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CONSUMPTION POVERTY IN THE REPUBLIC OF KOSOVO IN 2010

December 2012

The World Bank
Europe and Central Asia Region
Poverty Reduction and Economic
Management Unit

www.worldbank.org

Kosovo Agency of Statistics
Social Statistics Department
Living Standards Sector

www.esk.rks-gov.net

CONCEPTS AND DEFINITIONS

This report focuses on *absolute poverty*, comparing living standards to a poverty threshold that is held fixed *in real terms* over time and space. The poverty line is updated over time to account for changes in prices.

Consumption is used as the measure of individual well-being or welfare. Household consumption is calculated as the total value of a household's expenditure on food and nonfood items as recorded in the Household Budget Survey (a nationally representative survey conducted each year), including imputed values of any home-produced food items that were consumed by the household. In keeping with past practices in Kosovo, expenditures on consumer durable items and rent are excluded from the consumption measure.

The actual value of household consumption depends on the size and demographic composition of the household. Therefore household consumption is divided by the number of adult equivalents in the household to arrive at the welfare measure, which is consumption per adult equivalent, expressed in Euros at 2010 prices (2009 prices for 2009 estimates).

Two poverty lines are used in the analysis, a poverty line that is considered adequate to meet basic needs and an extreme poverty line. Both poverty lines are based on the poverty lines that were calculated for earlier poverty assessments (World Bank 2005). After adjusting for inflation, the poverty line and extreme poverty line are €1.61 and €1.07 per adult equivalent per day for 2010 and €1.55 and €1.02 respectively for 2009.

The two measures of consumption poverty used in this report are the poverty headcount ratio and the poverty gap. The poverty headcount ratio measures how many people are poor, and is simply the percentage of the population whose consumption per adult equivalent is less than the poverty line. The poverty gap measures not only how many people are poor, but also the depth of poverty among the poor, and therefore can detect changes in welfare that occur below the poverty line, such as households becoming less poor, but not enough to cross the poverty line.

The 2009 and 2010 HBS surveys used the new master sample that was developed in 2008 and therefore data for the two years are comparable.

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Figure 1: Poverty and extreme poverty headcount by location (%) 2009-2010

