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# Unemployed in the Pandemic

A brief analysis of jobseekers  
and their profile for the period  
March 2020 - February 2021



May 2021

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# **Unemployed in the Pandemic** - A brief analysis of jobseekers and their profile for the period March 2020 – February 2021

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May 2021

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This analysis was originally written in Albanian.

## — **Table of Contents**

- 3** **Executive Summary**
- 5** **Introduction**
- 5** **Job losses in various industries**
- 8** **Record numbers of jobseekers during the pandemic**
- 11** **Support measures for jobseekers and employees**
- 11** **Modest capacities of employment offices**
- 13** **Conclusions and recommendations**



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## Executive Summary

Since the beginning of COVID-19 pandemic in March 2020, movement and economic activity related restrictions have had an extensive impact on Kosovo's economy, most notably on the labor market. Gross Domestic Product (GDP), the employment rate, the unemployment rate, and business turnover in certain industries featured significant fluctuations.

According to data from the Kosovo Agency of Statistics (KAS), in the second quarter of 2020, real GDP growth plunged from 1.3% to -9.3%, employment declined from 29.1% to 24.1%, and unemployment rose from 25% to 27.2%.<sup>1</sup> In addition to the immediate effects, the World Bank found that Kosovo's GDP had contracted by 6.9% in 2020, driven by plunging diaspora tourism and lower investment.<sup>2</sup>

Various industries suffered similar contractions in terms of employee numbers. According to the Tax Administration of Kosovo (TAK), the industries that suffered on average the largest drop in employee numbers between 2019-2020 were transportation and storage (-2,668 employees), public administration (-1,509 employees), trade and repair of motor vehicles (-1,406 employees).<sup>3</sup>

Coincidentally, the number of active jobseekers rose, partly as a result of the dismissal of a portion of the population as well as the emergency fiscal measures approved by the Kurti Government, in support of those who registered at employment centers as unemployed.<sup>4</sup> More specifically, from March to April 2020, the number of active jobseekers rose by more than 32 thousand, and from April to May by approximately an additional 35 thousand. The number of active jobseekers continued to rise until September 2020, when it reached the highest recorded figure – with over 198 thousand jobseekers. After September, the number began to decline and in February 2021 it was approximately 106 thousand registered jobseekers. In terms of the profile of jobseekers, most belonged to the 25-39 age group, with an almost equal distribution between men and women, while in terms of the level of education they were predominantly uneducated and with primary or secondary education.<sup>5</sup>

According to the Employment Agency of the Republic of Kosovo (KEA), the spike in jobseeker numbers during that period is assumed to have been primarily due to measures adopted by the Government, and not necessarily by an immediate spur of interest in employment. This is because most of those who registered as jobseekers during that time are yet to report to this agency, although KEA requires them to report every three months to indicate their employment status and to receive further guidance if they are still unemployed. During 2020, KEA decided to change to "Inactive" the status of those jobseekers who had failed to report for at least three months after registering as jobseekers, and this

1 "Labor Force Survey Q2 2020," Kosovo Agency of Statistics (ASK). Source: <https://bit.ly/3vzsT9g>;

Gross Domestic Product Q3 2020, KAS. Source: <https://bit.ly/2PFDS1U>

2 "Europe and Central Asia Economic Update, Spring 2021: Data, Digitalization, and Governance," World Bank, P. 129. Source: <https://bit.ly/3xzWlhm>

3 Data provided by the Tax Administration of Kosovo for the period January 2019 – February 2021

4 Emergency Fiscal Package. April 2020. Source: <https://bit.ly/3tqutcW>

5 Data provided by the Employment Agency of Kosovo for the period January 2020 – February 2021

may have partly caused the decline of jobseekers by the end of 2020.

In addition to the specific measure in support of young jobseekers, during 2020, the Government adopted a number of other measures in support of the labor market in general. As a result of the Fiscal Emergency Package approved in March 2020, beneficiaries included individuals supported by the social assistance scheme, essential workers, and those who lost their jobs during that time.<sup>6</sup> Additionally, there was a comprehensive Economic Recovery Package approved in August 2020, including measures aimed at boosting employment, targeting specific groups of workers with lower likelihood of employment and youth.<sup>7</sup>

In this study, GAP Institute examines jobseekers from a more detailed perspective in terms of their characteristics, such as age, sex, or level of education, during the one-year period March 2020 – February 2021. Moreover, this study considers the challenges and needs of the Employment Agency, which has faced head-on the large number of jobseekers throughout 2020.

Looking at improving the labor market in general, GAP Institute recommends that the Employment Agency in Kosovo would benefit from increased capacity to facilitate more employment, especially for certain vulnerable groups of jobseekers. Further, it is suggested that the Agency should be able to consistently collect more detailed information on the employment status of registered jobseekers, and that there should be ongoing training or career guidance opportunities for jobseekers, providing information about areas where employees are either currently in demand or expected to be in demand, and how to upgrade their skills.

