

# Private income in Kosovo 2003-2005

*The Statistical Office of Kosovo (SOK) continuously measures the private consumption by the Household Budget Survey (HBS). The statistics are needed to determine the basket for the Consumer Price Index (CPI), the private consumption in National Accounts (NA) and analysis of welfare and poverty. The survey also measures education, employment, housing conditions, possession of durable goods, construction and other household related businesses and farming. The data are collected all over the year and all over Kosovo with a random sample of 2 400 households per year, following EU standards and international best practices. The response rate is more than 80 % if the substituted households are counted as non-response.*

*September, 2006*

## Introduction

The economic welfare of the people can be measured both by income and consumption. Consumption is often preferred as indicator of economic welfare of two main reasons. Income is sensitive for some people and is therefore underestimated in HBS. The other reason is that income often varies more over time compared to consumption. Households tend to level out income variation with help of savings and credits. Comparing incomes in cash with expenditures (disregarding non-expenditure consumption) results in income being 93 % of the expenditures.

Some of the difference can be credits, but some is partial non-response. Data on income averages for different groups are more robust than distribution data, due to the risk that both the richest and the poorest are less willing to participate in the survey.

Income data are, however, interesting because they can be broken down to individual level, when consumption with few exceptions can only be gathered on the household level. It is also interesting to see the sources of income.

## Main household income

Wages from the public sector is the most important income source in Kosovo and is the main source for almost one third of the households. The most significant change since the first HBS in 2002/2003 is more reliance on small scale businesses and the decrease of the dependence of public wages.

The next most important source is wages from the private sector.

Almost one out of ten households is mainly living on remittances from abroad.

Most households have a mix of income sources, so actual incomes give different picture.

**Table 1 Main source of income for the households in Kosovo, % of households**

Income source	2005	2002/3
Public wages	30%	35%
Private wages	16%	18%
Farming	10%	11%
Business	9%	3%
Temporary employment	9%	9%
Remittances from abroad	9%	8% <sup>1</sup>
Pensions	7%	7%
Social assistance	7%	- <sup>2</sup>
Other	1%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Remittances from abroad were not separated in the first survey round.

<sup>2</sup> Social assistance was not separated in the first survey round but is the major part of other.

## Individual income sources

Income is earned by 316 000 men and 114 000 women.

Only 1 % of the incomes are in kind, i.e. paid or given in the form of goods or services.

The biggest source is salaries from regular employment with about half of total income (51%). Another 6 % are earned from temporary work.

Net income from small scale businesses makes 9 % of total incomes and from farming 6 %.

The second biggest source is remittances in cash from household members abroad (10%) with additional 3 % from others abroad.

Pensions from Kosovo count for 5 % and pensions from abroad 3 %.

Women are earning only 18 % of the total incomes. Wages from regular employment is more important for women than for men. Pension from Kosovo is the second most important source for women with 15 % compared to only 3 % for men.

Education has a major impact on income sources. More education leads to more income from regular employment. Those with primary school or less have to a large extent to live on pensions, agriculture and support from abroad. There is of course a close correlation between education and age.

People with secondary education get 15 % of their incomes from businesses.

The Serb population is very little engaged in businesses, but more in farming. One fourth of the Serbian incomes comes from pensions with 15 % from Kosovo and 10 % from abroad. Albanians get more private support from abroad.

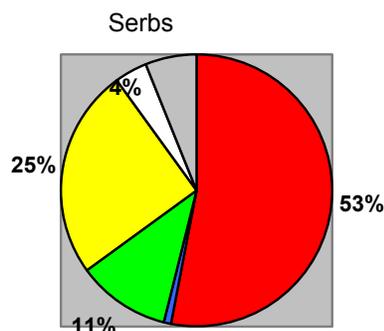
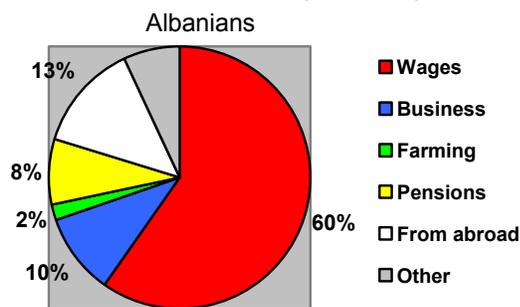
**Table 2 Income sources in Kosovo, % of income**

