



UNICEF/2023/S. Karahoda

Social Protection Budget Brief

2024 Kosovo

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The viewpoints expressed in this brief are those of the author and do not necessarily represent those of UNICEF Kosovo.

¹ All references to Kosovo should be understood with reference to United Nations Security Council Resolution 1244 (1999).

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Key Messages:²

TRENDS IN SOCIAL PROTECTION PUBLIC SPENDING

The social protection budget is at an all-time high and is keeping pace with the overall increase in government budget. Kosovo's 2024 social protection budget of EUR 854.6 million is the highest ever, 3 percent more than last year's inflation-adjusted budget, the previous largest budget. As a share of total government spending and as a share of GDP, the 2024 social protection budget of 26 percent and 8 percent, respectively, is nearly the highest in sector history³.

Nevertheless, Kosovo spends considerably less than its regional peers on social protection. Average social protection spending in Europe and Central Asia countries in 2021 was approximately 17 percent of GDP (most recent regional data), while Kosovo most recently spent 7 percent of GDP in 2023 and is budgeted to spend 8 percent in 2024.

COMPOSITION OF SOCIAL PROTECTION PUBLIC SPENDING

Among Kosovo transfer schemes, pensions continue to absorb most of the social protection budget (i.e. 76 percent in the 2024 budget), crowding out investments both in poverty and vulnerability transfer schemes and social services. More specifically, the total allocation to non-contributory pensions, including basic pension, special law and war-related pensions, is still very large representing approximately 55 percent of the sector's budget, while contributory pensions are worth 21 percent. Social services, that continue to be minimally funded, have seen their allocation shrink as a share of total sector spending from 1.8 percent in 2021 to 1.6 in 2023. Spending towards the Social Assistance Scheme (SAS) dropped from an estimated 10 percent of total spending towards transfer schemes in 2021 to 6 percent in 2024 budget.

Government household data related to poverty and vulnerability is outdated (i.e. 2017). This does not allow for adequate calculations of the current coverage rate of social assistance schemes, nor for an accurate estimate of the financing gap for universal coverage of poor and vulnerable populations, particularly children.

CHILD-FOCUSED SOCIAL PROTECTION PUBLIC SPENDING

Child Benefit – under the Economic Recovery Package that was introduced as a post-covid measure - has boosted overall child-focused spending in Kosovo over the past three years, prioritizing particularly the early years in a child's life. Yet, child spending in the social protection sector is too little: less than a fourth of social protection government spending is targeting children. Social protection spending needs to be reprioritized towards children: children make up for 30 percent of Kosovo's population but only 23 percent of sector spending benefits children. The total number of children beneficiaries of social protection programs more than doubled between 2021 and 2023. However, although there has been a significant increase in Child Benefit coverage over this period, Social Assistance Scheme (SAS) coverage of poor and vulnerable children has plummeted.

2 The analysis was carried out with publicly available information. Where limitations were encountered, notes are made in the text. There are minor discrepancies between the totals presented in previous Budget Briefs produced by UNICEF Kosovo and those presented in this edition; as data sources were updated, UNICEF updated the calculations.

3 The highest ever shares were in 2021 with 26.3 and 8.3 percent, respectively.

Tracking public spending on children in Kosovo is feasible but needs refinement. Although Kosovo's budget and expenditure reporting system uses functional classifications that allow for the identification of spending items that benefit children, it lacks a formal "child tag" to clearly differentiate between direct and indirect child spending.

Recommendations:

- ⦿ As Kosovo's public revenue grows, continue to increase the social protection budget to reach the levels of other countries in the region, prioritizing new funds for child-focused social protection and addressing the current underspending on children.
- ⦿ Strengthen the contributory pension system to gradually decrease the need for non-contributory pensions and create fiscal space for expansion of anti-poverty cash transfers and child-focused social protection spending.
- ⦿ Generate updated demographic and poverty data to calculate the social assistance coverage of poor and vulnerable population groups and estimate the financing gap for universal coverage.
- ⦿ Analyze the impact on poverty reduction of child-focused spending in social protection, possibly through a microsimulation.
- ⦿ Enhance Social Assistance Scheme (SAS) program criteria and coverage, especially for vulnerable children, ensuring equitable and effective spending.
- ⦿ Perform municipal-level social care needs assessments, cost mapping of services in Centers for Social Work (CSWs), and develop costing scenarios, costing and budgeting for service upscaling to address underfunding of social care.
- ⦿ Revise the various disability related benefits to increase the low rate of overall spending on support to children with disabilities; this could entail also assessing the adequacy of disability support programs, including through an analysis of extra cost of disability in Kosovo.
- ⦿ Conduct a fiscal space analysis and identify financing sources to establish the Child Benefit as a permanent scheme with a separate budget line.
- ⦿ Identify optimal formula to increase subsidy amounts of child benefit, while still prioritizing the early years.
- ⦿ Improve classification or tagging of child-focused allocations in the Government Budget for improved tracking of child spending.



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1. Introduction

The purpose of this budget brief is to inform decision-makers, development partners, and the public about social protection budget and expenditure trends in Kosovo for years 2021 to 2024⁴, with a particular focus on spending benefitting children. The evidence presented in this brief will contribute to policy debates on addressing gaps in sector spending aimed at supporting children and their families, especially the most vulnerable. The rationale for this analysis takes root in Article 4 of the Convention on the Rights of the Child (CRC),⁵ which was integrated into the Constitution of Kosovo⁶, referring to states' obligation to fund implementation of children's rights *"to the maximum extent of their available resources"*. These resources are reflected in national budget allocations and expenditure. Identifying and measuring public spending on children within the social protection sector—a crucial area for supporting children, especially the poorest and most vulnerable—is the first step towards comprehensive child-rights budgeting⁷.

