

## INTRODUCTION

The aim for editing of 'Living Standard Statistics', is to hold forth of the statistical data linked to living standard in Kosovo, mainly regarding to the household budget, as well as poverty data.

This publication, which presents the section of living standard Statistics, is the first publication of this kind, edited by SOK, since the end of the war.

Through this publication is provided the whole collection of data about the consumption, expenditures, incomes, as well as data linked with two poverty periods: from June 2002 till May 2003, and, from June 2003 till May 2004.

In default of data from other sources, SOK has developed a Survey about the household budget (HBS), and through this publication has endeavored to amortize lack of the information regarding the field of living standard in Kosovo.

We believe that this publication will serve as useful reference data-base for all exploiters of statistical data.

We kindly ask from all exploiters of this publication for their collaboration, comments, and proposals, which they may provide to us through this e-mail address: [social@sok-kosovo.org](mailto:social@sok-kosovo.org) , and which, we believe, will represent their contribution for advancement of the quality of our future publications.

Chief Executive of SOK,

Hysni Thaçi

Pristine, May 2005

## **ACKNOWLEDGEMENT**

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## ENTRY

Economical situation after the war, in 1999, in Kosovo was deplorable, high unemployment scale, especially among the youngster, associated with extremely low possibility for creation of new working places. Economical progress during recent years can be defined as a betterment of living conditions, compared to the period immediately after the war.

In these conditions, acquirement of information through Survey about the household budget is even more appropriate for measurement of living standard, for measurement of GDP, and advantages from ponders of consumption prices.

First survey of household budget was implemented by SOK, during the period: June 2002 till May 2003. This survey was continuance of a World Bank survey, about monitoring of welfare and poverty (AMSJ).

Pattern of HBS 2002-2003 consisted of 2400 households, 960 were rural, and 1440 urban regions; and they were selected from 300 registered districts. Eight households were surveyed from each district. Households were selected through 'by chance' method.

Each month was surveyed 200 households, which means 2400 households during twelve months period. The patterns locations were rural and urban zones, throughout all the territory of Kosovo.

Processing and survey of data was done through ACCESS and SPSS programs.

Questionnaire comprise information about the demographic composition of households, including individual data for each member of households, as well as for the income, consumption and expenditures, living conditions, proprietorship of long life goods, business activities and agriculture, approach on elementary infrastructure and public services.

Collection of data from households was done by collaborators of SOK, throughout seven regional directorates.

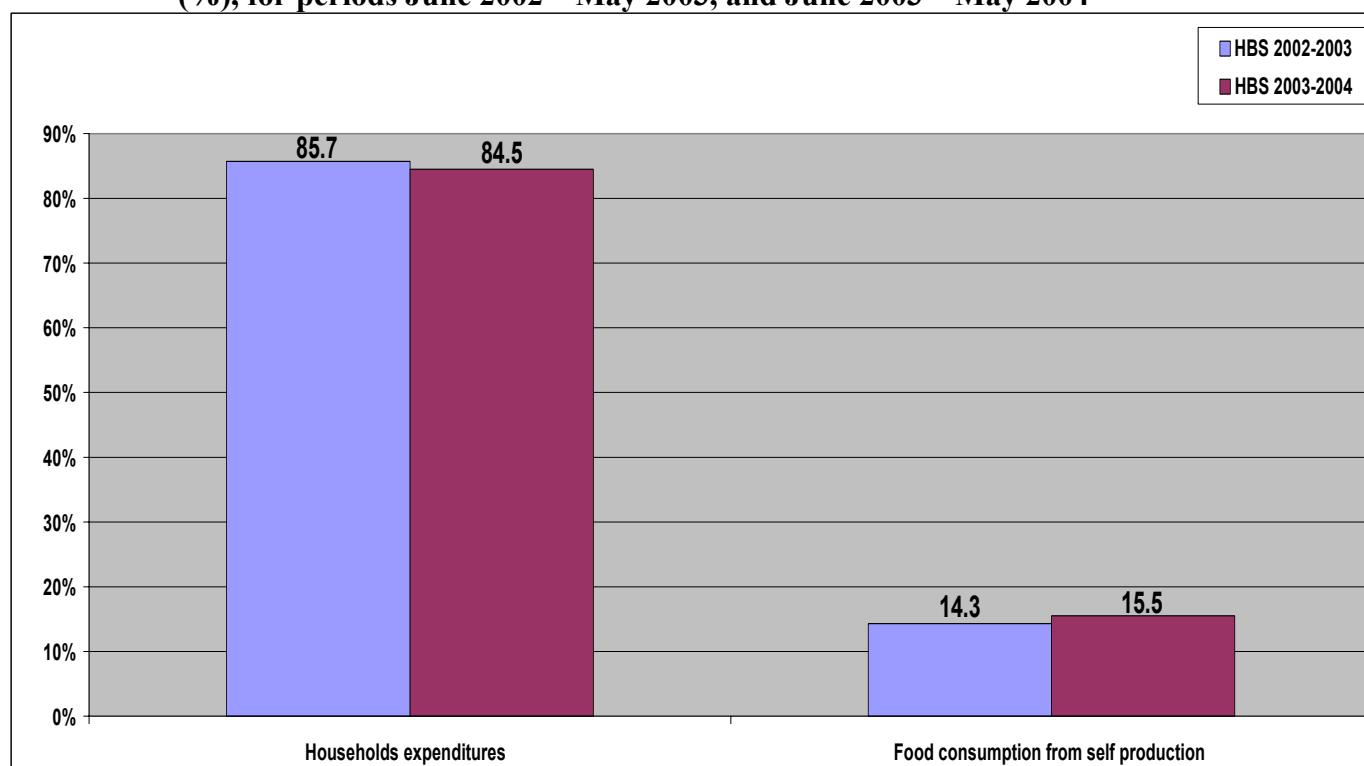
SOK has continued to collect, process, and analyze all data linked to household's budgets, for the period from June 2002 till May 2003, and based on the same pattern gauge, which means 2400 households, but in different districts and for different families. Within the original questionnaire were done some alterations, aiming to achieve the best possible efficiency. This continuation in collecting the data enables comparison of various data such is: poverty, non equity, and some other statistics.

