

Poverty & Equity Brief

Europe & Central Asia

Kosovo

October 2020

Kosovo's poverty rate (measured at US\$ 5.5/day, revised 2011 PPP) decreased from 24.4 percent in 2017 to an estimated 22 percent in 2018, thanks to a sustained positive economic performance (per capita growth averaged 3.59 percent annually over the period 2012-2017). Analysis of poverty drivers between 2012-2017 suggests that an increase in earnings significantly contributed to poverty reduction, especially in rural areas. The COVID-19 pandemic and associated halt in economic activity is likely to increase poverty in 2020, as firms cut jobs and informal sector workers' earnings plummet. Simulations of the impact on income distribution of the losses suffered by workers, accounting for the mitigation measures by the government, suggest a possible poverty increase of about 5 percentage points.

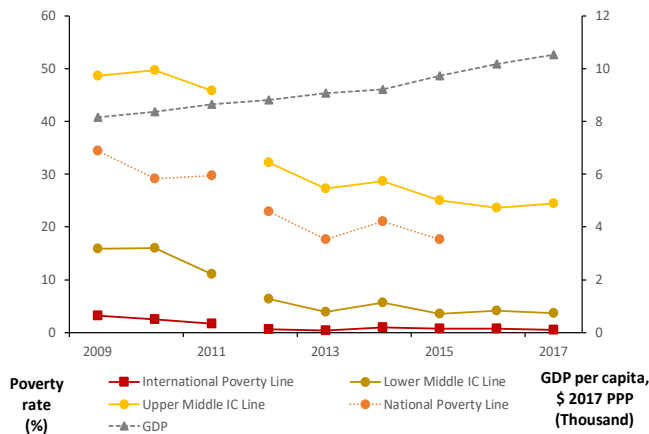
Labor force participation is chronically low in Kosovo at 38.8 percent of the working age population (WAP) in Q1 2020. The employment rate has increased marginally since 2017, to 29.1 percent of the WAP, suggesting that robust growth is not translating into more jobs. Unemployment remains high at 25 percent of the labor force (LF) in Q1 2020 and its recent movements follow closely the evolution of LF participation rather than employment. Youth unemployment affects half of the active youth and was 46.4 percent in Q1 2020.

In 2020, the 2011 PPP was revised to take into account the effects of (i) national accounts rebasing, (ii) improvement of the underlying price data, (iii) regression of non-participating countries, and (iv) national accounts expenditure shares and relative prices between all of the countries in each comparison region. The revised 2011 PPP for Kosovo is 5.3 percent higher than one based on the original PPP.

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	7.9	0.4	2017
Lower Middle Income Class Poverty Line 1.2 in Euro (2017) or US\$3.20 (2011 PPP) per day per capita	64.8	3.6	2017
Upper Middle Income Class Poverty Line 2 in Euro (2017) or US\$5.50 (2011 PPP) per day per capita	437.2	24.4	2017
Multidimensional Poverty Measure		0.8	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		3.59	2012-2017
Annualized Consumption Growth per capita from Household Survey		1.89	2012-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.53	2012-2017

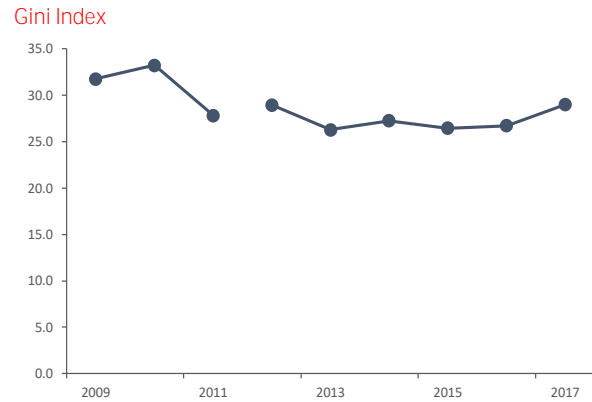
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2009-2017



Source: World Bank using HBS/ECAPOV/GMD

INEQUALITY TRENDS, 2009-2017



Source: World Bank using HBS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2017	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2017 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	97	3	32	68	Monetary poverty (Consumption) Daily consumption less than US\$1.90 per person 0.4
Rural population	96	4	45	55	
Males	97	3	39	61	Education At least one school-aged child is not enrolled in school 23.6 No adult has completed primary education 0.5
Females	96	4	41	59	
0 to 14 years old	94	6	51	49	Access to basic infrastructure No access to limited-standard drinking water 0.7 No access to limited-standard sanitation 1.4 No access to electricity 0.2
15 to 64 years old	97	3	37	63	
65 and older	99	N/A*	32	68	
Without education (16+)	93	N/A*	33	67	
Primary education (16+)	95	N/A*	40	60	
Secondary education (16+)	97	3	41	59	
Tertiary/post-secondary education (16+)	99	N/A*	21	79	

Source: World Bank using HBS/ECAPOV/GMD

Source: World Bank using HBS/ECAPOV/GMD

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.