Despite recent declining trends, Kosovo continues to experience significant poverty levels. Per World Bank data, the share of the population living on less than \$6.85 a day – the international poverty line for upper middle-income countries - stood at 26.2 percent in 2021 and is expected to fall to 19.7 percent in 2024⁸. Nevertheless, Kosovo has one of the

4 Budget and expenditure data for years 2021 to 2023 is from budget laws, end-of-the year expenditure reports and databases from the Ministry of Finance, Labor and Transfers. Analysis related to 2024 is based on data from 2024 Budget Law and refers exclusively to initial allocations.

5 States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. Regarding economic, social, and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.

6 Although Kosovo is not formally signatory to the Convention, the CRC integration into the Constitution of Kosovo provides the legal framework for children's rights.

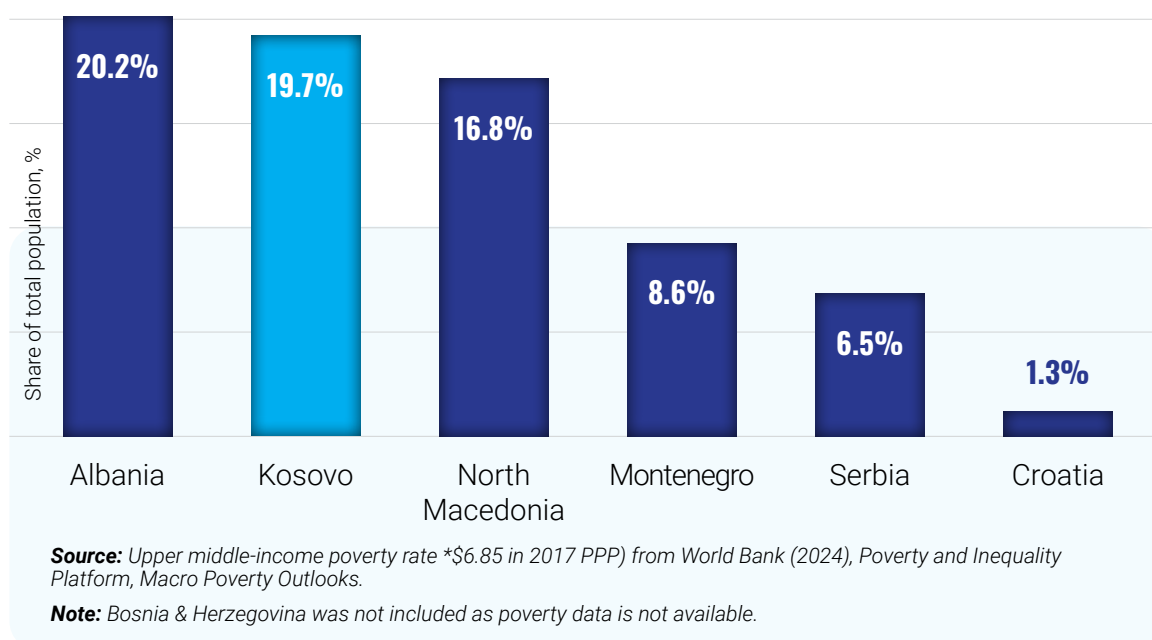
7 Child rights budgeting can be described as a three-step approach that comprises (i) measuring public spending on children; (ii) costing for children rights; (iii) mobilizing resources and budgeting.

8 World Bank, WDI Macro Poverty Outlook. Poverty headcount ratio at USD 6.85 a day (2017 PPP). Data for 2021 is an estimate based on the latest government poverty data (2017), while data for 2024 is a forecast. <https://thedocs.worldbank.org/en/doc/d5f32ef28464d01f195827b7e020a3e8-0500022021/related/mpo-xkx.pdf>

highest poverty rates in the Western Balkans, and negative external factors, such as global commodity price shocks, may pose significant challenges to the ongoing efforts to reduce poverty⁹ (see Figure #1).

In Kosovo, Europe's youngest nation, more than two in ten children live in poverty. Children represent an estimated 30 percent of Kosovo's population. Nearly 23 percent of children in Kosovo live in poverty and 7 percent in extreme poverty.¹⁰ **The social protection sector plays a crucial role addressing insecurity of the poorest, particularly children¹¹.** Expanding and improving social protection budgeting and expenditures, as well as reprioritizing the sector's spending on children and scaling up anti-poverty cash transfers, is essential for effectively supporting the most vulnerable. Addressing childhood poverty through investments in child-focused social protection is crucial for realizing child rights as well as developing healthy, educated, and productive individuals, thereby significantly enhancing a country's Human Capital. This strategic investment fosters economic stability, social cohesion, and upholds human rights, leading to broader economic and social benefits and creating a more inclusive and prosperous society.

Figure 1: Upper-middle income poverty rate in Western Balkan countries



9 UNDP Op-ed <https://www.undp.org/kosovo/press-releases/op-ed-international-poverty-eradication-day#:~:text=As%20per%20World%20Bank%20data,subsequently%20in%202024%20to%2022.2%25.https://www.unicef.org/kosovoprogramme/children-kosovo>

10 <https://www.unicef.org/kosovoprogramme/children-kosovo>

11 Global and regional evidence on the benefits of non-contributory social protection programs supports positive impacts of cash transfers on food security, school participation, monetary poverty, and economic productivity, among others. <https://www.ilo.org/>; <https://www.unicef.org/innocenti/areas-of-work/child-poverty-and-social-protection>

2. Definition of the Social Protection Sector

The social protection sector in Kosovo comprises two support categories: (i) transfer schemes; and (ii) social services. [Table #1](#) provides a summary of all social protection programs and services in Kosovo.