**Presentation of consumption, expenditures, and incomes, for two diverse periods: June 2002 - May 2003, and, June 2003 – May 2004, in tabular form, and through diagram, as following:**

## 1. Households consumption

Table 1. Monthly average of households consumption in Kosovo (in Euro)						
	June 2002 - May 2003			June 2003 - May 2004		
	Sort of location			Sort of location		
	Total	Urban	Rural	Total	Urban	Rural
Households incomes	321.85	317.04	324.12	273.95	319.06	253.33
Households consumptions	374.78	310.53	405.10	331.95	326.51	334.43
Households expenditures	321.36	307.21	328.04	281.00	322.93	261.84
Food consumption from self production <sup>1</sup>	53.42	3.32	77.06	51.41	3.57	73.27

**Diagram 1. The structure of the household's monthly average consumption in Kosovo, in percentage (%), for periods June 2002 – May 2003, and June 2003 – May 2004**



As observable from the table and diagram of households incomes, consumption and expenditures, are lower for the period 2003/2004

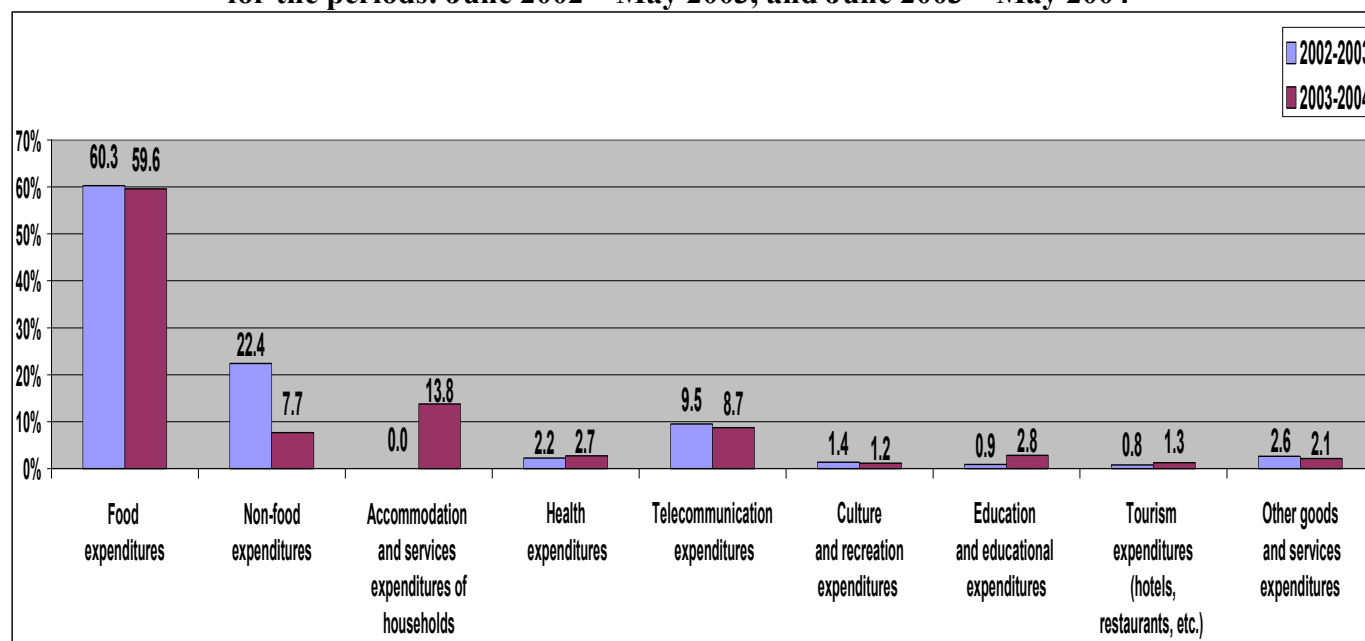
<sup>1</sup> Food products produced in households (meat and meat products, wildfowl, fish, milk and milk products, eggs, cereal, fruits and vegetables, agricultural products, handicraft, etc.)

## 2. Households expenditures

Table 2. Households average expenditures (in Euro)						
	June 2002 - May 2003			June 2003 - May 2004		
	Sort of location			Sort of location		
	Total	Urban	Rural	Total	Urban	Rural
Households expenditures	321.36	307.21	328.04	281.00	322.93	261.84
Food expenditures	193.62	202.16	189.58	167.35	194.17	155.11
Non-food expenditures <sup>2</sup>	71.86	59.22	77.83	21.76	18.64	23.18
Accommodation and services expenditures of households	--	--	--	38.75	48.44	34.32
Health expenditures	7.05	5.13	7.96	7.71	8.15	7.51
Telecommunication expenditures	30.51	22.73	34.19	24.44	26.95	23.29
Culture and recreation expenditures	4.43	3.30	4.96	3.51	5.51	2.59
Education and educational expenditures	3.00	2.76	3.10	7.86	7.87	7.85
Tourism expenditures (hotels, restaurants, etc.)	2.57	3.45	2.15	3.72	6.16	2.61
Other goods and services expenditures <sup>3</sup>	8.32	8.46	8.26	5.80	7.01	5.24

From the Table 2 its observable that households expenditures has fallen from 321.36 € (in 2002-2003 period), into 281.00 € (in 2003—2004 period). All expenditures have fallen, except health, education and tourism expenditures, which have increased.

**Diagram no. 2. The structure of the monthly average consumption of households in percentage (%), for the periods: June 2002 – May 2003, and June 2003 – May 2004**



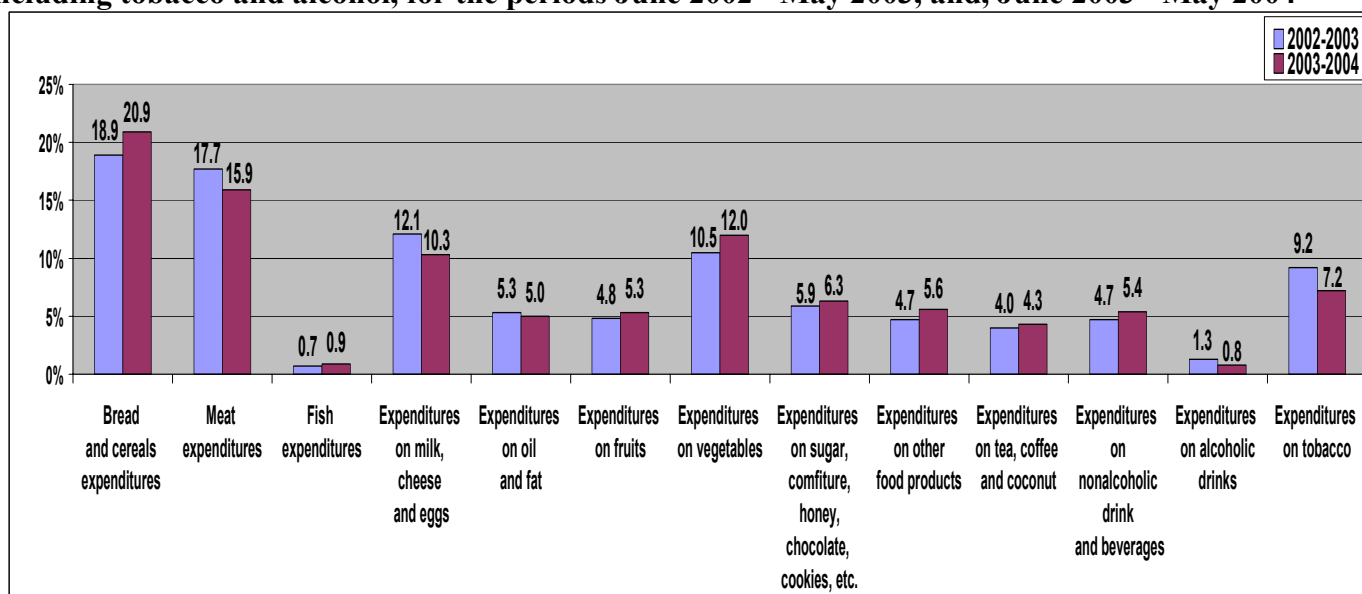
<sup>2</sup> Non-food expenditures consist on: men's, woman and children cloths clothe materials, additive equipment, cloths cleaning, and shoes for men, woman, and children.

