean energy is expected to create around 10.3 million new jobs globally.<sup>65</sup> In Kosovo, according to a study by the GAP Institute, the full implementation of the 2022–2031 Energy Strategy could create over 4,000 new jobs through investments in energy efficiency alone.<sup>66</sup>

However, a crucial role in this transformation is played by a skilled workforce. Education and proper training not only influence employment but also play a key role in achieving climate goals and facilitating the transition to clean energy.<sup>67</sup> This includes providing professional guidance, adapting job opportunities, social protection, and active labor market policies to increase the alignment of skills with the needs of the labor market.<sup>68</sup> According to studies, for example, in the solar energy sector, only half of the jobs require university qualifications. The other half of positions require skills that can only be learned through professional training programs.<sup>69</sup> This requires financial and technical support from institutions to establish training centers focused on skill development for the energy sector.

62 The Ministry of Industry, Entrepreneurship, and Trade (MINT), [Current State and Potential of the Information and Communication Technology \(ICT\) Sector in Kosovo](#). 2022.

63 World Economic Forum. [How many jobs could the clean energy transition create?](#) 2022.

64 International Energy Agency (IEA). [World Energy Employment 2024](#), p.43.

65 Ibid.

66 GAP Institute. [Government's Support to Improving Energy Efficiency as a Response to Mitigating \(Future\) Energy Shocks. Western Balkan XI](#). p.6. 2024.

67 International Renewable Energy Agency (IRENA). [Renewable Energy and Jobs. Annual Review](#). p.11., 2024.

68 Ibid., p.74.

69 International Renewable Energy Agency (IRENA). [Renewable Energy and Jobs. Annual Review](#). p.75., 2021.

## 5. Conclusion

Kosovo has long been faced with the so-called "brain drain" phenomenon, which is driving the departure of skilled workers from key sectors such as healthcare, education, and ICT. This has led to a shortage of professionals in these fields.<sup>70</sup> For instance, the number of Kosovars employed in the information and communication sector in Germany has increased by an average of 16% in recent years, while the average salary is approximately 1.5 times higher than in Kosovo, adjusted for the cost of living.<sup>71</sup> Addressing this phenomenon requires adjustments to salaries and the provision of more favorable working conditions in Kosovo so that professionals continue their contributions within the country. It is also essential to provide guidance and incentives for young people, who need to be oriented toward professions that directly impact economic development and are crucial for the long-term well-being of the country. The phenomenon of emigration will lead to a significant shortage of the workforce in the coming years, particularly in key sectors with high productivity in the country's economy. According to data, of the total population of working age, 43% are economically active, while 57% remain inactive, with women making up 66% of this inactive category.

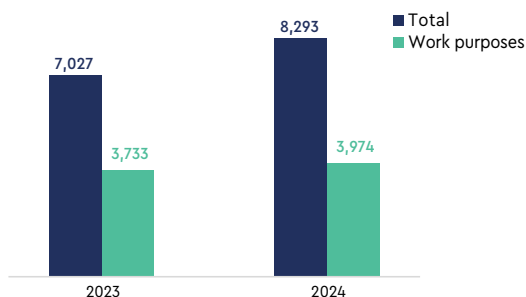
In the face of these challenges, Kosovo must undertake strategic measures to strengthen its labor market. Specifically, Kosovo needs to focus on mobilizing the domestic workforce. Key priorities include increasing the integration of women into economic activities by eliminating barriers that hinder their participation, as well as creating more favorable conditions for their inclusion in sectors with a shortage of workers. Additionally, young people should be trained in accordance with labor market needs by investing in education and training programs that prepare them for sectors that contribute to long-term economic development. Particular attention should be given to sectors with high growth potential, such as technology and energy, which can play a key role in transforming the labor market in Kosovo. By implementing these reforms, Kosovo has the opportunity to address current challenges and build an inclusive and sustainable economy.

<sup>70</sup> GAP Institute. [Employment of Kosovars in Germany. Sectors and Salaries based on Purchasing Power](#). 2024

<sup>71</sup> Ibid.