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6 Emergency Fiscal Package, April 2020. Source: <https://bit.ly/3tqutcW>

7 Economic Recovery Program, August 2020. Source: <https://bit.ly/3dFtZdR>

## Introduction

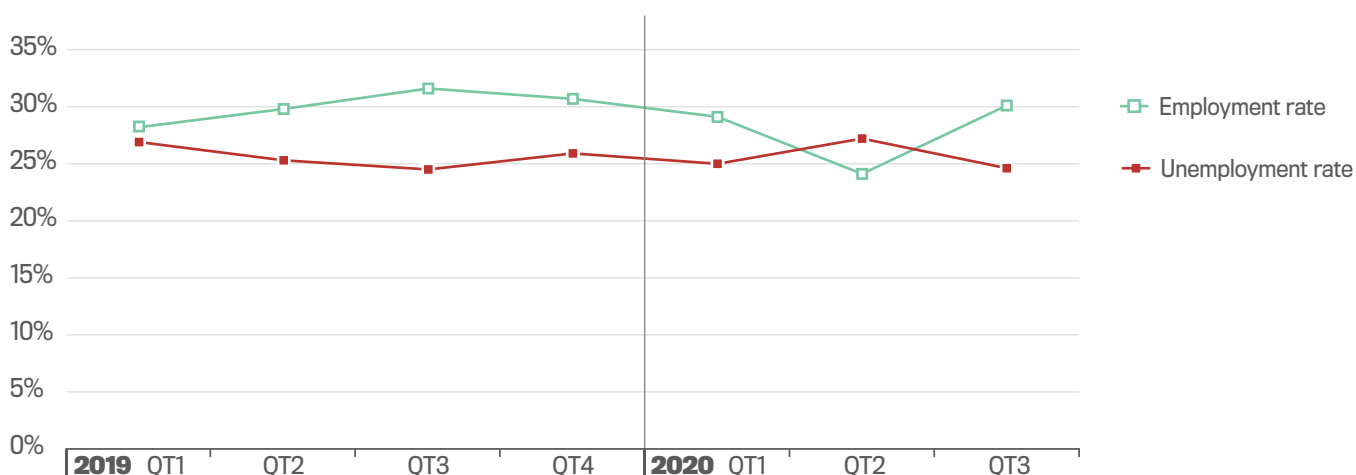
The Employment Agency in Kosovo, with its 34 Local Employment Offices, experienced an unusual year during 2020. A record number of unemployed persons applied to register as jobseekers. In the first months of the pandemic, GAP Institute published a report forecasting the long-term effects of the pandemic on the Kosovo labor market.<sup>8</sup> In April 2020, the number of jobseekers registered at the Employment Agency increased by 40 times compared to the previous month. This trend would continue over the coming months, reaching a record high of over 198,000 jobseekers in September 2020. But what is the total number of jobseekers during the first year of the pandemic? What is their profile? Which industries were compelled to layoff the most workers? Using data from the Employment Agency, Tax Administration, and the Kosovo Agency of Statistics, this report aims to provide a snapshot profile of the pandemic jobseekers, with an emphasis on their number, sex, and level of education. Additionally, this research also examines the capacities of employment offices to provide services to an enormous number of jobseekers.

## Job losses in various industries

Movement and economic activity related restrictions placed a patently heavy burden on the labor market in Kosovo. Employment and unemployment rates changed significantly and business turnover in certain industries suffered a steep decline.

However, although the onset of the pandemic threw down the gauntlet at Kosovo's labor market, Kosovo's economy eventually started to settle. According to the Kosovo Agency of Statistics (KAS), the employment rate fell from 29.1% in the first quarter to 24.1% in the second quarter of 2020, which was also lower than in the second quarter of 2019 (pre-pandemic period) at 29.8%. However, employment rebounded to higher rates than previously recorded, as early as the third quarter of 2020 at 30.1%. On the other hand, unemployment in Kosovo rose by 2.2 percentage points from the first quarter of 2020 (25%) to the second quarter (27.2%). However, it also returned to pre-pandemic values in the third quarter at 24.6%.

**Figure 1. Unemployment and employment rates during 2019 and 2020**



Source: Kosovo Agency of Statistics

<sup>8</sup> "The Impact of COVID-19 Pandemic on the Labor Market," GAP Institute, June 2020.  
Source: <https://bit.ly/3wdz4QS>

At the same time, the impact of the pandemic was present in various industry sectors, where based on data from the Tax Administration of Kosovo (TAK), businesses reported nearly EUR 523 million or 4% less turnover in 2020 than in the previous year.<sup>9</sup> This outcome was mostly influenced by the decline in the turnover of economic activities, such as wholesale and retail trade and repair of motor vehicles (- €302 million), transportation and storage (- €114 million), and hospitality and food service (- €45 million). On the other hand, some activities recorded an increase in turnover, such as information and communication (€67 million), service activities (€26 million), water supply (€18 million) and other activities presented in Figure 2.