<sup>3</sup> Expenditure on other services and goods (hair cut, hair dressing, self-care electrical equipment, hygienic outfits, cosmetics, accommodation for elder and disabled persons, dwelling-place insurance, health insurance, transport insurance, financial services, legal and administrative services, and other services).

Table 3. Average households monthly food expenditures, in Euro (including tobacco and alcohol)						
	June 2002 - May 2003			June 2003 - May 2004		
	Sort of location			Sort of location		
	Total	Urban	Rural	Total	Urban	Rural
<b>Food expenditures</b>	<b>193.62</b>	<b>202.16</b>	<b>189.58</b>	<b>167.37</b>	<b>194.17</b>	<b>155.11</b>
<b>Bread and cereals expenditures</b>	<b>36.54</b>	<b>38.37</b>	<b>35.67</b>	<b>35.03</b>	<b>38.27</b>	<b>33.55</b>
<b>Meat expenditures</b>	<b>34.30</b>	<b>33.72</b>	<b>34.57</b>	<b>26.67</b>	<b>31.82</b>	<b>24.32</b>
<b>Fish expenditures</b>	<b>1.45</b>	<b>1.57</b>	<b>1.39</b>	<b>1.45</b>	<b>2.08</b>	<b>1.16</b>
<b>Expenditures on milk, cheese and eggs</b>	<b>23.45</b>	<b>33.50</b>	<b>18.70</b>	<b>17.31</b>	<b>30.56</b>	<b>11.26</b>
<b>Expenditures on oil and fat</b>	<b>10.35</b>	<b>9.18</b>	<b>10.90</b>	<b>8.41</b>	<b>7.97</b>	<b>8.61</b>
<b>Expenditures on fruits</b>	<b>9.39</b>	<b>10.40</b>	<b>8.91</b>	<b>8.95</b>	<b>11.60</b>	<b>7.74</b>
<b>Expenditures on vegetables</b>	<b>20.37</b>	<b>23.46</b>	<b>18.92</b>	<b>20.13</b>	<b>22.50</b>	<b>19.05</b>
<b>Expenditures on sugar, comfiture, honey, chocolate, cookies, etc.</b>	<b>11.52</b>	<b>9.46</b>	<b>12.49</b>	<b>10.53</b>	<b>9.76</b>	<b>10.88</b>
<b>Expenditures on other food products <sup>4</sup></b>	<b>9.01</b>	<b>6.82</b>	<b>10.04</b>	<b>9.35</b>	<b>8.29</b>	<b>9.83</b>
<b>Expenditures on tea, coffee and coconut</b>	<b>7.84</b>	<b>6.42</b>	<b>8.51</b>	<b>7.12</b>	<b>6.42</b>	<b>7.44</b>
<b>Expenditures on nonalcoholic drink and beverages</b>	<b>9.14</b>	<b>9.26</b>	<b>9.08</b>	<b>9.06</b>	<b>11.88</b>	<b>7.78</b>
<b>Expenditures on alcoholic drinks</b>	<b>2.50</b>	<b>3.09</b>	<b>2.22</b>	<b>1.39</b>	<b>1.25</b>	<b>1.45</b>
<b>Expenditures on tobacco</b>	<b>17.76</b>	<b>16.91</b>	<b>18.17</b>	<b>11.97</b>	<b>11.77</b>	<b>12.06</b>

From the above table it's observable that the expenditures on food have fallen from 193.62 €, for the period 2002-2003, in 167.37 €, for period 2003-2004. It's also observable that the decrease is typical for all food products, except for expenditures on fish, which has remained in the same level, and the expenditures for non food products, which has increased a little.

**Diagram no. 3. The structure of the monthly average expenditures of households, in percentage (%), including tobacco and alcohol, for the periods June 2002 - May 2003, and, June 2003 - May 2004**



<sup>4</sup> Expenditures on other food products consists on: salt, pepper, food supplements, ferment, vinegar, mayonnaise, sauce, relish, kitchen herbs (parsley, rosemary, etc), various cookie supplements (cream etc), soups, etc (food for kids etc.).

