

Poverty & Equity Brief

Europe & Central Asia

Kosovo

April 2023

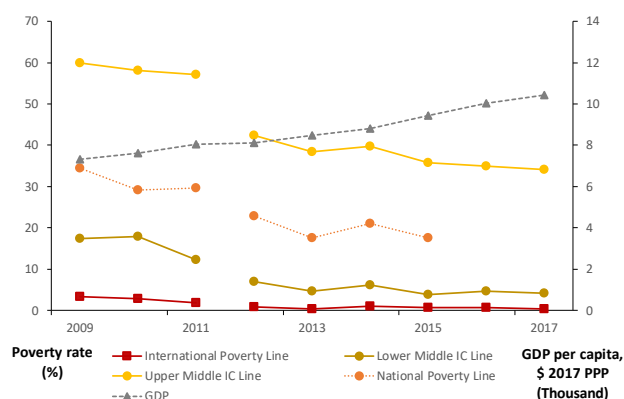
Poverty in 2022 is estimated to have dropped to 25.4 percent and is projected to further decline in 2023. However, inflationary pressures could lead to a stagnation of poverty rates. Over 2017-19, per capita GDP growth averaged 4.2 percent annually and the (consumption-based) poverty rate fell from 34.2 percent in 2017 to an estimated 28.9 percent in 2019. In 2020, the crisis reversed this positive trend as GDP per capita dropped by 6.2 percent and poverty is estimated to have increased by 3.5 percentage points. In 2021, the economy bounced back strongly - GDP per capita grew by 12 percent, as diaspora travel resumed, construction boomed, and manufacturing exports increased, while the impacts of early pension withdrawals and other fiscal stimulus measures fueled consumption.

In 2023, projected growth of GDP per capita is at 3.6 percent, and poverty is expected to further decline to 24 percent. However, downside risks related to food and energy prices could hit Kosovo especially hard as it is a net importer of both - if diaspora travel remittances and wages fall behind inflation, real incomes could be significantly reduced, and poverty might not fall as projected. Despite a recovery after the pandemic, labor force participation remains chronically low (39.3 percent 2021), especially among females (22 percent). While average unemployment was 20.8 percent, it was higher among youth (38.9 percent of the 15-24 age group) and female (22.1 percent). The Not in Education, Employment, or Training (NEET) as share of the youth population is 32.1 percent. Formal employment increased significantly, and registered unemployment fell, suggesting improvements in the labor market and earnings.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	317.1	17.6	2015
International Poverty Line 0.8 in Euro (2017) or US\$2.15 (2017 PPP) per day per capita	7.9	0.4	2017
Lower Middle Income Class Poverty Line 1.3 in Euro (2017) or US\$3.65 (2017 PPP) per day per capita	74.5	4.2	2017
Upper Middle Income Class Poverty Line 2.4 in Euro (2017) or US\$6.85 (2017 PPP) per day per capita	611.8	34.2	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		5.18	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, PIP as of April 2023, and Global Monitoring Database for the rest.

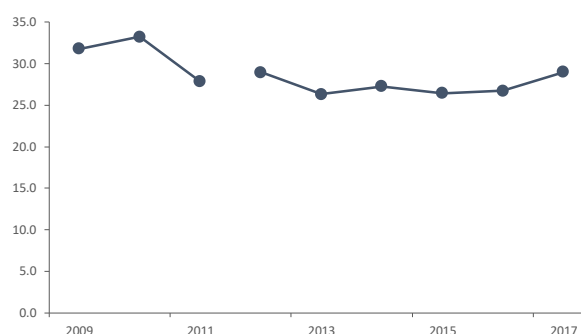
POVERTY HEADCOUNT RATE, 2009-2017



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	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	96	4	32	68
Rural population	96	4	45	55
Males	96	4	39	61
Females	96	4	41	59
0 to 14 years old	93	7	51	49
15 to 64 years old	96	4	37	63
65 and older	98	N/A*	32	68
Without education (16+)				N/A
Primary education (16+)				
Secondary education (16+)				
Tertiary/post-secondary education (16+)				

Source: World Bank using HBS/ECAPOV/GMD

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

Multidimensional Poverty Measures: 2017		(% of population)
Monetary poverty (Consumption)		
Daily consumption less than US\$2.15 per person		0.4
Education		
At least one school-aged child is not enrolled in school		N/A
No adult has completed primary education		0.5
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

Source: World Bank using HBS/ECAPOV/GMD

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.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.