**Figure 2. Difference in turnover declaration with TAK for 2019-2020**

(in million Euros)

Wholesale and retail trade; repair of motor vehicles...	-302.4	
Transportation and storage	-114.1	
Accommodation and food service activities	-44.6	
Administrative and support service activities	-44.1	
Manufacturing	-38.5	
Construction	-28.6	
Arts, entertainment and recreation	-22.9	
Financial and insurance activities	-17.9	
Real estate activities	-16.1	
Mining and quarrying	-11.7	
Individual persons	-7.2	
Industry missing	-6.5	
Electricity, gas, steam and air conditioning supply	-2.8	
Activities of extraterritorial organisations and bodies	-0.1	
Activities of households as employers		0.0
Education		1.1
Public administration and defence; compulsory social security		1.8
Agriculture; forestry and fishing		2.1
Human health and social work activities		7.9
Professional, scientific and technical activities		11.2
Water supply; sewerage, waste management and remediation activities		17.8
Other service activities		25.8
Information and communication		66.9

Source: Tax Administration of Kosovo

At the same time, the above-mentioned industries also suffered changes in the number of employees during 2020 compared to 2019. Wholesale and retail trade averaged 1,406 fewer workers, and transportation and storage 2,668 fewer workers. However, hospitality and food service were an outlier with an average increase of 1,239 workers during 2020, despite the decline in turnover.

The increase in the number of employees as opposed to the decline in turnover in this industry may have been a consequence of Measure 14 of the Emergency Fiscal Package, which provided financial support to business organizations registering employees with an employment agreement term of at least one year during

<sup>9</sup> Data provided by the Tax Administration of Kosovo for the period January 2019 – February 2021

the public health emergency.<sup>10</sup> Therefore, although business organizations, in this case those in the hospitality and food service industry, hired new workers with financial assistance from the Government leading to an increase in the number of employees, the losses in turnover of the industry in general may have been greater than the financial benefits from the Government, resulting in net turnover decline for that industry.

Industries recording an increase in turnover also saw an increase in the average number of employees during 2020, such as information and communication (+2,801 employees), water supply (+2,262 employees), and other service activities (+26,850 employees). It should be noted that the increase recorded in other service activities of 26,850 employees, or almost three times more than the previous year, comes mainly as a result of allowances applicable in March and April 2020 for eligible employees in that industry, who benefited from the Emergency Fiscal Package. Therefore, that increase in the number of employees is valid only for the months of March and April 2020 when it was 356,524, compared to the same period of 2019 when it was 25,954. As of May 2020, the number of employees in this industry returned to previous values.<sup>11</sup>

**Figure 3. Difference in the average number of employees for 2019-2020 according to TAK**

Other service activities	26,850
Manufacturing	3,438
Information and communication	2,801
Water supply; sewerage, waste management...	2,262
Construction	1,612
Accommodation and food service activities	1,239
Administrative and support service activities	1,141
Mining and quarrying	769
Activities of extraterritorial organisations and bodies	72
Electricity, gas, steam and air conditioning supply	61
Professional, scientific and technical activities	36
Education	-9
Real estate activities	-109
Agriculture; forestry and fishing	-169
Human health and social work activities	-228
Financial and insurance activities	-393
Arts, entertainment and recreation	-619
Individual persons	-679
Industry missing	-1,111
Wholesale and retail trade; repair of motor vehicles...	-1,406
Public administration and defence; compulsory social security	-1,509
Transportation and storage	-2,668

Source: Tax Administration of Kosovo

<sup>10</sup> Emergency Fiscal Package. April 2020. Source: <https://bit.ly/3tqutcW>