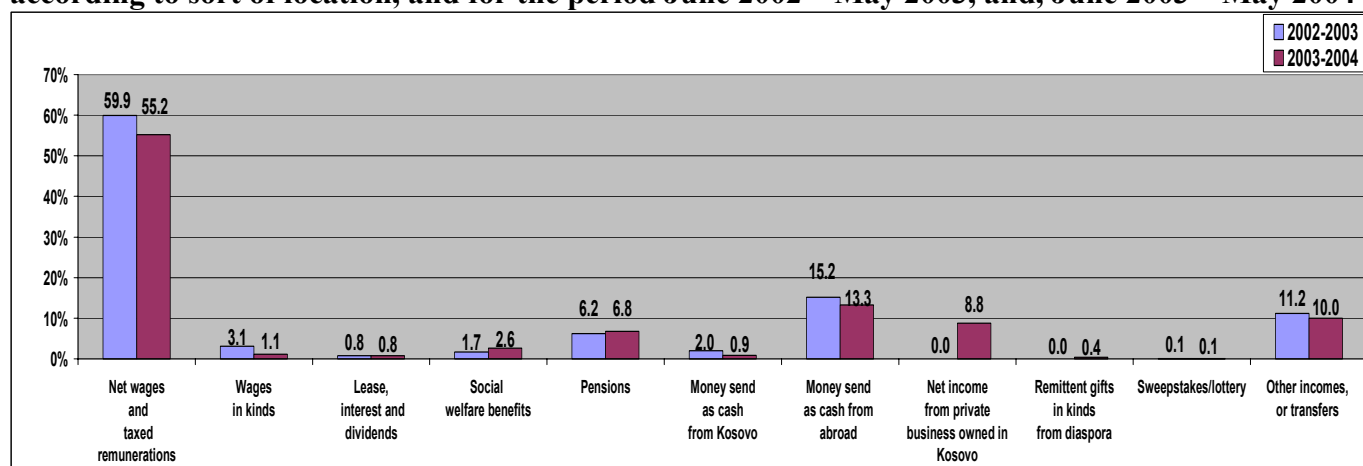
### 3. Household Incomes

**Table 4. The monthly average of household incomes, in Euro, according to the sort of location**

	June 2002 - May 2003			June 2003 - May 2004		
	Sort of location			Sort of location		
	Total	Urban	Rural	Total	Urban	Rural
Households incomes	321.85	317.04	324.12	274.32	319.06	253.88
Net wages and taxed remunerations <sup>5</sup>	192.68	229.85	175.13	151.49	207.56	125.86
Wages in kinds <sup>6</sup>	9.85	1.75	13.68	3.07	1.63	3.72
Lease, interest and dividends	2.50	7.78	0.00	2.21	5.83	0.56
Social welfare benefits	5.38	5.85	5.16	7.11	5.79	7.72
Pensions	19.82	11.89	23.56	18.78	13.57	21.16
Money send as cash from Kosovo	6.44	9.24	5.12	2.42	3.05	2.13
Money send as cash from abroad (from diaspora)	48.91	27.90	58.83	36.44	25.04	41.65
Net income from private business owned in Kosovo	--	--	--	24.22	33.82	19.83
Remittent gifts in kinds from diaspora	--	--	--	1.11	1.05	1.15
Sweepstakes/lottery	0.27	0.00	0.40	0.03	0.08	0.00
Other incomes, or transfers <sup>7</sup>	36.00	22.78	42.24	27.44	21.63	30.01

The household incomes indicated considerable downfall as well. This downfall is 47.53 €, compared to the latest period, 2002-2003. The downfall was mainly manifested in net wages and taxable payments, and in money send as cash from abroad (from diaspora). These downfalls also influenced the general downfall of household incomes.

**Diagram no. 4. The structure of the monthly average household incomes, in percentage (%) according to sort of location, and for the period June 2002 – May 2003, and, June 2003 – May 2004**



<sup>5</sup> Monthly wages and taxable payments, received in cash

<sup>6</sup> Wages received as in kinds

<sup>7</sup> Other incomes including at times daily payments

## 4. Poverty

### 4.1 Calculation of poverty lines

Poverty lines, based on food, which were used for this analyses, has been identified on the basis of composition structure of the minimum consumer basket, which was compiled as a result of the analyses of household budget in the year 2002. Food poverty lines were compiled using the real food consumption, and calculated in accordance with the third, fourth, and fifth deciles<sup>8</sup> of population, by average food price (national data), according to 2002 – 2003 HBS. 2002 HBS analyses information about the consumed calories, were calculated through exertion food data base, from United States Department of Agriculture – USDA.

New poverty lines, used in 2003 – 2004 HBS analyses, were used for adjustment of the earlier poverty lines, which were calculated for the needs of 2002 analyses, and in full accordance with average difference of CPI (Consumer Price Index), between two analyzed periods.

Average difference of CPI is estimated as:  $101.45 / 100.88 = 1.0056$ .

The following table delivers figures of CPI.

**Figures of CPI in accordance with month**

Year	Month	HBS	CPI	Average for the HBS period
2004	5	HBS 2003 2004	102.1	101.45
2004	4		103	
2004	3		103.5	
2004	2		103.9	
<b>2004</b>	1		103.9	
2003	12		103.7	
2003	11		103.4	
2003	10		101.6	
2003	9		99.4	
2003	8		96.3	
2003	7		97	
2003	6		99.6	
2003	5	HBS 2002 2003	101.3	100.88
2003	4		102.5	
2003	3		103.3	
2003	2		102.1	
<b>2003</b>	1		102.7	
2002	12		102.1	
2002	11		101.2	
2002	10		100.7	
2002	9		98.9	
2002	8		98.6	
2002	7		98.8	
2002	6		98.4	
<b>2002</b>	<b>5</b>		<b>100</b>	

The price difference between two periods is not so important. Hereupon, as an average, the estimated difference was lesser 1.0056. Accordingly, **the extreme poverty line<sup>9</sup> is estimated on 0.94 Euros, or 2100 calories per day, for person, whereas the line for the complete poverty on<sup>10</sup> 1.42 Euros per day.**

<sup>8</sup> Deciles: introduce consumption of population - lower level (deciles 1 to 5) and higher level (deciles 6 to 10)

<sup>9</sup> Extreme poverty line introduce poverty food

<sup>10</sup> Severe poverty line represents general food and non-food poverty



## 4.2 Construction of Consumption Aggregate

Consumption aggregate is compiled exactly in accordance with the same poverty analyses in HBS 2002 – 2003. Based on HBS 2003 – 2004, new data includes food expenditures, expenditures on non-food products, expenditures for medical needs, schooling expenditures, communication expenditures, recreation and sport, restaurants and hotels, and other kind of expenditures.

Food expenditures consist on expenditures for food and for home made food consumption. Non-food expenditures consist on expenditures on hygienic and personal hygienic products, clothes, furniture, transport, as well as for other non-food products.

Expenditures on long-life products are excluded from the aggregate consumption. Whatsoever, long-life products purchase, as well as services are included in the aggregate consumption.

## 4.3 Adjustment of Households Consumption using per adult equivalent measures

Aiming to achieve adequate comparison of all households, with different demographic background, it's necessary to make adjustment of measures, in order to make them comparable for all households in general.

For measurement (determination) of economical effects, for diverse consumption levels and needs, and according to the number of household members, the size of household forms 'per adult equivalent' (AE), through the use of formula for household (*i*), as following:

$$(1) \quad AE_i = (A_i + \alpha C_i)^\theta,$$

Wherein  $A_i$  is number of adult persons in household,  $C_i$  represents number of children, whereas  $\alpha$  and  $\theta$  is parameters. Children are considered individuals up to 14 years of age.

In this report, parameter values are:  $\theta=0.75$  and  $\alpha=0.75$ . These values are adopted as basic parameters reflecting the economies of households in Kosovo (the selection was based on previous estimation by LSMS 2000 and HBS 2002 2003).

However, as pointed by Deaton and Zaidi (1999), this adjustment would overestimate the total consumption unless all households were single-adult households. They suggest using an adjusted adult equivalent size of the household, except if all households are single-adult households. They are suggesting use of adjusted adult equivalent, through usage of the following formula.