Table #1: Social protection schemes in Kosovo

Category	Benefits and programs
Transfer schemes	
Poverty and vulnerability schemes	Social Assistance Scheme Subsidy for foster families Energy/electricity subsidy Subsidy for children with disability (0-18 years)
Pensions	Contributory pensions <ul style="list-style-type: none">mandatoryvoluntary Non-contributory pensions <ul style="list-style-type: none">basic pensionsex-contributory pensionsfamily pensionswork disability pensionsearly retirement pension scheme for Trepca Company employees Special laws <ul style="list-style-type: none">special pensions for Kosovo Protection Corps, Security Force, former political prisoners and teachers of the 1990s. War-related pensions <ul style="list-style-type: none">pensions for war veteranspensions for war-related categories (martyr's families, disabled veterans, civilian victims and familieis, sexual victims of war, etc.) Disability pensions and compensation <ul style="list-style-type: none">pensions for persons with a permanent disability (age 18-64)pension for blind personspension for persons with tetraplegia and paraplegia"
Mother & Child schemes	Maternity allowance Child benefit
Social Services	
Social services at municipal level	Social and family services

The legal framework for social protection in Kosovo is anchored in the Constitution and articulated in several laws. Article 51 in Chapter II of the Constitution of Kosovo states that *“Basic social insurance related to unemployment, disease, disability and old age shall be regulated by law”*. A fragmented system of laws regulates the specificities of social transfer schemes and social services [See Table #2].

Social protection programs and services in Kosovo are financed through the national budget and are managed by the Ministry of Finance, Labor, and Transfers (MFLT), the Ministry of Justice, and Kosovo’s 38 municipalities. At the central level, the sector was previously managed by the Ministry of Labor and Social Welfare (MLSW) as explained in 2019 UNICEF’s social protection Budget Brief. Nevertheless, due to an institutional reorganization in 2020 the sector’s legal and financial responsibility shifted from MLSW to MFLT and the Ministry of Justice. For this reason, trends and figures represented here may not be comparable to those in social protection budget briefs developed by UNICEF Kosovo before 2020. Finally, as 2020 was a transition year during the above-mentioned institutional re-arrangement, fiscal year 2020 was purposely excluded by this analysis for the sake of comparability of the allocations across the years.

Table #2: Laws regulating social protection

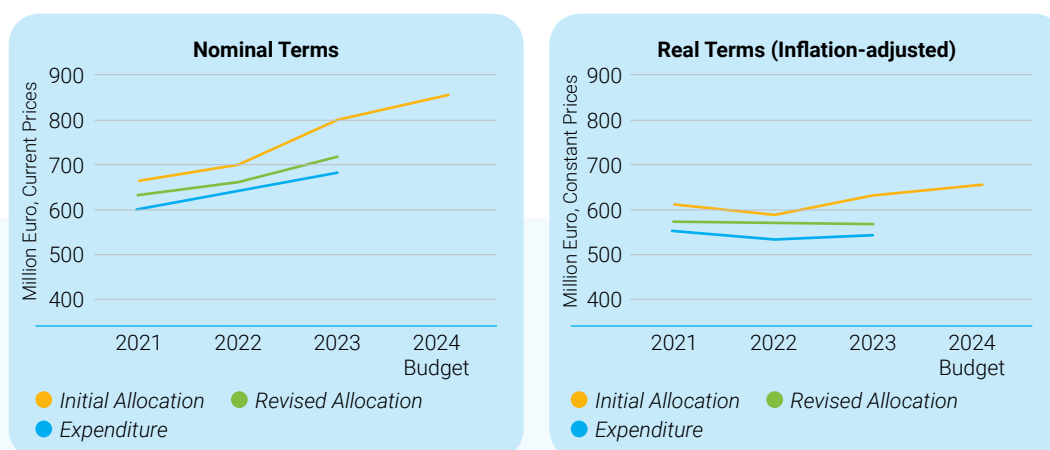
- ⊙ Law No. 04/L-131 on State Pension Funds
- ⊙ Law No. 2003/15 on the Social Assistance Scheme; Law No. 04/L-096 on Amending and Supplementing the Law No. 2003/15 on the Social Assistance Scheme
- ⊙ Law No. 04/L-054 on the Status and the Rights of the Martyrs, Invalids, Veterans, Members of Kosovo Liberation Army, Sexual Violence Victims of the War, Civilian Victims and Their Families; Law No. 04/L-172 on Amending Law No. 04/L-054
- ⊙ Law No. 02/L-17 on Social and Family Services; Law No. 04/L-081 on Amending and Supplementing Law No. 02/L-017. Law No. 08/L-255 on Social and Family Services
- ⊙ Law No. 03/L-040 on Local Self Government
- ⊙ Law No. 07/L-016 on Economic Recovery – COVID-10
- ⊙ Law No. 03/L-022 on Material Support for Families of Children with Permanent Disability
- ⊙ Law No. 05/L-067 on the Status and the Rights of Persons with Paraplegia and Tetraplegia
- ⊙ Law No. 04/L-092 for Blind Persons

Source: Author’s compilation

3. Trends in Social Protection Public Spending

The 2024 Budget of Kosovo allocated € 854.6 million to social protection, the highest-ever initial allocation to the sector¹² (see Figure #2). In nominal terms, the 2024 social protection budget represents a 6 percent increase relative to the 2023 initial allocation to the sector, an 18 percent increase relative to 2023 revised allocation, and a 24 percent increase relative to 2023 actual expenditure (see Glossary of budget terminology). In real terms, (i.e., inflation-adjusted)¹³, the 2024 initial allocation to social protection increased by 3 percent compared to the 2023 initial allocation, by 14 percent compared to 2023 revised allocation, and by 21 percent compared to 2023 actual sector expenditure. In short, the 2024 social protection budget substantially increased compared to last year's budget and expenditure in both nominal and inflation-adjusted terms.