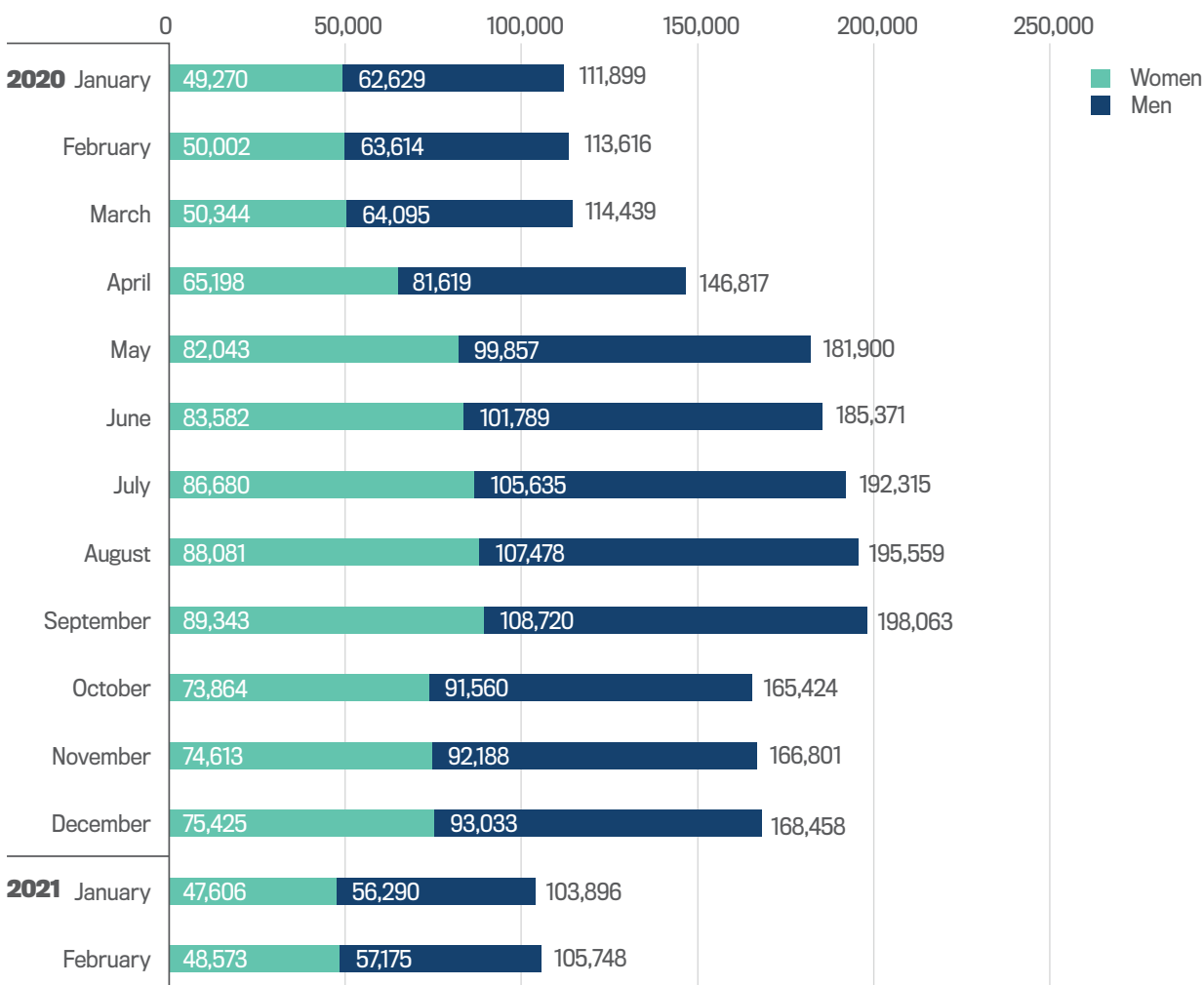
<sup>11</sup> Clarification via e-mail from Valentina Bytyqi-Sefa, Head of Communications and Media Division, Tax Administration of Kosovo, April 16, 2021

## Record numbers of jobseekers during the pandemic

The above employment trends were also felt by the Employment Agency of the Republic of Kosovo (KEA), where according to data from this institution, during a significant part of 2020, the total number of registered jobseekers was extremely high. April 2020 marked the beginning of rising numbers of jobseekers with about 147 thousand active jobseekers in total. This may have been influenced by Measure 15 of the Emergency Fiscal Package approved by the Kurti Government in March 2020, which provided for a monthly payment of EUR 130 for individuals registered as unemployed (and living in poor conditions or not benefiting any other payment from the Kosovo Budget) at employment centers.

In fact, the number of active jobseekers continued to grow until it peaked in September 2020, with more than 198,000 jobseekers. After September, the number began to decline and in February 2021 it stood at nearly 106 thousand active jobseekers registered. Throughout this period, women and men were equally interested in finding work, as women accounted for an average of 45% of all jobseekers.<sup>12</sup>