Hence, adjusted adult equivalent size of the household *i* (AE\_ADJ<sub>*i*</sub>), is defined as:

$$(2) \quad AE\_ADJ_i = \frac{A_0 + C_0}{(A_0 + \alpha C_0)^\theta} AE_i,$$

Where  $A_0$  and  $C_0$ , are the number of adults and children in the typical "modal" household respectively, and  $A_i$  and  $C_i$ , are the number of adults and children in the  $i^{th}$  household.

The modal or pivotal household in Kosovo is a 6 member household, with 4 adults and 2 children ( $A_0=4$  and  $C_0=2$ ).

Hence, presented poverty lines are averagely calculated for one person or more precisely, in typical or modal household in Kosovo with 4 adult and 2 children<sup>11</sup>. Taking into account the assumption that households needs are dependent on household size and structure, actual poverty lines per person will differ in the families with different size and composition. Using adjusted per adult equivalent consumption, as the main welfare indicator of household (dividing total consumption of household to its' adjusted equivalent size), where the adjusted adult equivalent size is defined as above, in fact means that we have to apply different poverty lines for the households with different kind of expenditures.

An average person of a household needs 0.94 €, as an extreme poverty line, and 1.42 €, as a complete poverty line. Average number of days within a month, is equal to 30.4 days, and considering the economic level, in accordance with the presented formula (formula 2), it's done the following description, and based on the table.

The following table describes the poverty lines for the households which consist up to 6 members.

**Table 5. The value of monthly poverty line for households**

Number of members of household (HH)			Adjusted adult equivalent size of household (HH)	The value of extreme (food) poverty line in €	The value of complete poverty line in €
The size of HH	Adults	Children			
1	1	0	1.67	47.3	72.4
2	1	1	2.54	72.4	109.6
	2	0	2.81	80.4	121.7
3	1	2	3.32	94.5	143.8
	2	1	3.57	101.6	154.9
	3	0	3.81	108.6	164.9
4	1	3	4.04	115.6	175.0
	2	2	4.27	121.7	185.0
	3	1	4.50	128.7	195.1
	4	0	4.73	134.8	205.1
5	1	4	4.73	134.8	205.1
	2	3	4.95	140.8	214.2
	3	2	5.16	147.8	223.2
	4	1	5.38	153.9	233.3
	5	0	5.59	159.9	242.3
6	2	4	5.59	159.9	242.3
	3	3	5.79	165.9	251.4
	4	2	<b>6.00</b>	171.0	259.4
	5	1	6.20	177.0	268.5
	6	0	6.40	183.0	277.5

<sup>11</sup> Modal family (4 adult members and 2 children)

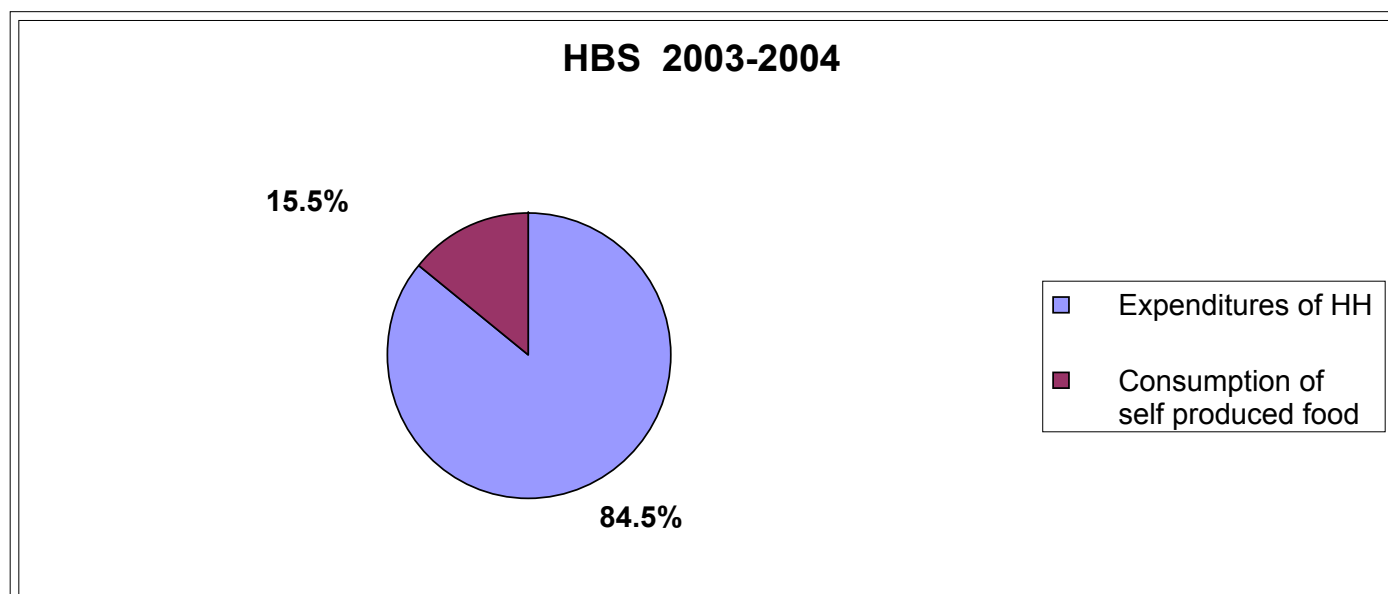
#### 4.4 Consumption trends

According to the results of HBS 2003-2004, the average consumption of households declined in comparison to the previous year.

**Table 6. Households average monthly consumption in Euro**

	<b>Kosovo</b>		<b>Urban</b>		<b>Rural</b>	
	<b>ABESH 2002- 2003</b>	<b>ABESH 2003- 2004</b>	<b>ABESH 2002- 2003</b>	<b>ABESH 2003- 2004</b>	<b>ABESH 2002- 2003</b>	<b>ABESH 2003- 2004</b>
<b>1. Consumption of HH</b>	<b>374.78</b>	<b>332.41</b>	<b>310.53</b>	<b>326.50</b>	<b>405.10</b>	<b>335.11</b>
<b>1.1 Expenditures of HH</b>	<b>321.36</b>	<b>281.00</b>	<b>307.21</b>	<b>322.93</b>	<b>328.04</b>	<b>261.84</b>
<b>1.2 Self produced food consumption</b>	<b>53.42</b>	<b>51.41</b>	<b>3.32</b>	<b>3.57</b>	<b>77.06</b>	<b>73.27</b>

**Diagram no. 5. The structure of average monthly consumption of Kosovo households, in percentage (%), and for the period June 2003 – May 2004**



In this analysis, **the main poverty indicator is the adjusted adult equivalent consumption.**

The following table presents adjusted adult equivalent consumption, itemized for the lower (deciles 1 to 5), and the higher (deciles 6 to 10), halves of population.