Figure 2: Social protection budgeting and expenditure



Source: Author's calculations from MFLT budget and expenditure data and Budget Laws 2021-2024. Inflation-adjusted values were computed using World Bank, World Development Indicators: Consumer Price Index (2016 = 100).

Note: While years 2021-2023 display expenditure figures, 2024 is the initial budget allocation. All data for 2023 should be treated as preliminary until the authorization of the 2023 Annual Financial Report of the Budget of Kosovo.

The social protection sector has displayed a good budget credibility. Although revised allocations to the sector have been on average 6 percent lower than initial allocations between 2021 and 2023, the execution rate of the sector budget averaged 96 percent in the same years. Such a high budget execution rate can be partially attributed to the recurrent nature of public spending on social protection in Kosovo, which is mostly made of transfers & subsidies and public workers' salaries [See paragraph 4.2].

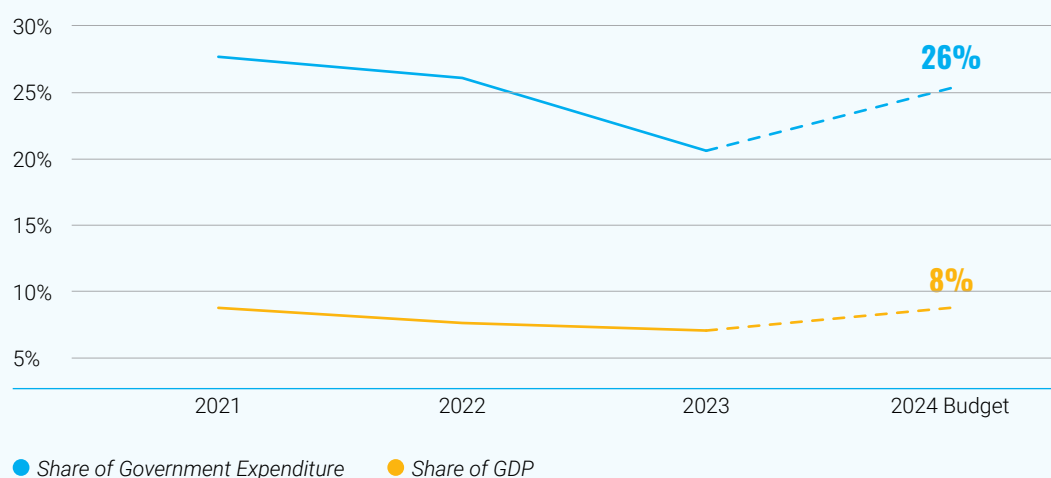
As a share of total government spending, and as a share of gross domestic product (GDP), the 2024 budget brings the social protection allocation level up to that of 2021 (see Figure #3). Social protection expenditure as a share of total government expenditure dropped from 26.3 percent in 2021, to 25.7 percent in 2022 and to 20 percent in 2023. Similarly, social protection expenditure's share of GDP dropped from 8.3 percent in 2021, to 7.9 percent in 2022, to 7 percent in 2023. Between 2021 and 2023 social protection expenditure did not keep up with the growth in GDP and total government expenditure as social response measures gradually diminished coming out of the pandemic. However, in

¹² This figure refers to the social protection allocation across the entire eligible population of Kosovo.

¹³ Consumer Price Index (CPI), base year 2016. World Bank Group, World Development Indicators.

the 2024 Budget, social protection is worth 26 percent of the total government budget and 8 percent of forecasted GDP for 2024, which brings it closer to 2021 sector shares.

Figure 3: Trends in the share of social protection in total government spending and GDP

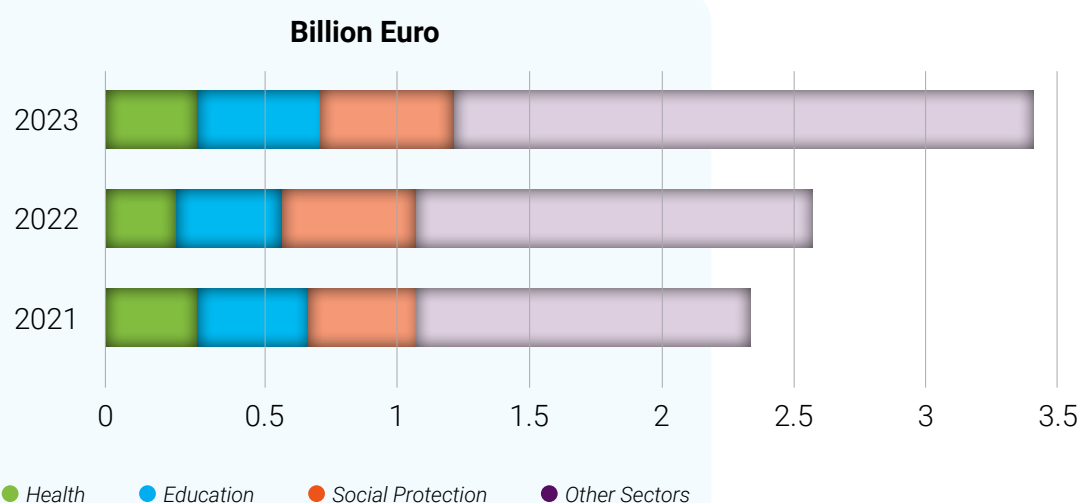


Source: Author's calculations from MFLT budget and expenditure data and Budget Laws 2021-2024