Source: HBS 2009-2010

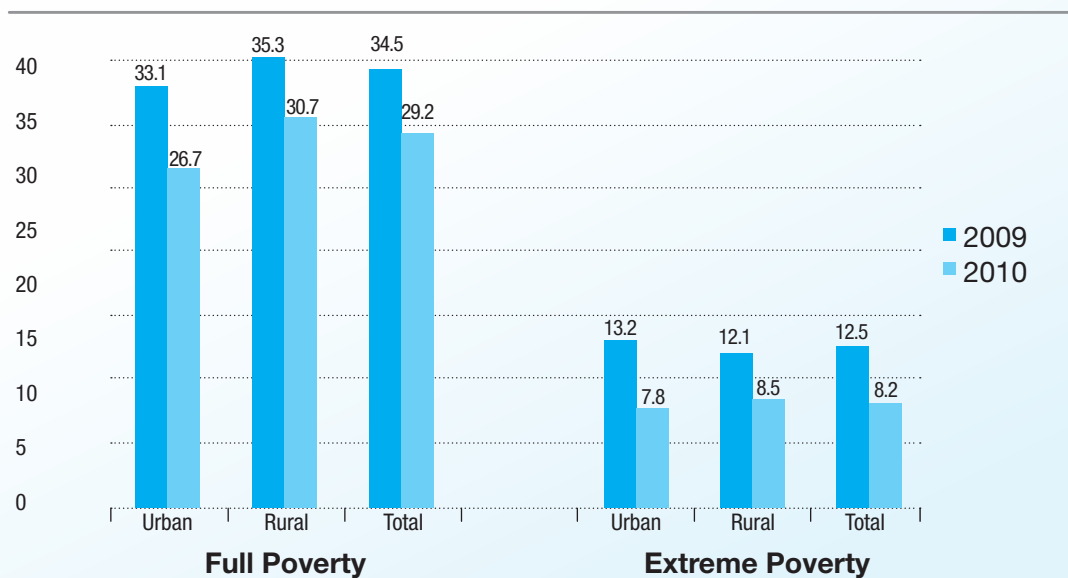


Figure 2: Poverty gap index for full and extreme poverty line (%) 2009-2010

Source: HBS 2009-2010

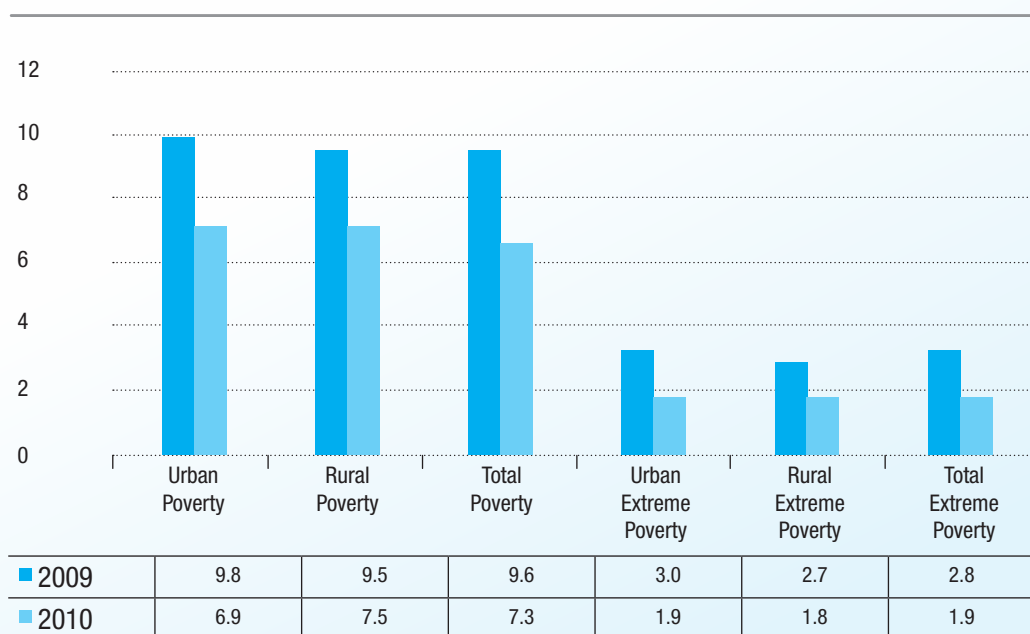


Table 1: Distribution of the poor by location (%) 2009-2010

Source: HBS 2009-2010

Area	Distribution of Population			Distribution of the Poor			Distribution of the Extreme Poor		
	2009	2010	change	2009	2010	change	2009	2010	change
Urban	37.1	37.4	0.2	35.6	34.2	-1.4	39.1	35.4	-3.7
Rural	62.9	62.6	-0.2	64.4	65.8	1.4	60.9	64.6	3.7
Overall	100.0	100.0	0.0	100.0	100.0	0.0	100.0	100.0	0.0

Table 2: Gini coefficient (%) 2009-2010

Source: HBS 2009-2010

Area	2009	2010
Urban	33.9	31.1
Rural	27.2	27.1
Overall	30.2	29.0

Figure 3: Poverty incidence by household size (%) 2010

Source: HBS 2010

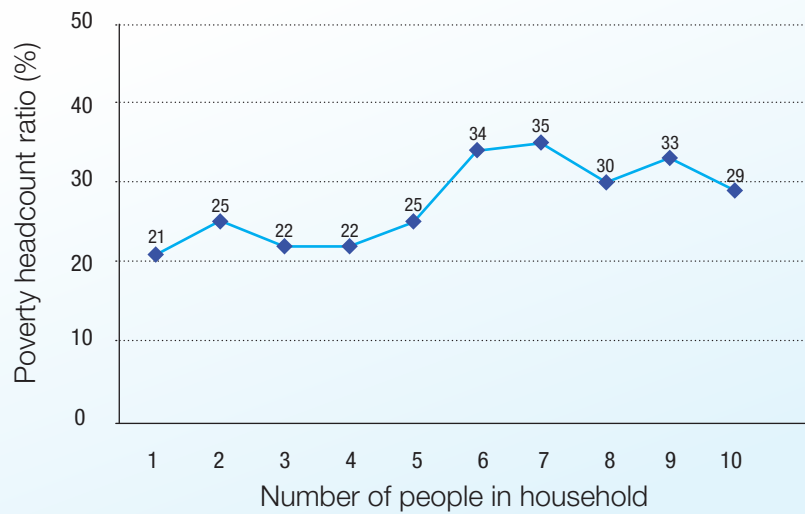


Figure 4: Poverty incidence and distribution of poverty by household size (%) 2010