**Table 7 Households average adult equivalent consumption, in Euro**

	HBS 2002 2003			HBS 2003 2004		
	Deciles 1-5	Deciles 6-10	Average	Deciles 1-5	Deciles 6-10	Average
<b>Consumption of household of adult equivalent size</b>	<b>34.4</b>	<b>80.6</b>	<b>57.5</b>	<b>33.2</b>	<b>71.7</b>	<b>52.5</b>
Expenditures on food per adult equivalent size	21.2	37.5	29.3	18.9	33.3	26.1
Expenditures on non-food products per adult equivalent size	4.1	18.1	11.1	4.3	14.7	9.5
Expenditures on health services per adult equivalent size	0.8	1.4	1.1	0.7	1.7	1.2
Expenditures on communications per adult equivalent size	1.8	7.6	4.7	1.5	6.2	3.8
Expenditures on recreation and culture per adult equivalent size	0.2	1.2	0.7	0.2	0.9	0.6
Expenditures on education per adult equivalent size	0.2	0.7	0.4	0.4	2.1	1.2
Expenditures on restaurants and hotels per adult equivalent size	0.1	0.7	0.4	0.1	1.0	0.5
Expenditures on other products and services per adult equivalent size	0.6	1.9	1.2	0.5	1.3	0.9
Consumption of self produced or self prepared food per adult equivalent size	5.6	11.4	8.5	6.6	10.4	8.5

It is remarkable that the average consumption of adult equivalent size, between 2 survey periods, is decline, whereas it is increasing for the richer half of the population.

The main drivers of this decline are expenditures on food.

However, there is continuous increase of expenditures on education.

## 4.5 Definition of Poverty measures

Three different poverty measures are used in this analysis.

The first measure is the *Headcount Index of Poverty*, given by the proportion of the population for whom per-adult equivalent household consumption  $y$  is less than the poverty line  $z$ . It is the most frequently used poverty measure. The main advantage of this statistics is its simplicity. If  $q$  is the number of poor people in the population of size  $n$ , then the Headcount is given by:

$$(1) \quad P0 = \frac{q}{n}.$$

The second method to look at the decreased poverty line deficit is the usage of the *Poverty Gap Index*. If  $Q$  is the sub-group of poor, the poverty gap is then given by:

$$(2) \quad P1 = \frac{1}{n} \sum_{i \in Q} \frac{(z_i - y_i)}{z_i}.$$

The poverty gap also allows an interpretation, and in terms of the potential fiscal cost for eliminating poverty by targeting transfers to the poor. In general, all the poverty gaps in the population sample, and in regard of the average, which provides an estimation of what would be the minimum cost for eliminating poverty from a society, assumes a perfect targeting.

One shortfall on measuring the poverty gap is that it may not adequately capture differences in the severity of poverty. The third method is comprehension of the *Severity of Poverty Index* in the poverty analysis. This measure gives more weight to the consumption (income) gap of those households located further below the poverty line, hereupon this is defined as:

$$(3) \quad P2 = \frac{1}{n} \sum_{i \in Q} \frac{(z_i - y_i)^2}{z_i^2}.$$

The main advantage of the severity index is possibility for comparison of policies which are aiming to reach the poorest, but it is more difficult to interpret, and it is less intuitive than the two previous poverty measures.

#### 4.6 Poverty statistics - headcount index

According to HBS 2002 - 2003 data, poverty in Kosovo was widespread. The study reported that around **37 % of the population lived in poverty, and around 15 % of which, were extremely poor**, with consumption per adult equivalent below the food extreme line.

According to HBS 2003 - 2004 data, poverty in Kosovo was still widespread, but not so deep. The study reported that around **44 % of the population lived in poverty, and around 14% of which, were extremely poor**, and with consumption per adult equivalent below the food extreme poverty line.

The consumption decline resulted in increase of the complete poverty incidence and gap.

**Table 8 Poverty Headcount index in percentage (%),  
based on complete poverty line**

<b>Poverty Headcount Index (%)</b>				
	Adult equivalent measures		Per Capita measures	
	Poverty headcount index according to members of households	Poverty headcount Index according to individuals	Poverty headcount index according to members of households	Poverty headcount Index according to individuals
<b>HBS 2002 2003</b>	36.3	<b>37.0</b>	40.5	42.0
<b>HBS 2003 2004</b>	41.1	<b>43.9</b>	40.7	48.7

However, poverty according to the headcount or gap, has endured extreme decline, which means that some households have changed their poverty status, from extremely poverty, to complete poverty.

**Table 9 Poverty individual index in percentage (%),  
and based on extreme poverty line**

<b>Poverty Individual Index (%)</b>				
	Adult equivalent measures		Per Capita measures	
	Poverty headcount index, according to members of households	Poverty headcount Index, according to individuals	Poverty headcount index, according to members of households	Poverty headcount Index, according to individuals
<b>HBS 2002 2003</b>	14.9	<b>15.3</b>	17.9	19.5
<b>HBS 2003 2004</b>	12.3	<b>13.8</b>	13.7	18.1

#### ***4.7 Poverty Gap and severity indices***

The poverty Gap and severity indicators are based on individual level statistics.

The poverty gap index trends are similar to those of the poverty individual index. There is a small decrease in extreme poverty, and some increase in complete poverty.

The tables below are representing the trends in poverty gap and severity indicators, based on adult equivalent measures.

**Table 10 Poverty gap index (%)**

	<b>Extreme poverty gap index</b>	<b>Complete poverty gap index</b>
<b>HBS 2002 2003</b>	3.7%	11.4%
<b>HBS 2003 2004</b>	3.0%	11.9%

**Table 11 Poverty severity index (%)**

	<b>Extreme poverty Severity index</b>	<b>Complete poverty Severity index</b>
<b>HBS 2002 2003</b>	1.3%	4.9%
<b>HBS 2003 2004</b>	1.0%	4.5%

#### ***4.8 Income sources and consumption patterns of Poor***

The table below represents the comparison of the average household income sources, in accordance with the source of income for poor and non poor households. The main difference is that the poor population live in families with much lower salaries. The average number of income earners in the extremely poor households, with an average 7.23 members, is 1.86, compared to the 2.11 income earners, which represents the income in non-extremely poor families, with an average size of 6.35 members.