**Figure 4. Trend in total active jobseekers during 2020 and 2021**



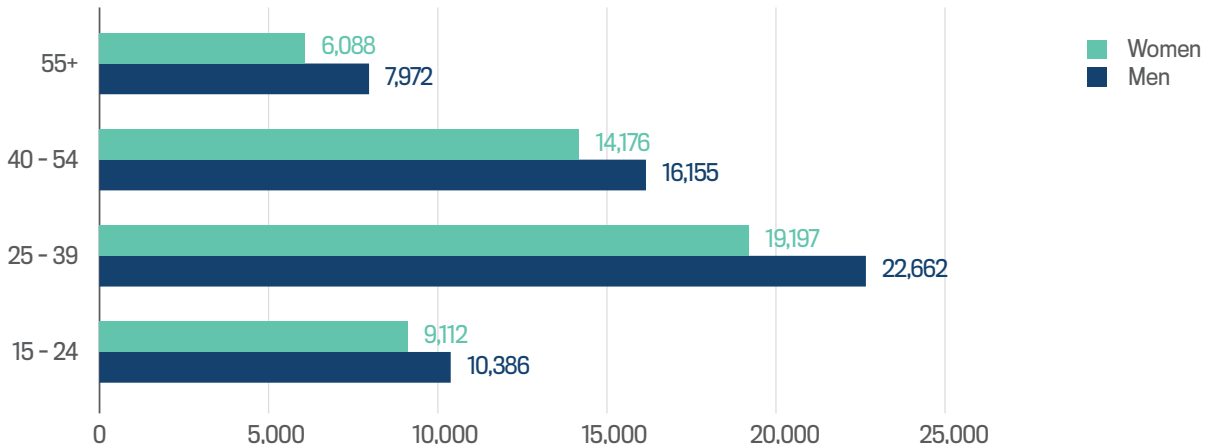
Source: Employment Agency of the Republic of Kosovo

<sup>12</sup> Data provided by the Employment Agency of Kosovo for the period January 2020 – February 2021



According to the latest data, in February 2021, looking at total active jobseeker numbers, in the 25-39 age group jobseekers were predominantly male at 22,662, as opposed to female at 19,197. The least number of jobseekers were in the 55+ age group, where the same composition is observed with more men (7,972) than women (6,088).

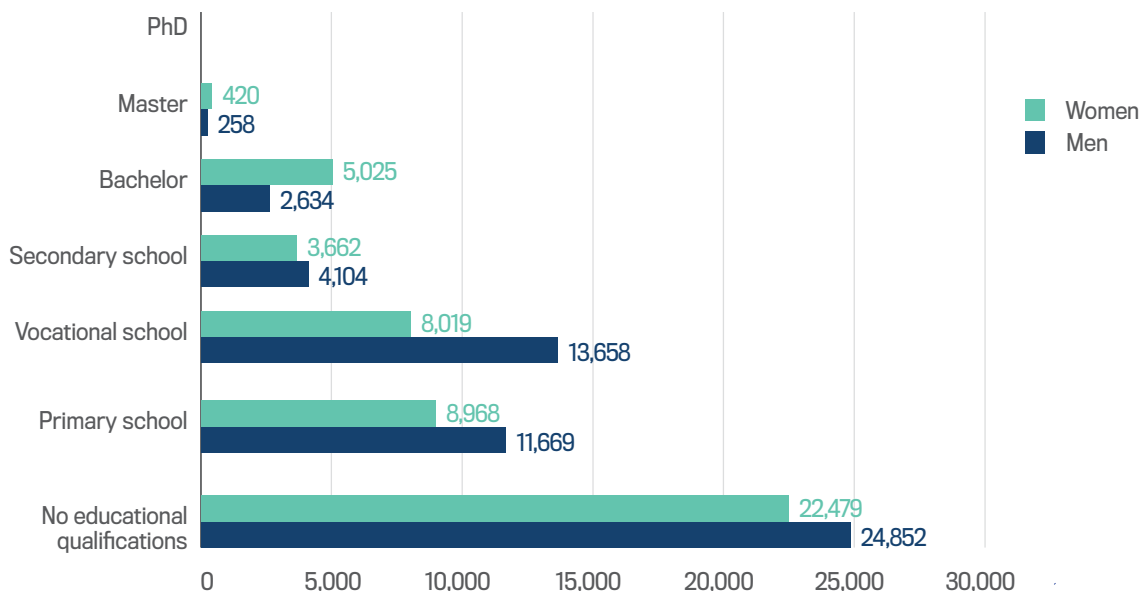
**Figure 5. Jobseekers by sex and age in February 2021**



Source: Employment Agency of the Republic of Kosovo

In terms of level of education, the majority or 45% of active jobseekers are uneducated, 20% have completed primary education, 21% have completed vocational secondary education, 7% have completed secondary education, and about 8% have completed higher education. Uneducated jobseekers, those with primary and secondary education are predominantly men, while jobseekers with higher education (Bachelor or master's degree) are predominantly women.