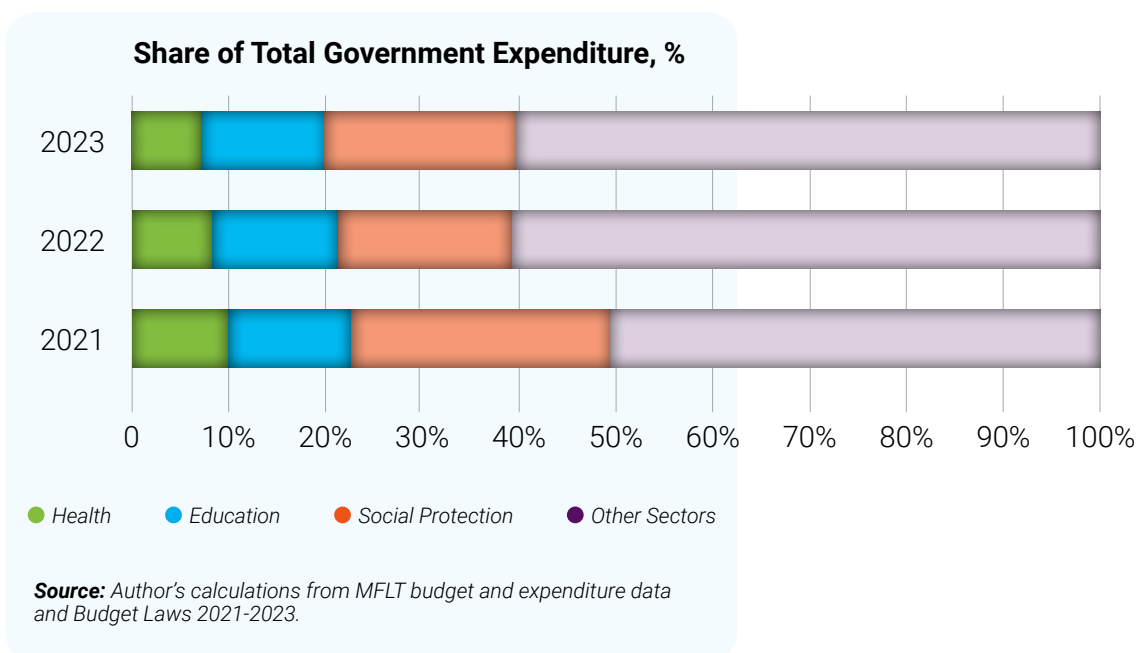
Note: While years 2021-2023 display expenditure figures, 2024 is the initial budget allocation.

Social protection¹⁴ has been the most funded social sector in Kosovo in the years considered (see Figure #4). Between 2021 and 2023, social protection expenditure averaged € 647 million, education expenditure averaged € 360 million and health expenditure € 270 million. As a share of total government expenditure, social protection was the most funded social sector with a 24 percent average share in the years considered, followed by education at 13 percent and health at 10 percent¹⁵.

Figure 4: Government expenditure on social protection vis-à-vis other social sectors



¹⁴ As explained earlier, the social protection sector in Kosovo includes both contributory and non-contributory schemes.
¹⁵ Due to data limitations at the time of writing it is not possible to disaggregate sub-sectors within "other sectors" represented in the graph.

