

NEWS RELEASE

231,000 new jobs added in Western Balkans amid ongoing economic challenges, emigration

VIENNA, March 19, 2018 - A 3.9 percent increase in employment over the last year has led to the creation of 231,000 new jobs throughout the six countries of the Western Balkans, according to the 'Western Balkans Labor Market Trends 2018' report, launched today by the World Bank and the Vienna Institute for International Economic Studies (wiiw). Unemployment also fell from 18.6 percent to 16.2 percent, reaching historic lows in some countries.

Leading the way for employment in the region was Kosovo, which saw an increase of 9.2 percent, followed by Serbia (4.3 percent), Montenegro (3.5 percent), Albania (3.4 percent), FYR Macedonia (2.7 percent), and Bosnia and Herzegovina (1.9 percent). Despite this progress, however, low activity rates - particularly among women and young people - along with high rates of long-term unemployment and a prevalence of informal work, continue to pose challenges for sustained economic growth in the region.

"The region has made great strides in improving labor market outcomes over the last year - meaning more people are finding jobs," says Linda Van Gelder, World Bank Country Director for the Western Balkans. "However, we continue to see high rates of people who are not in employment, education or in training programs and we need to find ways to link them to future opportunities."

Youth unemployment of 37.6 percent is a key challenge for the region. However, this rate is down from last year and all countries except Albania are experiencing the lowest levels of youth unemployment since 2010. Country rates range from 29 percent in Montenegro and Serbia, to more than 50 percent in Kosovo. According to the report, it may be difficult for young people who become detached from jobs or education for long periods to reintegrate into the labor market. They also face a wage gap, earning up to 20 percent less than those who find employment sooner.

The report also notes that female employment rates are on the rise but they still remain low by European standards. The employment rate for women across the region stands at 43.2 percent, varying from a low of 13.1 percent in Kosovo to a high of 52.3 percent in Serbia. The gender gap in employment has also narrowed since 2010, ranging from 28.9 percentage points in Kosovo to 9.8 percentage points in Montenegro.

"Economic trends in the region look to be headed in the right direction," says Robert Stehrer, Scientific Director of the Vienna Institute for International Economic Studies. "Getting more people, particularly young and women into employment remains one of the key challenges in the region to sustain economic and social convergence."

A number of obstacles to employment need to be addressed to reduce ongoing emigration from the region, especially common among young, educated people. In order to address this, further knowledge is needed. Countries in the region should synchronize their data on emigration and improve the registration and publication of migration statistics. By utilizing high-quality data that is in-line with international standards on workforce composition – both domestically and internationally – will produce accurate analysis of labor market dynamics in the region and allow for the design of policies that can simultaneously address the challenges of emigration and reap the benefits of migration.

Better linkages between secondary graduates and the labor market, as well as earlier interventions to retain students, can improve opportunities for employment. Policies, such as child care, care facilities for the elderly, flexible work arrangements and more part-time jobs would also promote labor market integration among women.

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Link to the report:

<http://www.worldbank.org/en/region/eca/publication/labor-trends-in-wb>

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