**Figure 6. Level of education of active jobseekers in February 2021**



Source: Employment Agency of the Republic of Kosovo

The municipalities with the most active jobseekers in February 2021 were Podujeva (8,944), Prizren (8,103), and Peja (7,828), while Partesh (318), Junik (248), and Mamusha (59) had the least. Moreover, of these jobseekers, there were more women than men in the municipalities of Peja (53.5% of total jobseekers), Partesh (53.1%), Leposaviq (52.8%), North Mitrovica (52.6%), Podujeva (52.1%), Zvecan (51.7%), and Prishtina (51.2%), out of 38 municipalities in total.

**Table 1. Active jobseekers in February 2021, by Municipality**

<b>Municipality</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Podujeva	4,657	4,287	8,944
Prizren	3,558	4,545	8,103
Peja	4,190	3,638	7,828
Ferizaj	2,136	2,910	5,046
Gjakova	2,051	2,969	5,020
Vushtrri	2,416	2,588	5,004
Mitrovica	2,184	2,663	4,847
Gjilan	2,269	2,556	4,825
Suhareka	1,997	2,402	4,399
Lipjan	1,968	2,392	4,360
Prishtina	2,233	2,127	4,360
Skënderaj	1,869	1,960	3,829
Malisheva	1,339	2,100	3,439
North Mitrovica	1,690	1,521	3,211
Leposavić	1,516	1,354	2,870
Glllogoc	1,118	1,490	2,608
Dragash	1,002	1,588	2,590
Istog	833	1,449	2,282
Klina	954	1,242	2,196
Fushë Kosova	1,068	1,109	2,177
Viti	852	882	1,734
Zveçan	813	760	1,573
Shtime	577	897	1,474
Zubin Potok	703	718	1,421
Kaçanik	437	984	1,421
Obiliq	556	753	1,309
Kamenica	479	794	1,273
Rahovec	336	865	1,201
Graçanica	534	627	1,161
Shtërpce	481	570	1,051
Deçan	345	623	968
Novo Brdo	417	545	962
Ranillug	337	416	753
Hani i Elezit	161	304	465
Klllokot	198	221	419
Partesh	169	149	318
Junik	116	132	248
Mamusha	14	45	59
<b>Total</b>	<b>48,573</b>	<b>57,175</b>	<b>105,748</b>

Source: Employment Agency of the Republic of Kosovo

## Support measures for jobseekers and employees

During 2020, the Government adopted two substantive packages with certain measures to support the labor market, among other economic aspects affected by the pandemic. On March 30, 2020, the Government approved the Emergency Fiscal Package comprising 15 measures to mitigate the immediate impact of the pandemic on the national economy.

More specifically, the Government allocated EUR 20.6 million for additional payments from social schemes for at least two successive months, EUR 22 million for additional payments for essential workers, such as in grocery stores, bakeries, and pharmacies, and for those who lost their jobs, and EUR 3 million for monthly assistance for those who register at employment centers as unemployed and do not benefit from the Kosovo Budget or those living in destitute conditions.<sup>13</sup> The latter may have contributed to the tremendous increase in the number of jobseekers in April and May 2020.

Aiming to turn the corner in the economy of Kosovo, the Government approved its Economic Recovery Program in August 2020. Among the various targeted measures to support aggregate demand, manufacturing, financial liquidity, revenues of certain sectors, etc., there were also certain measures to support the labor market and employment in general. Namely, more than EUR 67 million were allocated to subsidize the salaries of current employees and boost employment of certain groups of individuals with lower employment probability and EUR 5 million to provide financial support for youth employment.<sup>14</sup> To date, EUR 47 million have been executed as a wage subsidy for private sector employees affected by the pandemic, as well as an additional EUR 6 million for the same reason targeting certain business groups.<sup>15</sup> However, according to a report by the GAP Institute, businesses that have benefited from the Economic Recovery Program have benefited proportionately and not according to the impact of the pandemic on their activity. For example, industries such as information and communications and health, which actually recorded an increase in financial turnover during 2020, also benefited from the EUR 67 million for salary subsidies.<sup>16</sup>

## Modest capacities of employment offices

According to the Department of Labor Market in the Employment Agency of the Republic of Kosovo (KEA), the increase in jobseekers during 2020 may be predominantly due to measures adopted by the Government under the Emergency Fiscal Package, and not necessarily supported by a growing trend in the number of jobseekers or real interest in employment.<sup>17</sup> This is because most of those who registered as jobseekers during that time are yet to report to the Agency whether they have found employment. According to the rules, jobseekers must report to KEA every three months, otherwise they will be removed from unemployment rosters. KEA provides notice of vacancies only to those who are on the roster or those who report regularly every three months. The reason for the failure to report by some jobseekers could be the fact that some of them may work in the informal sector, which allows them to register with KEA as unemployed.

