

# Poverty & Equity Brief

Europe & Central Asia

## KOSOVO

October 2019

Kosovo's poverty rate (measured at US\$ 5.5/day, 2011 PPP) decreased from 21.6 percent in 2017 to an estimated 19.8 percent in 2018, thanks to a sustained positive economic performance (growth averaged 3.4 percent annually over the period 2012-2017). Analysis of poverty drivers between 2012-2017 suggests that an increase in earnings significantly contributed to a reduction of 6 percentage points during the period, since labor is the primary source of income for the poor. Likewise, most of the poverty reduction in the period was driven by progress in rural areas, whereas urban poverty decreased a slower rate.

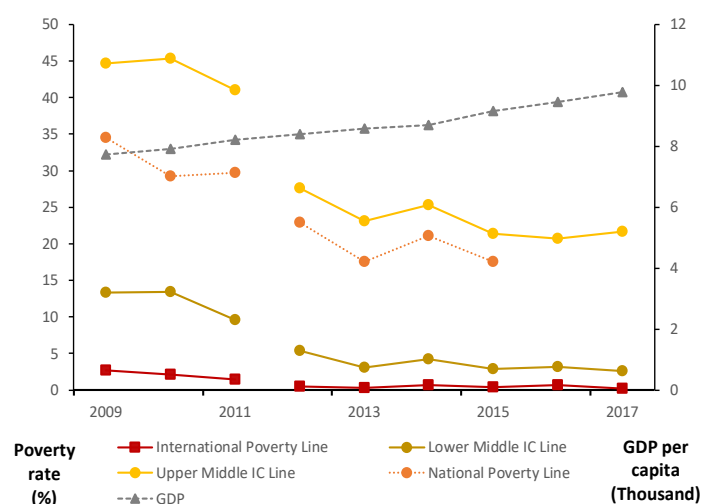
Labor force participation continues to be chronically low at 38.7 percent of the working age population (WAP) in Q1 2019. The employment rate has been largely constant since 2017, at 28-29 percent of the WAP, suggesting that robust growth is not translating into more jobs. Despite minimal average employment gains, net job creation has been faster in low-skilled sectors that employ more workers at the bottom of the income distribution. Unemployment remains high at 27 percent of the labor force (LF) in Q1 2019 (the annual average was 29.5 percent in 2018), and its recent movements follow closely the evolution of LF participation rather than employment. Youth unemployment affects more than half of the active youth and fluctuates between 50-55 percent since 2012, with no significant downward trend.

Shared prosperity trends are positive, especially in rural areas. In the period 2012-2017, annualized consumption growth of the bottom 40 percent of the population rose by 2.4 percentage points, 0.5 percentage points faster than the country average; in rural areas the shared prosperity premium was 0.9 percent. In recent years, inequality has been stagnant. After falling slightly over the period 2012-2015, inequality, Gini coefficient, reached a new peak of 0.29 in 2017. Reductions in inequality in rural areas were compensated by rising inequality in urban areas.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	317.1	17.6	2015
International Poverty Line 0.7 in Euro (2017) or US\$1.90 (2011 PPP) per day per capita	4.2	0.2	2017
Lower Middle Income Class Poverty Line 1.2 in Euro (2017) or US\$3.20 (2011 PPP) per day per capita	48.5	2.6	2017
Upper Middle Income Class Poverty Line 2 in Euro (2017) or US\$5.50 (2011 PPP) per day per capita	396.1	21.6	2017
Multidimensional Poverty Measure		0.5	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.36	2012-2017
INEQUALITY			
Gini Index		29.0	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.47	2012-2017
GROWTH			
Annualized GDP per capita growth		3.1	2012-2017
Annualized Consumption Growth per capita from Household Survey		1.89	2012-2017
MEDIAN INCOME			
Growth of the annual median income		1.53	2012-2017

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2019, and Global Monitoring Database for the rest.

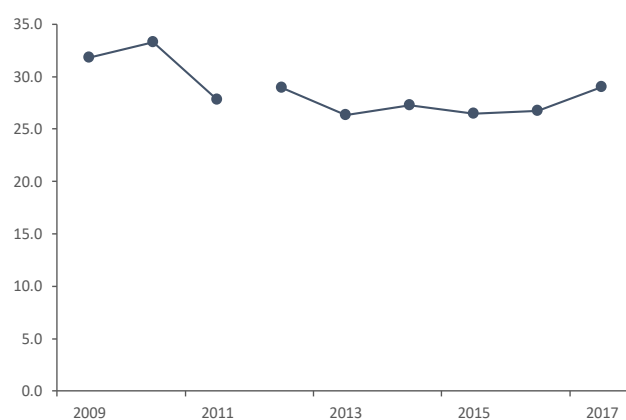
## POVERTY HEADCOUNT RATE, 2009-2017



Source: World Bank using HBS/ECAPOV/GMD

## INEQUALITY TRENDS, 2009-2017

### Gini Index



Source: World Bank using HBS/ECAPOV/GMD

## KEY INDICATORS

Distribution among groups: 2017	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people): 2017
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	97	3	32	68	<b>Monetary poverty (Consumption)</b>
Rural population	97	3	45	55	Daily consumption less than US\$1.90 per person
Males	98	2	39	61	<b>Education</b>
Females	97	3	41	59	At least one school-aged child is not enrolled in school
0 to 14 years old	95	5	51	49	No adult has completed primary education
15 to 64 years old	98	2	37	63	<b>Access to basic infrastructure</b>
65 and older	99	N/A*	32	68	No access to limited-standard drinking water
Without education (16+)	93	N/A*	33	67	No access to limited-standard sanitation
Primary education (16+)	95	N/A*	40	60	No access to electricity
Secondary education (16+)	98	2	41	59	
Tertiary/post-secondary education (16+)	99	N/A*	21	79	

Source: World Bank using HBS/ECAPOV/GMD

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Notes: N/A missing value, N/A\* value removed due to less than 30 observations

## POVERTY DATA AND METHODOLOGY

The World Bank's international poverty rates are based on the "dollar a day" methodology and are comparable across countries and years. The guiding principle of international poverty lines is to count the number of poor people in the world in terms of some absolute standard and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. National poverty estimates are produced by the Kosovo Agency of Statistics, based on the annual Household Budget Survey. Poverty is calculated on a per adult equivalent consumption aggregate, defined as the total value of a household's expenditure on food and non-food items.

During 2017, the most recent year of published figures, 18 percent of the population lived in poverty (based on a poverty line of 1.85 euros per adult equivalent per day). The levels of the national and international poverty rates differ because (1) the consumption aggregate is estimated using different methodologies; and (2) the absolute poverty lines are different. Despite the difference in levels, the trends are consistent. Poverty estimates for the period 2012–2017 are not comparable with previous years, as the sample frame was updated to use the results of the 2011 census in 2012, and there were changes to the reference period.

## HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.