Income source	Men	Women	All
Regular wages	51%	58%	51%
Temporary wages	7%	1%	6%
Business net	11%	1%	9%
Agriculture net	3%	1%	6%
From members abroad	9%	12%	10%
From others abroad	3%	3%	3%
Kosovo pensions	3%	15%	5%
Pensions from abroad	3%	2%	3%
Remittances from Kosovo	1%	1%	1%
Property income	2%	1%	2%
Social welfare	2%	3%	3%
Lotteries	0%	0%	0%
Other	2%	1%	2%
Wages in kind	1%	1%	1%
In kind from abroad	0%	0%	0%
Total %	100%	100%	100%
Total in million €	765 M€	170 M€	966 M€

**Table 3 Income sources by highest education level**

Income source	Pri-mary	Sec- ondary	Higher
Regular wages	21%	60%	83%
Temporary wages	9%	6%	1%
Business net	4%	15%	6%
Agriculture net	8%	0%	0%
Kosovo pensions	14%	1%	2%
Pensions from abroad	7%	1%	1%
Social welfare	5%	2%	0%
Remittances from abroad	25%	8%	3%
Other	6%	6%	4%

**Graph 1 Income sources by ethnicity**



## Income levels

The average income earner got 2 032 € in 2005. Men got 2 200 compared to women with only 1 500 €. Age has limited impact on income besides the oldest (65+) who have less than half of the younger people.

Serbs earns only 1 400 € compared to 2 100 for the Albanians.

Education is well coordinated with income. Academics earns three times more than people without education.

Employers have the highest income with 4 700 € and retired and unemployed the lowest.

## Gender inequality

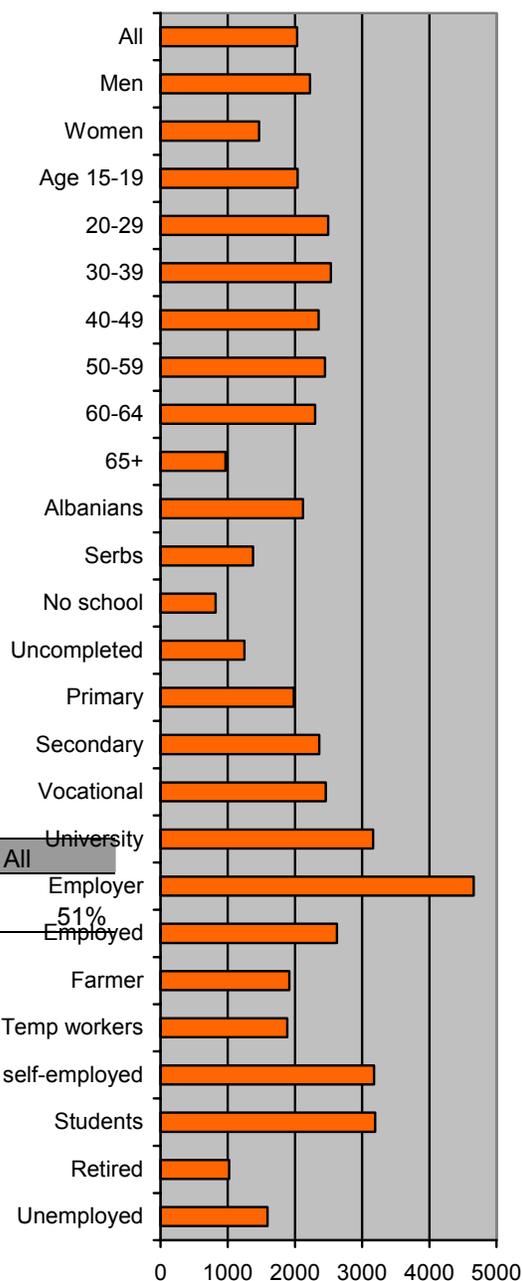
Women have significant lower incomes than men, as a group as well as individual averages. An explanation can be different work volumes rather than unfair wages. Actual wages per hour would be the best indicator of gender equality. Such data are not collected, so the best we can do is to compare income for permanent full time employees. Full time here is working 12 months a year, but we do not know the working hours per day.

**Table 4 Average Income from 12 months employment by sex, €**

Income	Men	Women	All
Wages for 12 months employment	2 850 €	2 400 €	

Men earn almost 20 % more than women for 12 months employment.

**Graph 2 Average annual personal income, by sex, age, ethnicity, education and economic activity,**



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