<sup>13</sup> Emergency Fiscal Package. April 2020. Source: <https://bit.ly/3tqutcW>

<sup>14</sup> Economic Recovery Program, August 2020. Source: <https://bit.ly/3dFtZdR>

<sup>15</sup> Decision No. 08/08 of the Government of Kosovo, 21 April 2021. Source: <https://bit.ly/2SeFQHq>

<sup>16</sup> "Economic Recovery Program and Law," GAP Institute, March 2021. Source: <https://bit.ly/3eVS9kB>

<sup>17</sup> Interview with Muhamet Klinaku – Director, Department of Labor Market, Employment Agency of the Republic of Kosovo, April 23, 2021.

Considering the possibility of benefiting from emergency fiscal packages, the inclusion of a part of the employees in the informal sector would certainly artificially increase the number of jobseekers. Furthermore, jobseekers are not automatically removed from the system even if they fail to report every three months after registration.<sup>18</sup> However, in 2020, KEA decided to change to “Inactive” the status of those jobseekers who had failed to report for more than three months after registering as jobseekers,<sup>19</sup> and this may have partly caused the decline in the number of jobseekers by the end of 2020. If detailed information on the status of jobseekers were collected upon initial registration, then we would have a clearer picture of the impact of KEA on real employment, as it would partially match the decline in the number of jobseekers.

KEA claims that during 2020 it lacked adequate budgetary support from the Government to deal with the onslaught of new jobseekers.<sup>20</sup> In addition, the limitations on the number of staff due to restrictive measures and the constant requests for access to information have overwhelmed this institution. Despite heavier workloads related to jobseekers, the KEA in cooperation with the United Nations Development Program (UNDP) and the Ministry of Interior Affairs (MIA) launched a project to help repatriated jobseekers find work and provide training to repatriated persons with limited educational background. More specifically, the project aims to partially subsidize enterprises to hire employees on 12-month contracts and to provide 3-month training for repatriated persons without work experience.<sup>21</sup>

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18 Ibid.

19 Ibid.

20 Ibid.

21 On-the-Job Training and Wage Subsidy Program for Repatriated Persons, Employment Agency of the Republic of Kosovo. Source: <https://bit.ly/305fDqF>; <https://bit.ly/3tB98gj>

## Conclusions and recommendations

The economic hardships brought on by the COVID-19 pandemic have significantly affected the economy and especially the labor market in Kosovo. Since the beginning of the pandemic in Kosovo, employment declined from 29.1% to 24.1% and unemployment rose from 25% to 27.2%. Some of the industries, such as transportation and storage, were compelled to downsize their workforce, laying off 2,600+ employees. This helps explain why the number of jobseekers in employment offices rose in every municipality in Kosovo. At the same time, according to the Employment Agency of Kosovo (KEA), from March to May 2020, the number of active jobseekers increased by more than 67 thousand and continued to rise until September 2020 by more than 198 thousand jobseekers. These numbers remained high until the end of 2020, when the Agency began to change the status of some of them to “Inactive” as they had failed to report at the Agency after registration to confer about their employment status, which is required every three months. This suggests that the Government measure to support jobseekers financially caused a huge wave of registrations while it was applicable.

In terms of the characteristics of jobseekers, the same pattern of almost equal distribution between men and women was present throughout 2020 as well. However, there was no equal distribution in terms of education, where jobseekers were mostly uneducated, with primary or secondary education, and in terms of age, where most belonged to the 25-39 age group. Differences were also observed in the geographical distribution of jobseekers, where municipalities such as Podujeva, Prizren and Peja dominated in terms of numbers.

Towards improving the labor market and support extended to jobseekers, GAP Institute recommends the following:

The Government of Kosovo should support the Employment Agency of Kosovo with capacity building, to facilitate the regular launch of employment projects for certain vulnerable groups of jobseekers, such as women, youth, and those in need.

The Government of Kosovo should cooperate with the Employment Agency of Kosovo to collect regular data on the employment status of jobseekers after registration. This would provide for better metrics on the impact of the Agency's programs.

The Ministry of Education, Science, Technology, and Innovation should help upgrade career guidance capacities for students and graduates exploring post-study options, and even uneducated persons or those with lower levels of education, to facilitate the provision of information about areas where employees are either currently in demand or expected to be in demand. Consequently, some of the unemployed will have greater employment opportunities in the future.