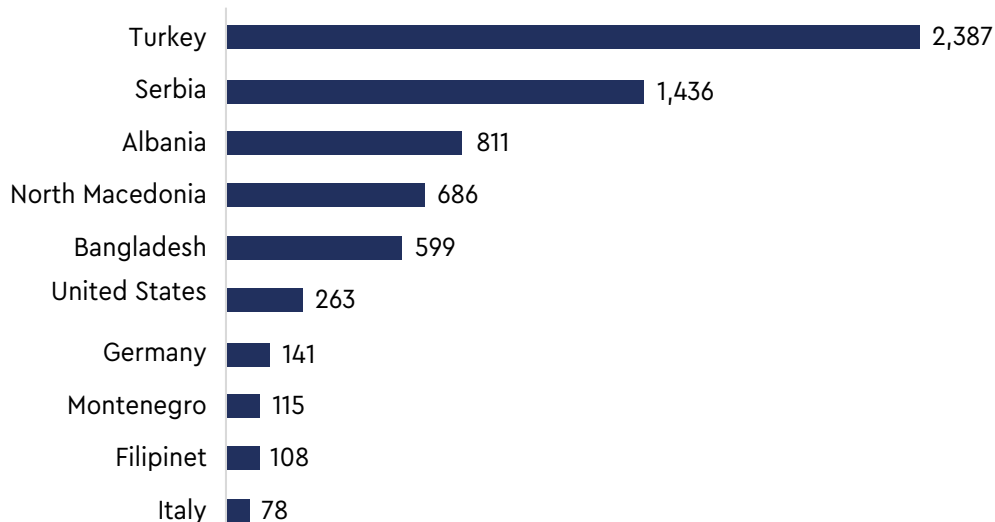
## Appendix

**Figure 1.** The number of residence permits issued for the first time by the EU for Kosovo citizens, 2019 – 2023



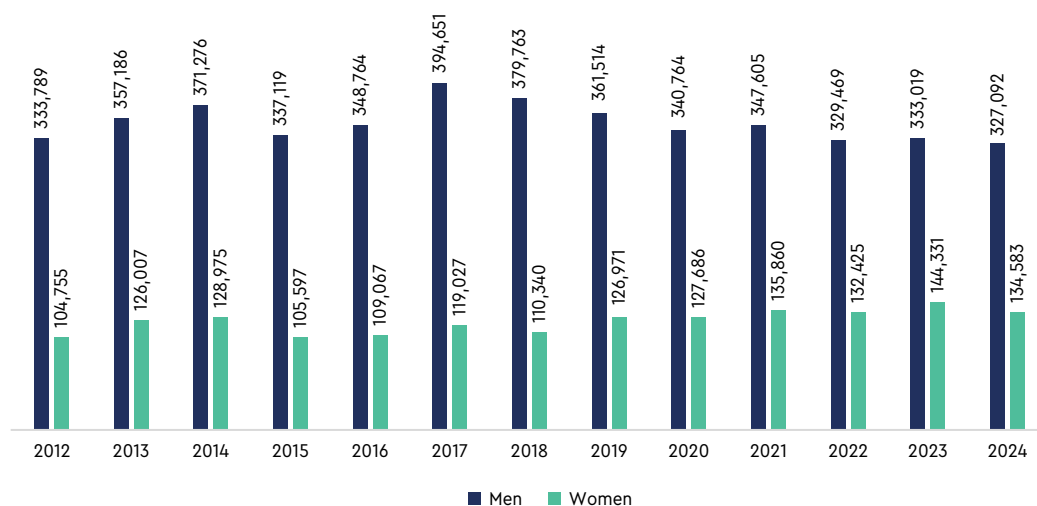
Source: Eurostat

**Figure 2.** The number of first-time residence permits issued by the EU for Kosovo citizens by country, 2023



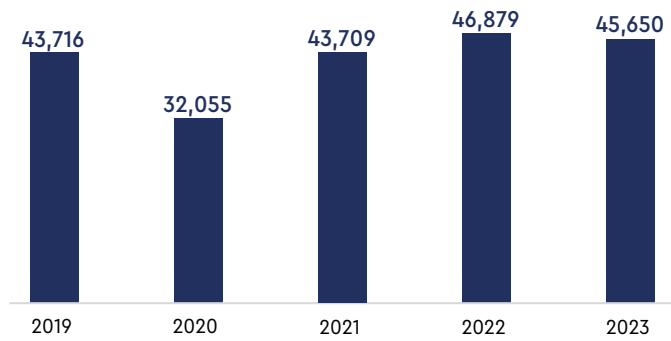