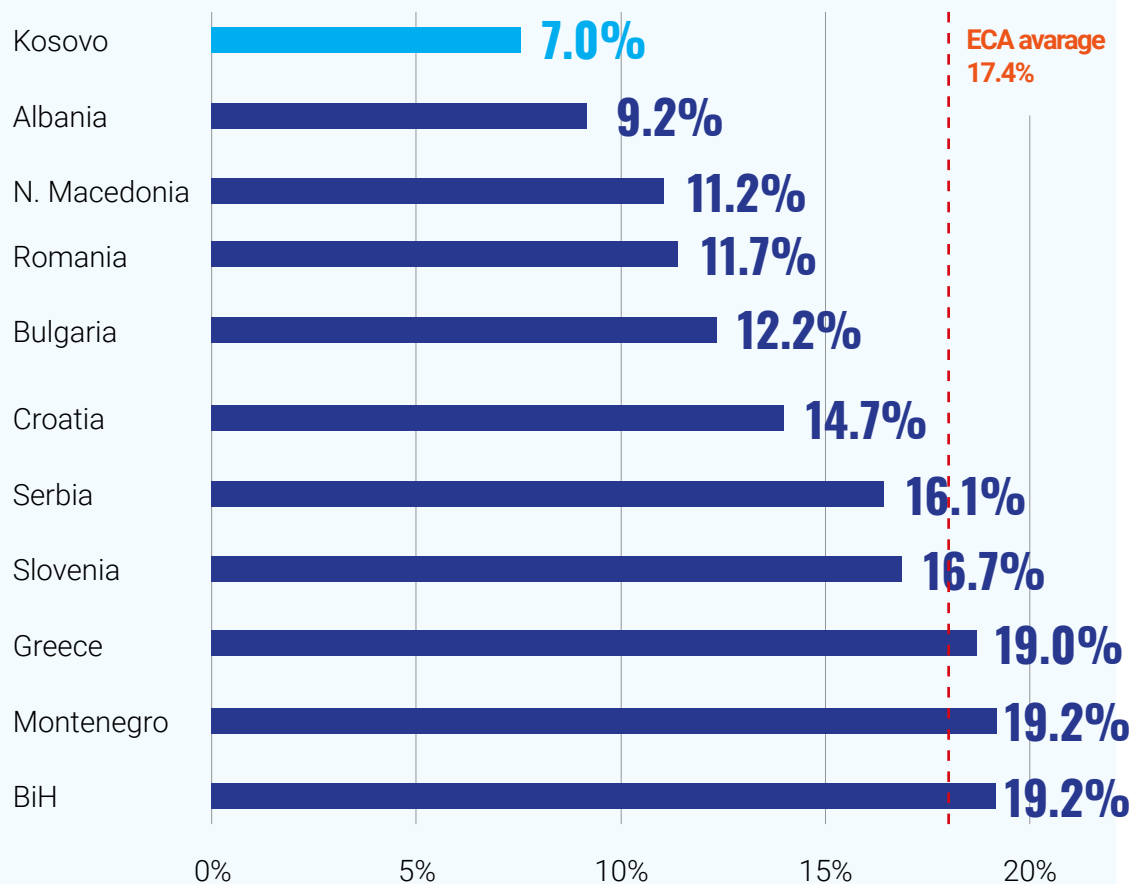


Kosovo spends considerably less than its regional peers on social protection (see Figure #5). As a share of GDP, the average social protection expenditure in Europe and Central Asia (ECA) countries was estimated at approximately 17.4 percent in 2021. Greece, Bosnia & Herzegovina, and Montenegro display the largest social protection expenditure as a share of GDP at 19 percent, while Albania and Kosovo have the lowest shares at 9 and 7 percent, respectively.

Better and updated poverty and population data is needed in Kosovo to accurately estimate the necessary investment level for universal social protection coverage of the poorest and most vulnerable. At the time of writing, government data related to vulnerabilities and poverty (i.e. Multiple Indicator Cluster Survey or other national household data displaying wealth quintiles) is outdated and does not allow for adequate calculations of the current coverage rate of the different social protection schemes, nor does it allow estimating the financing gap for universal coverage.



Figure 5: Social protection spending as a share of GDP in Kosovo vis-à-vis peer countries.



Source: Author's calculations for Kosovo based on MFLT data. For other countries in the region and for ECA average, the percentages represent social protection expenditure as a % share of GDP from ILO data (2021 or most recent available data). ECA average social protection sector expenditure as a % share of GDP was calculated.

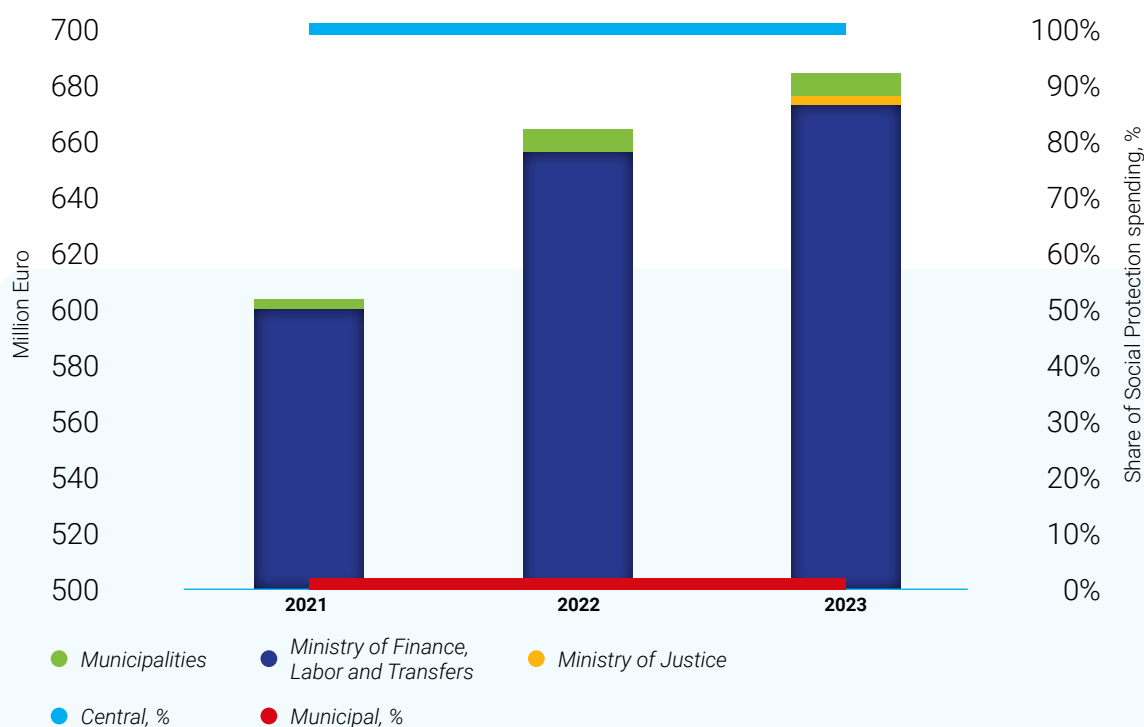
4. Composition of Social Protection Spending

4.1 ALLOCATIONS TO THE CENTRAL VS. MUNICIPAL LEVEL

Social protection budgeting and expenditure in Kosovo is highly centralized under the Ministry of Finance, Labor and Transfers and Ministry of Justice. A tiny share is administered by municipalities (see Figure #6). Central-level social protection spending accounted for an average 99 percent of sector spending with MFLT overseeing almost the entire social protection portfolio. At the decentralized level, approximately 1 percent of sector budgeting and expenditure is dedicated to social services activities administered by 38 municipalities.