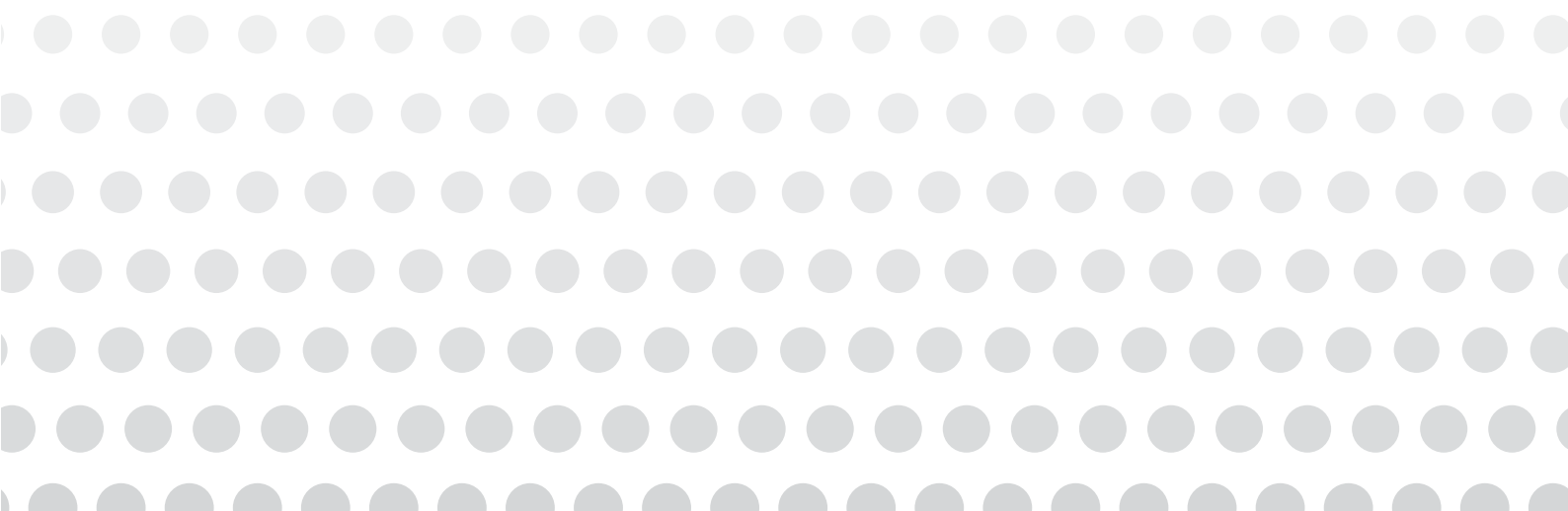


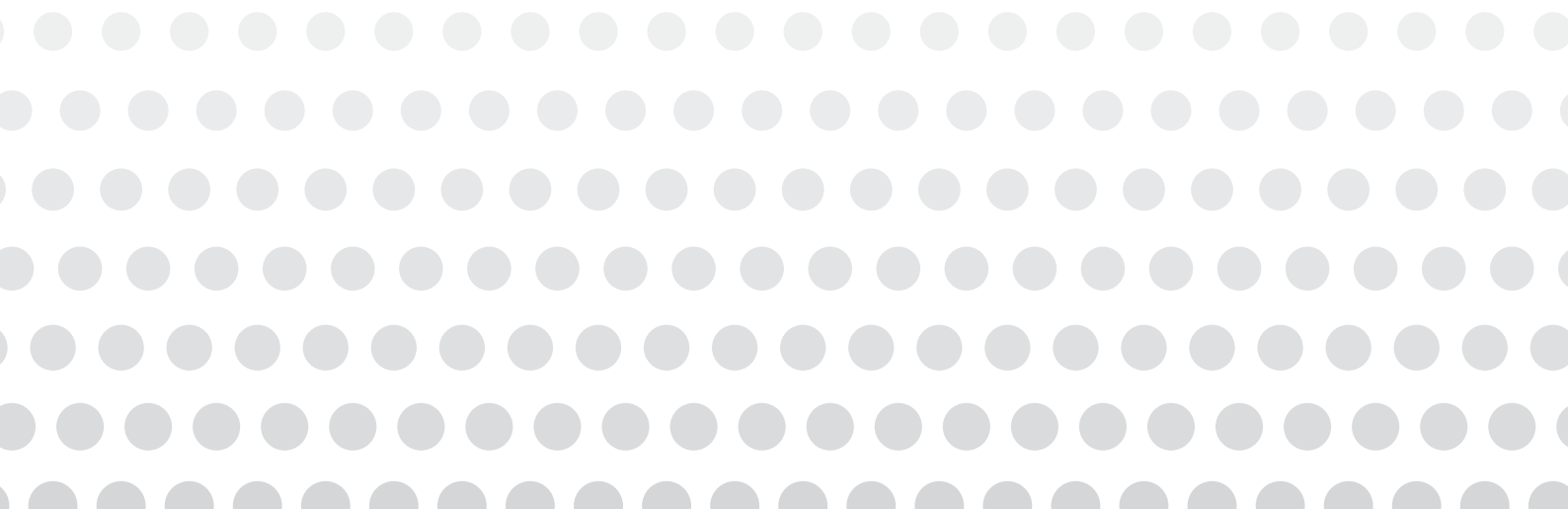
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