Source: Eurostat

**Figure 3.** Reasons for granting first-time residence permits by the EU to citizens of Kosovo by country, 2014–2023



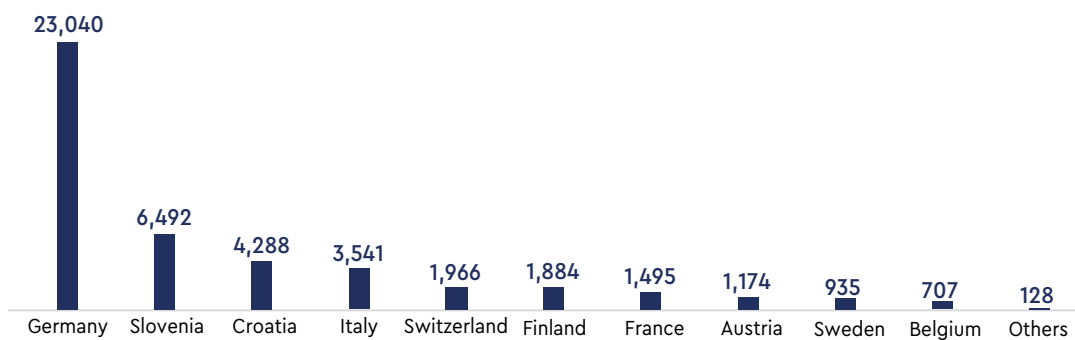
Source: Eurostat

**Figure 4.** Temporary residence permits for foreign nationals in Kosovo, 2023 – 2024



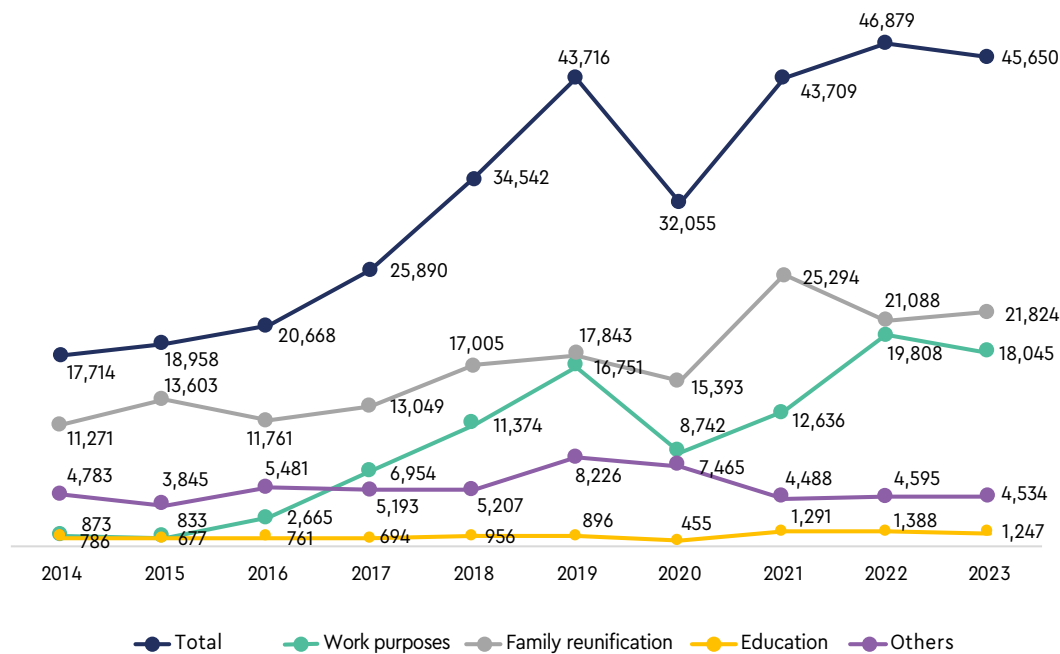
Source: Ministry of Internal Affairs (MIA)