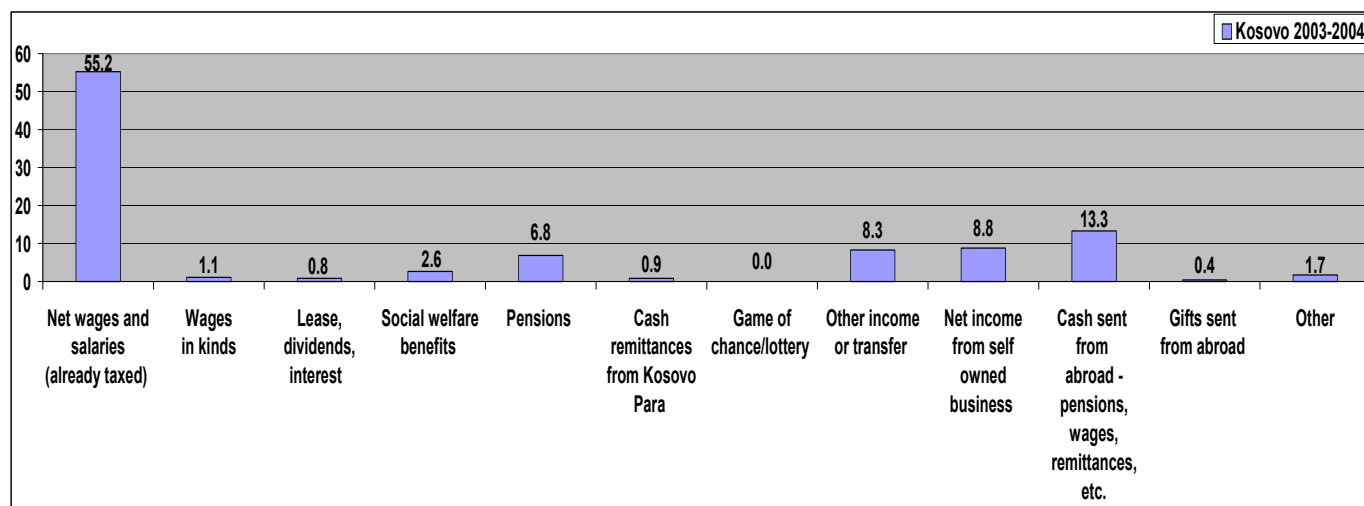
However, the difference in the average salaries is much higher than the difference in the average number of income earners.

Although, it is amazing that the social welfare benefits are well targeted. The average monthly amount of social welfare benefits for poor households is significantly higher compared to the one for non poor households.

**Table 12. Household's average monthly income according to their poverty status**

Monthly average income of households, for the period 2003 - 2004					
	Kosovo	Extreme (food) poverty status €0.94 /day/adult		Complete Poverty status €1.43 /day/adult	
		Non poor	Poor	Non poor	Poor
Household size	6.46	6.35	7.23	6.14	6.92
No of income earners	2.08	2.11	1.86	2.16	1.9
Total incomes of households	274.32	292.71	143.71	344.41	173.50
Net wages and salaries (already taxed)	151.49	165.10	54.82	200.35	81.20
In kinds	3.07	3.13	2.63	3.73	2.11
Lease, dividends, interest	2.21	2.41	0.80	2.87	1.27
Social welfare benefits	7.11	5.21	20.64	2.80	13.32
Pensions	18.78	19.35	14.73	19.04	18.40
Cash remittances from Kosovo Para	2.42	2.21	3.88	1.88	3.20
Game of chance/lottery	0.03	0.00	0.21	0.00	0.06
Other income or transfer	22.85	22.93	22.31	24.64	20.28
Net income from self owned business	24.22	26.80	5.88	33.39	11.02
Cash sent from abroad -pensions, wages, remittances, etc.	36.44	39.37	15.65	48.05	19.74
Gifts sent from abroad	1.11	1.23	0.31	1.50	0.56
Other	4.59	4.97	1.85	6.15	2.34

**Diagram no.6. The structure of income average for households, in accordance with the poverty status, in percentage (%), and for the period June 2003 – May 2004**



An extremely poor household consumes less on food. Those households have very low expenditures on clothing and footwear, communication and transportation. It is amazing that they also have lower expenditures on health, which doesn't mean that they have less health problems compared to the non poor. Apparently the poor population saves money on the health as well.

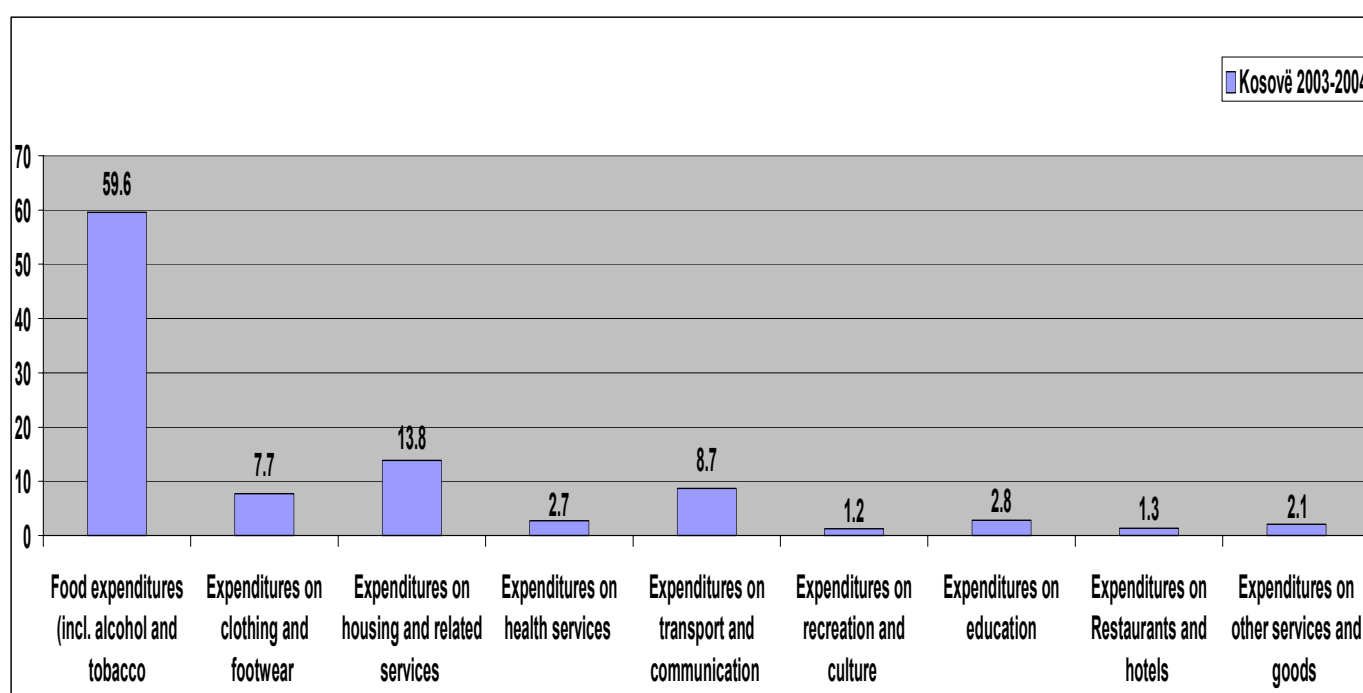


The table below illustrates consumption patterns of population by the poverty status.