Overall, the allocation of 2024 social protection budget is low in all municipalities. However, in three municipalities the allocation is relatively higher, namely Pristina, Prizren and Mitrovica (see Figure #7). Social services provided at the municipal level remain understaffed and underfunded¹⁶. The government might need to reconsider the previous initiative of the creation of the Specific Grant for social services that could ensure sustainable and adequate financing of social services.

Figure 6: Social protection spending by Institution and territorial level.

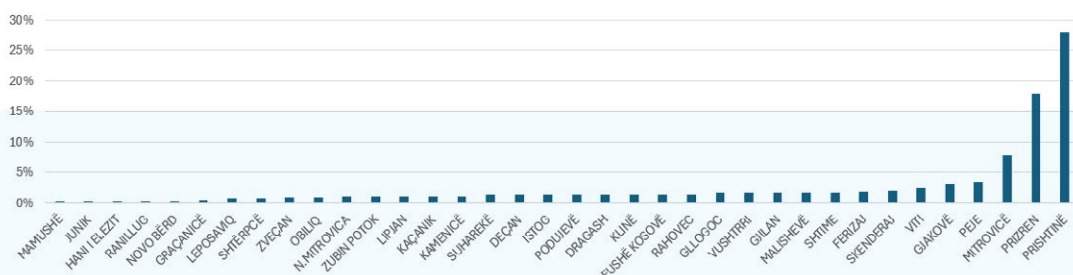


Source: Author's calculations from MFLT budget and expenditure data and Budget Laws 2021-2024

Note: While years 2021-2023 display expenditure figures, 2024 is the initial budget allocation.

16 KOMF, Terres des Hommes. ANALYSIS OF THE CENTERS FOR SOCIAL WORK - CHALLENGES IN THE LEGAL, INSTITUTIONAL AND FUNCTIONAL ASPECT. 2023

Figure 7: Social protection allocations to municipalities in 2024 Budget

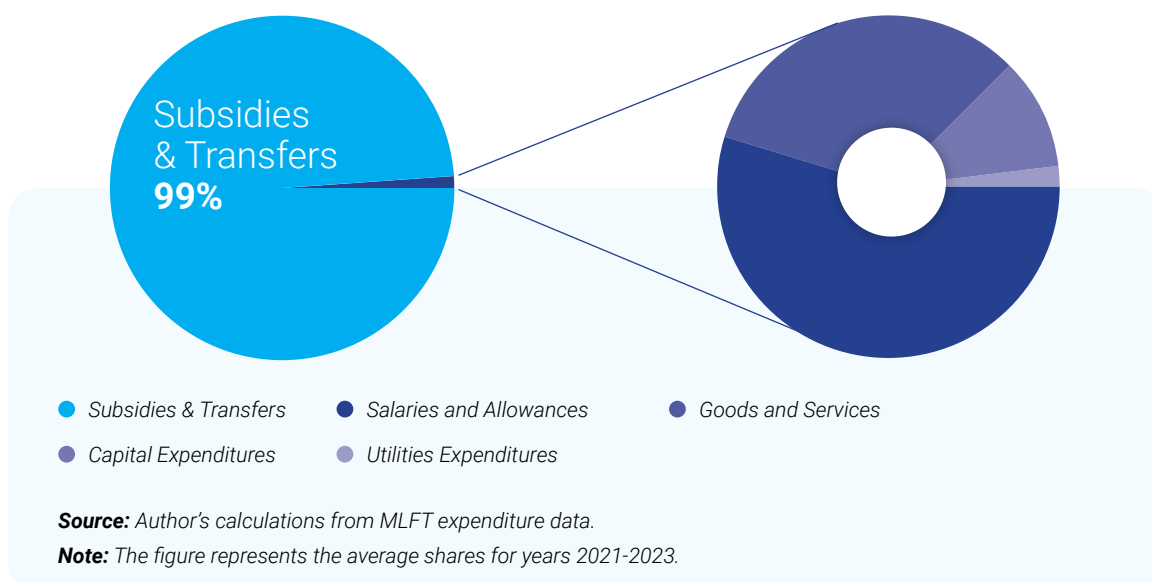


Source: Author's compilation from 2024 Budget Law of Kosovo.

4.2 ALLOCATIONS BY ECONOMIC CLASSIFICATION

Kosovo's social protection spending is 99 percent Subsidies and Transfers (see Figure #8). The remaining 1 percent comprises salaries and allowances, goods and services, capital expenditures and utilities for the administration of social transfers and services. As human resources and capital spending (i.e., investment) are critical to enabling social protection systems to keep up with expansion and increase in beneficiary coverage, it may be necessary to increase their respective spending levels in future budgets.

Figure 8: Social protection spending by economic classification.