**Figure 5.** Main countries of origin of individuals issued temporary residence permits in Kosovo, 2024

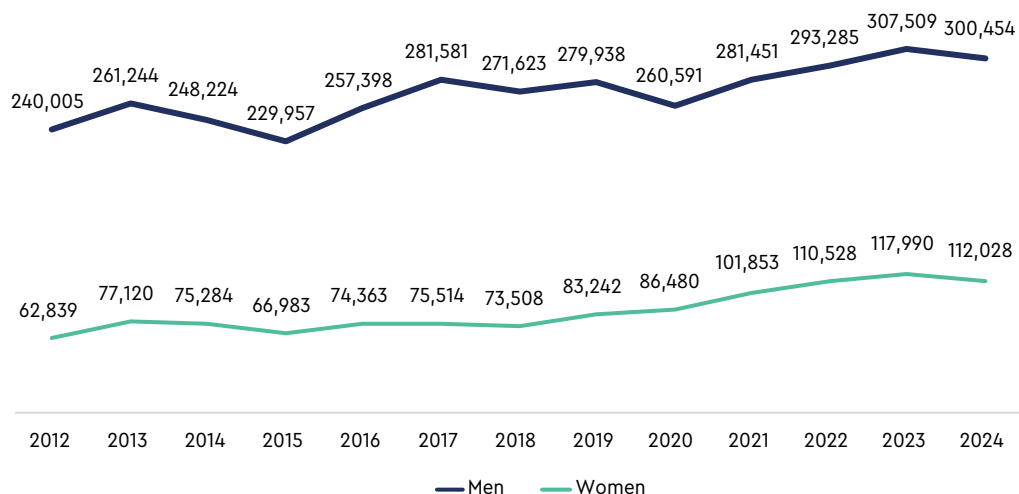


Source: Ministry of Internal Affairs (MIA)

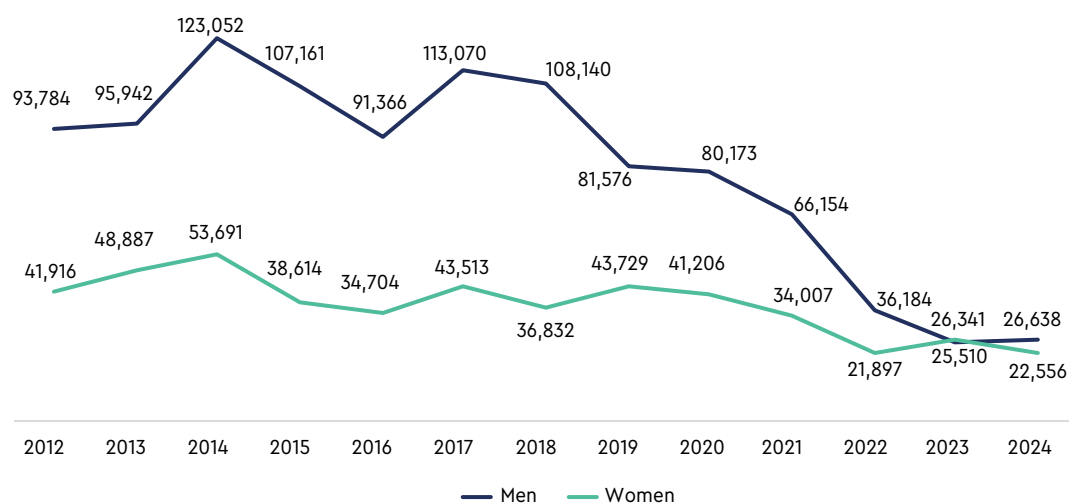
**Figure 6.** Active labor force by gender, 2012–2024 (Q2)



Source: Kosovo Agency of Statistics (KAS)

**Figure 7.** Active labor force, employment by gender, 2012–2024 (Q2)

Source: Kosovo Agency of Statistics (KAS)

**Figure 8.** Active labor force, unemployed by gender, 2012–2024 (Q2)

Source: Kosovo Agency of Statistics (KAS)

**Table 1.** Sectors of employed individuals in Kosovo by gender, 2024 (Q2)

	Men	Women	Total
G – Wholesale and retail trade, repair of motor vehicles and motorcycles.	59,200	24,954	84,154
F – Construction	48,567	1,025	49,592
C – Manufacturing	36,745	10,800	47,545
P – Education	18,519	19,966	38,485
O – Public administration and defense, compulsory social security	25,405	7,466	32,871
I – Accommodation and food services activities	24,081	6,305	30,386
Q – Human health and social work activities	7,136	12,857	19,993
H – Transport and storage	11,387	2,154	13,541
N – Administrative activities and support services	11,050	6,928	17,978
S – Activities of other services	5,846	3,733	9,579
M – Professional, scientific, and technical activities	8,627	3,858	12,485
J – Information and communication	8,202	2,725	10,927
A – Agriculture, forestry, and fishing	10,607	898	11,505
K – Financial and insurance activities	6,486	4,922	11,408
D – Supply of electricity, gas, steam, and air conditioning	6,606	387	6,993
R – Arts, entertainment, and recreation	2,080	1,062	3,142
U – Activities of extraterritorial organizations and bodies	2,546	2026	4,572
E – Water supply, sewerage, waste management	5,199	257	5,456
B – Mining and quarrying	4,909	68	4,977
L – Real estate activities	933	0	933
T – Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	364	558	922