Source: HBS 2010

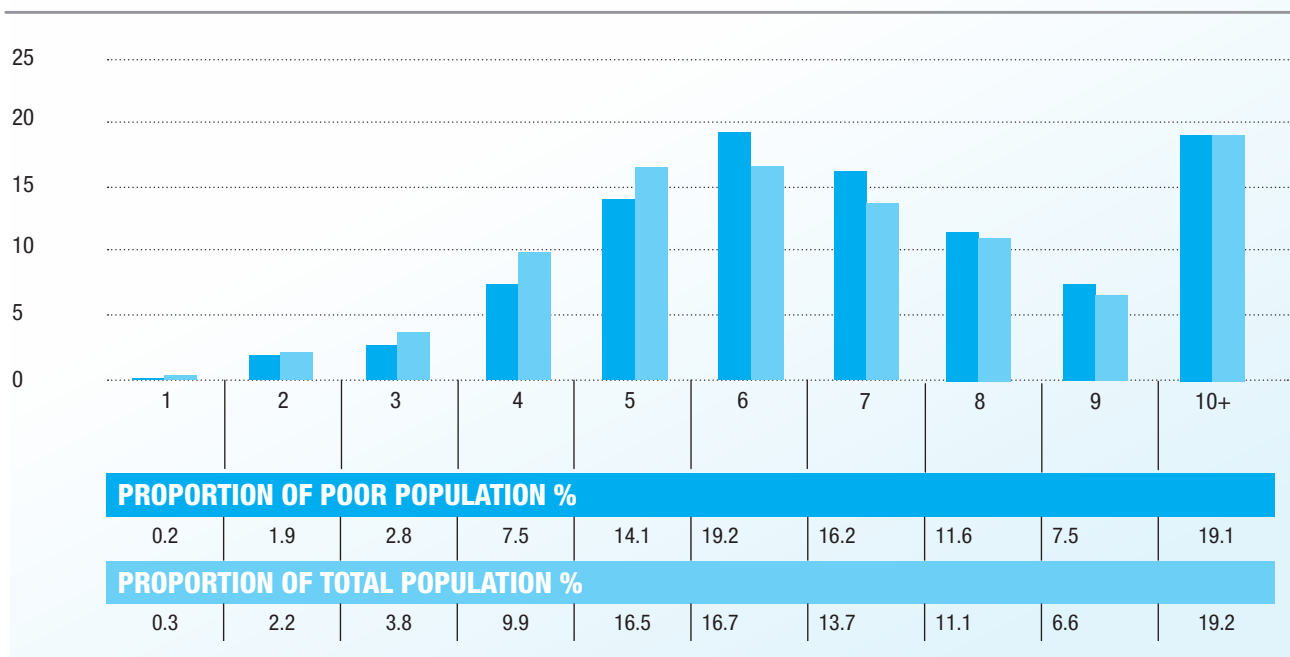


Table 3: Poverty headcount rate and distribution of the poor by main income source of household (%) 2009- 2010

Source: HBS 2009-2010

Main income source	Poverty Headcount Rate		Distribution of the Poor		Distribution of Population	
	2009	2010	2009	2010	2009	2010
Public sector wages and salaries	23.7	19.7	17.3	17.5	25.2	25.9
Private sector wages and salaries	36.4	28.5	20.7	21.9	19.6	22.4
Farming	36.3	38.5	8.2	9.8	7.7	7.4
Per diem work	55.2	43.5	17.5	13.5	10.9	9.1
Other household business	20.6	16.1	8.7	8.5	14.5	15.5
Pensions	43.4	43.6	7.6	8.6	6.1	5.8
Remittances from abroad	21.9	24.2	5.5	6.5	8.6	7.9
Other remittances	32.9	38.3	0.3	0.6	0.3	0.5
Social assistance	83.1	73.0	12.6	10.9	5.2	4.4
Other	32.5	46.8	1.6	2.2	1.7	1.3
Overall	34.5	29.2	100.0	100.0	100.0	100.0