**Table 13. Household's average monthly expenditures itemized by poverty status**

	Kosovo	Extreme (food) poverty status €0.94 /day/adult		Complete Poverty status €1.43 /day/adult	
		Non poor	poor	Non poor	poor
Household size	6.46	6.35	7.23	6.14	6.92
Total Expenditures of household	281.00	302.47	128.48	359.13	168.61
Food expenditures (incl. alcohol and tobacco)	167.37	176.35	103.52	198.12	123.12
Expenditures on clothing and footwear	21.76	24.49	2.34	31.14	8.26
Expenditures on housing and related services	38.84	42.55	12.48	53.55	17.67
Expenditures on health services	7.71	8.41	2.74	10.18	4.16
Expenditures on transport and communication	24.44	27.36	3.73	35.32	8.79
Expenditures on recreation and culture	3.51	3.96	0.31	5.26	0.98
Expenditures on education	7.86	8.82	1.05	11.74	2.28
Expenditures on Restaurants and hotels	3.72	4.23	0.06	6.08	0.33
Expenditures on other services and goods	5.80	6.30	2.25	7.73	3.02

**Diagram no.7. The average monthly expenditures of household, according to the poverty status, in percentage (%), and for the period June 2003 – May 2004**



## 4.9 Poverty profile

The poverty measures can be dismantled by various categorical characteristics of population, such as gender, age group, ethnicity, locality (urban/rural), etc.

The following table describes the variation of poverty indicators within different groups of population. The poverty indicators are based on per adult equivalent measures.

**Table 14 The Poverty Headcount Index According to Various Poverty Lines (in percentage)**

		Poverty status based on Food poverty line	Poverty status based on complete poverty line	Poverty status based on relative poverty line
		fraction of poor	fraction of poor	fraction of poor
<b>Total</b>		13.81	43.91	06.64
Age	Pre natal/Early childhood: 0- 5	14.21	44.19	06.84
	School years: 6 -14	14.28	46.39	07.16
	Adolescence: 15 -24	15.49	47.63	07.50
	Adulthood: 25 -64	13.04	41.03	06.26
	Pension Age: 65+	11.46	43.19	04.61
Education	Lower than primary	15.41	47.84	07.77
	Primary	15.90	48.49	07.90
	Secondary / vocational	10.41	36.27	04.34
	University	01.78	16.92	00.41
locality	Prishtina	09.42	29.19	02.59
	Other urban	18.21	47.30	09.79
	Rural	13.13	44.56	06.25
No. of children under age 15	Zero	09.82	34.85	05.01
	One	15.54	47.71	08.71
	Two	12.91	40.84	05.38
	Three	14.66	43.78	05.00
	4 and more	15.17	49.09	08.33
No. of elderly	Zero	13.00	43.16	06.69
	One	17.68	43.36	07.13
	Two and more	10.23	48.86	05.42
Household head, gender	Male	13.44	43.80	06.35
	Female	24.07	47.08	14.79
Household head, ethnicity	Albanian	13.92	44.05	06.61
	Serb	08.94	35.60	03.69
	Other	18.26	53.02	12.75
Household size	1-2	05.01	32.21	03.16
	3-4	08.04	31.30	03.27
	5-7	13.27	41.77	06.65
	8+	16.03	49.28	07.56
No. of Income earner	Zero	21.70	52.21	08.42
	One	22.37	53.07	13.03
	Two	10.94	43.93	04.92
	3 and more	11.62	38.34	04.98
Main source of income	Wages and salaries from public sector	11.82	39.70	04.49
	Wages and salaries from private sector	05.98	32.73	01.75
	Farming	16.05	47.31	05.67
	Per diem work	15.13	42.63	09.97
	Other household business	08.15	36.26	06.89
	Pensions	19.87	47.43	08.44
	Remittances	06.96	40.34	03.95
	Other	37.92	82.16	22.79

**Table 15. The Poverty Gap Index According to Various Poverty Lines (in percentage)**

		Poverty gap based on Food poverty line	Poverty gap based on complete poverty line	Poverty gap based on relative poverty line
		Poverty Gap	Poverty Gap	Poverty Gap
<b>Total</b>		0296	11.95	01.25
Age	Pre natal/Early childhood: 0- 5	03.11	11.90	01.28
	School years: 6 -14	03.21	12.69	01.45
	Adolescence: 15 -24	03.28	13.39	01.40
	Adulthood: 25 -64	02.75	11.10	01.11
	Pension Age: 65+	02.24	10.80	00.94
Education	Lower than primary	03.54	13.42	01.64
	Primary	03.36	13.42	01.36
	Secondary / vocational	01.98	09.31	00.73
	University	00.21	03.02	00.05
locality	Prishtina	01.54	07.40	00.40
	Other urban	04.65	14.71	02.38
	Rural	02.66	11.70	01.04
No. of children under age 15	Zero	02.14	09.10	00.98
	One	03.41	13.45	01.43
	Two	02.45	10.98	00.81
	Three	02.74	11.82	01.27
	4 and more	03.65	13.45	01.58
No. of elderly	Zero	02.84	11.66	01.20
	One	03.69	13.01	01.53
	Two and more	02.08	11.27	00.90
Household head, gender	Male	02.82	11.77	01.16
	Female	06.72	16.68	03.65
Household head, ethnicity	Albanian	02.94	11.97	01.22
	Serb	01.49	08.39	00.38
	Other	06.01	16.99	03.69
Household size	1-2	01.17	07.21	00.58
	3-4	01.64	07.62	00.76
	5-7	02.90	11.52	01.27
	8+	03.39	13.54	01.37
No. of Income earner	Zero	04.29	14.80	01.51
	One	05.76	16.77	02.78
	Two	02.03	10.85	00.78
	3 and more	02.35	10.33	00.92
Main source of income	Wages and salaries from public sector	02.24	09.97	00.73
	Wages and salaries from private sector	00.93	07.64	00.28
	Farming	02.74	12.90	01.11
	Per diem work	03.44	13.14	01.32
	Other household business	01.92	08.87	00.70
	Pensions	04.21	14.38	01.95
	Remittances	01.41	07.56	00.46
	Other	10.51	28.86	05.59

## THE LIST OF ABBREVIATIONS

SOK	- Statistical Office of Kosovo
HBS	- Household Budget Survey
LSMS	- Living Standard Measurement Study
AMSJ	- Questionnaire for living standard measure
WB	- World Bank
SIDA	- Swedish International Development Agency
USDA	- United States Department of Agriculture
CPI	- Consumer Price Index
AE	- Adult Equivalent
HH	- Household
--	- There's no data for that period