Source: Kosovo Agency of Statistics (KAS)

**Table 2.** The percentage of young people not in education, employment, or training (NEET) in the European Union and the Western Balkans, 2020 – 2023

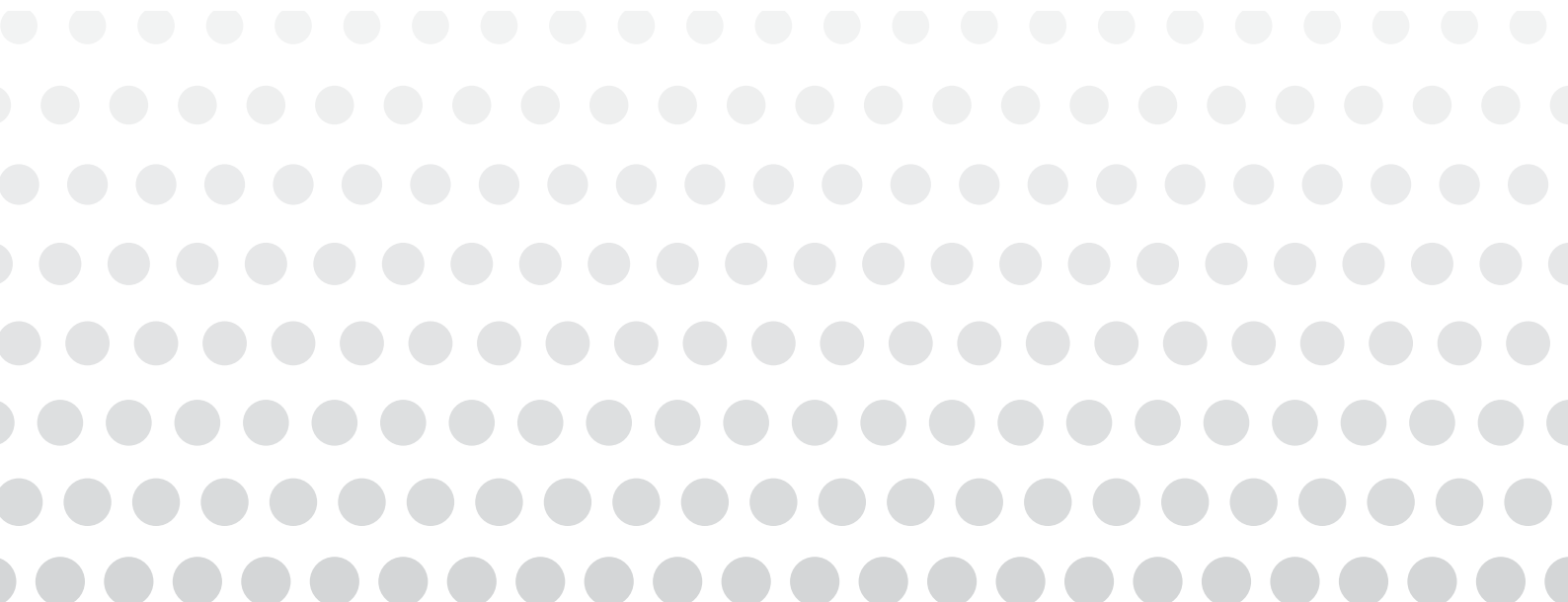
	2020	2021	2022	2023
European Union	11.5%	11.2%	10.1%	9.9%
Albania	26.90%	24.10%	23.70%	23.20%
Bosnia and Hercegovina	21.80%	19.30%	17.60%	16%
North Macedonia	19.80%	18.30%	18.40%	19.10%
Montenegro	21.10%	20.70%	20.10%	/
Serbia	16.20%	16.70%	13.20%	12.40%
Kosovo	33.50%	32%	32.90%	/

Source: International Labor Organization (ILO)





GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.





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