Figure 5: Poverty by sex of head of household (%) 2009-2010

Source: HBS 2009-2010

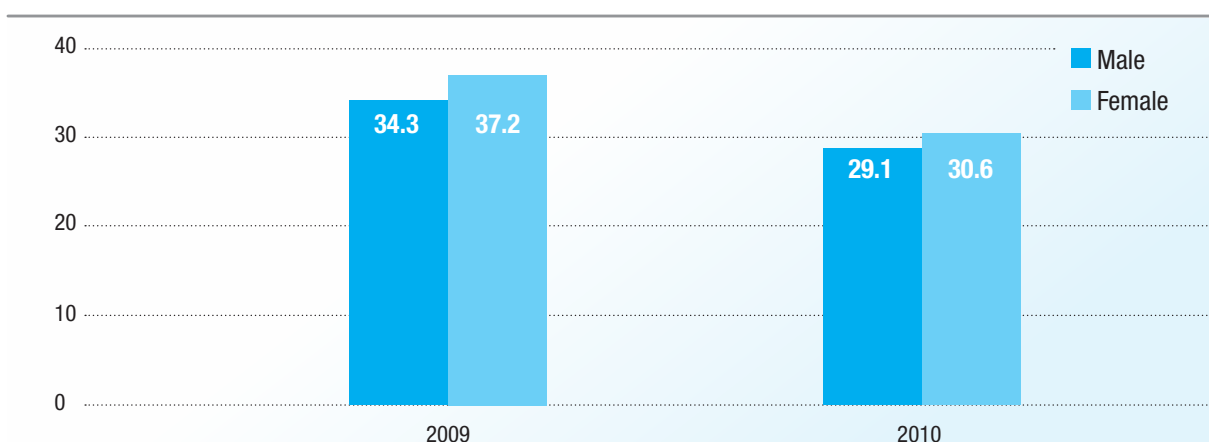


Figure 6: Poverty by sex of individual (%) 2009-2010

Source: HBS 2009-2010

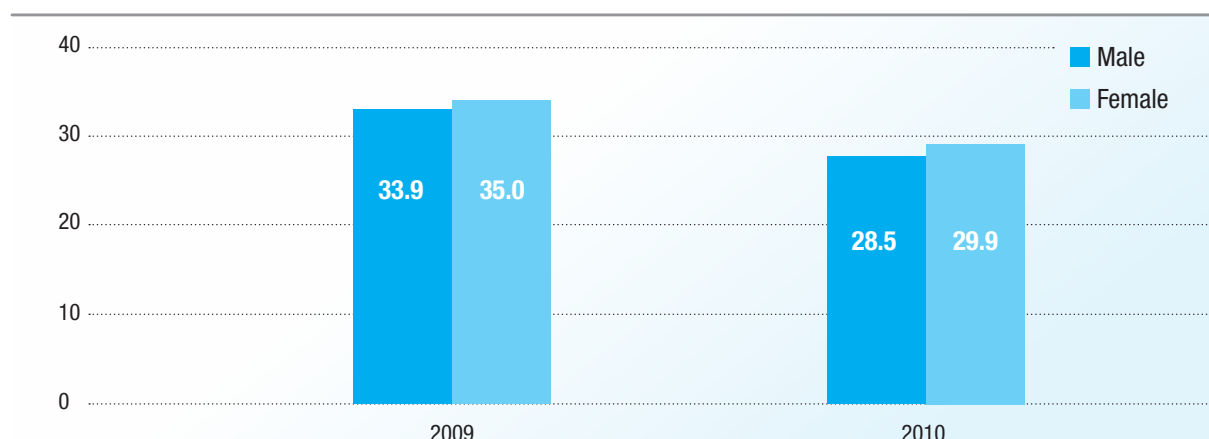


Figure 7: Poverty headcount rate and distribution of the poor by highest level of education completed (aged 15 and above) (%) 2010

Source: HBS 2010

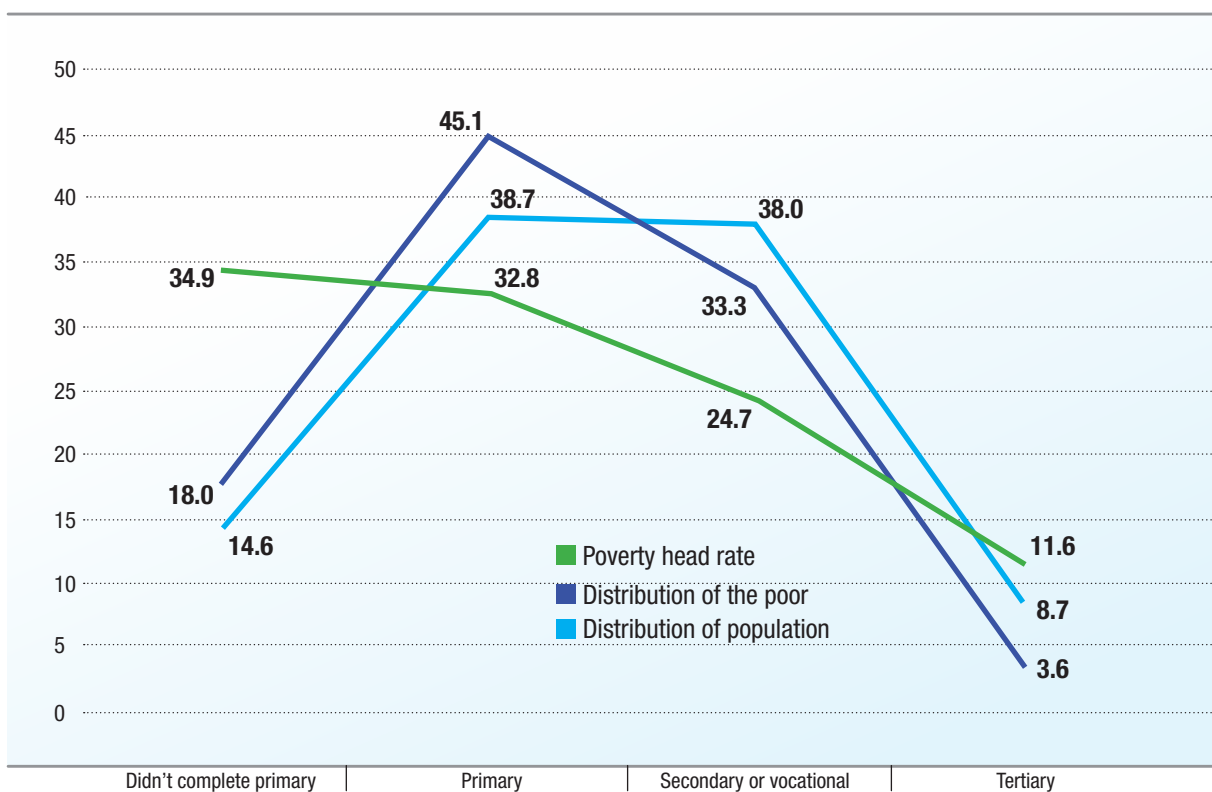


Table 4: Poverty incidence and distribution of the poor by main activity of individuals (15 years and above) (%), 2009-2010

Source: HBS 2009-2010

Main activity	Poverty Headcount Rate		Distribution of the Poor		Distribution of Population	
	2009	2010	2009	2010	2009	2010
Employer	6.9	7.6	0.2	0.2	0.8	0.6
Employed with salary	20.6	17.0	10.1	10.6	16.2	17.6
Subsistence farmer	33.0	31.5	3.4	3.3	3.3	3.0
Per diem work	50.1	40.4	6.1	4.4	4.0	3.1
Other self-employed	20.1	15.6	2.0	2.2	3.3	4.0
Unpaid family worker	15.9	22.7	0.4	0.7	0.8	0.8
Pupil/student	32.3	28.9	16.2	16.8	16.5	16.4
Retired or disabled	32.4	28.1	11.8	11.7	11.9	11.7
Unemployed	39.0	33.9	29.7	29.0	25.0	24.1
Housekeeper	35.8	31.4	18.8	20.5	17.2	18.4
Other	48.1	66.4	1.5	0.6	1.0	0.2
Overall	32.9	28.2	100.0	100.0	100.0	100.0



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