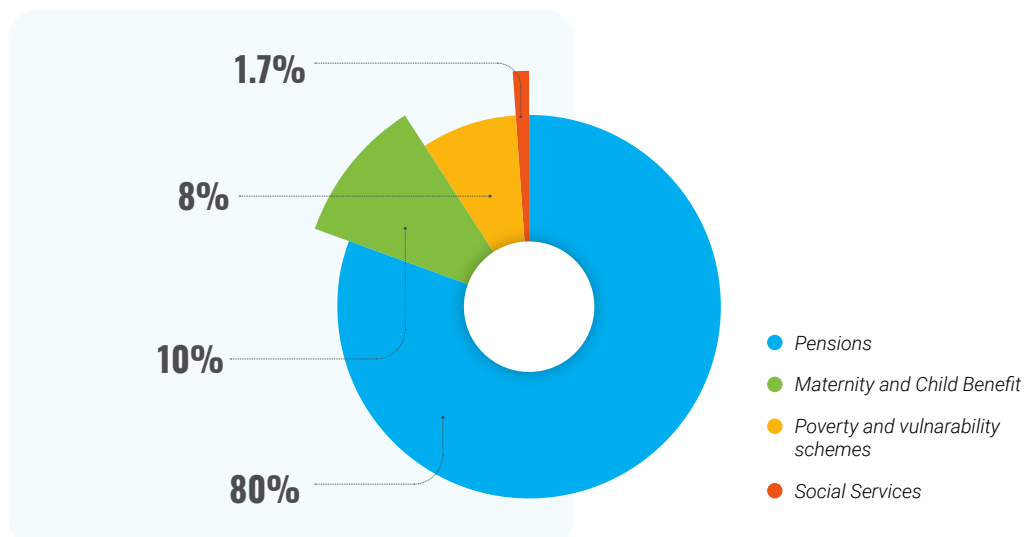
4.3 ALLOCATIONS BY PROGRAMMATIC CLASSIFICATION

Transfer schemes have been collectively allocated an average of 99 percent of social protection government spending for years 2021 to 2023 (see Figure #9a). Transfer schemes in Kosovo include three main transfer types: (i) pensions, allocated an average 80 percent of sector's spending; (ii) poverty and vulnerability schemes, allocated an average 8.3 percent; (iii) maternity allowance & child benefit, allocated 10 percent. Social services, on the other hand, absorbed an average of 1.7 percent of total sector's spending during the time frame considered.

The allocation to social services has been minimally funded and has not kept up with growth of the social protection budget. In fact, while the nominal allocation to social services has averaged approximately €11 million between 2021 and 2023, its share of total sector's budget has progressively decreased from 1.8 percent in 2021 to 1.64 percent in 2023. The

current funding level for social services is insufficient to address all social needs of the most vulnerable, which has led municipalities to rely on off-budget external support from NGOs and donor-funded projects, which do not necessarily guarantee sustainable long-term solutions. [See Box #1 on external off-budget funding].

Figure 9: Spending on Social Transfer Schemes vs. Social Services, %



Source: Author's calculations from MLFT expenditure data.

Note: The figure represents the average shares for years 2021-2023.

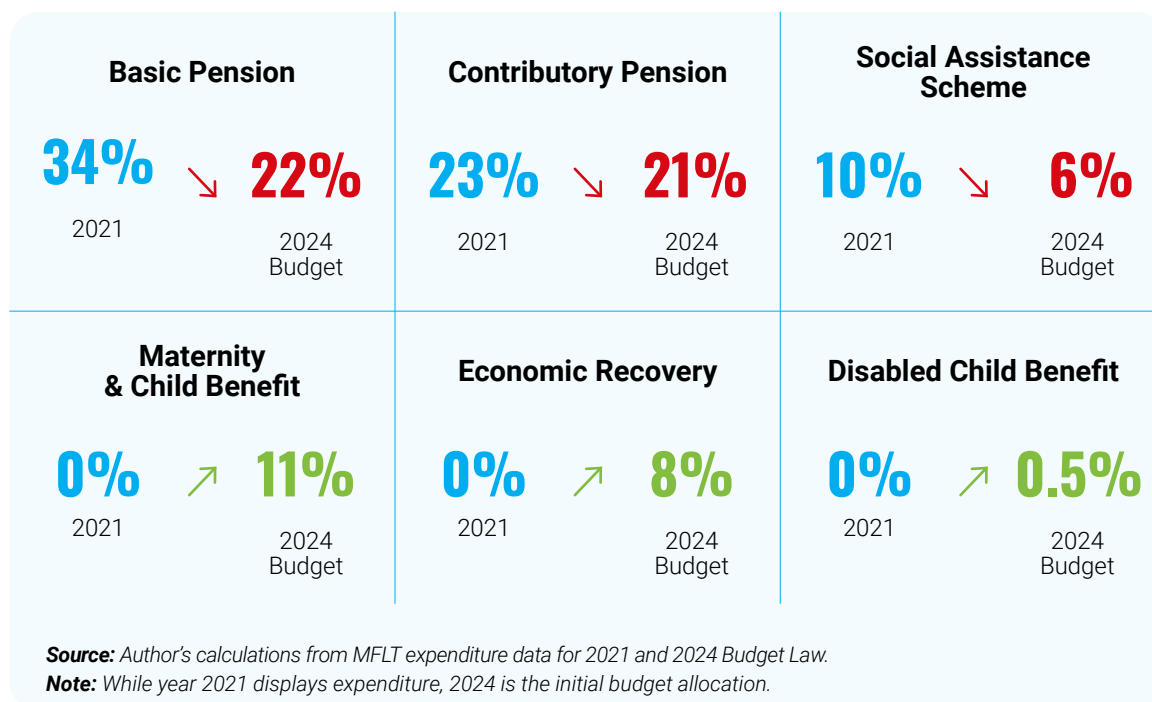
In the 2024 Budget Law, basic pensions, and contributing pensions were allocated 22 and 21 percent of the total allocation to transfer schemes, respectively, followed by pensions for war invalids at 14 percent, and maternity allowance at 11 percent. Figure #10a shows the breakdown of all social transfer schemes in 2024 budget law.

Figure 10a: Social Transfer Schemes in 2024 Budget

Transfer Scheme	2024 Budget	%
Basic Pensions	€ 190 742 123	22,4%
Contributing Pensions	€ 175 946 940	20,7%
Pensions for War Invalids	€ 117 387 618	13,8%
Maternity & Child Benefit	€ 95 000 000	11,2%
Veteran Pensions	€ 73 863 581	8,7%
Economic Revival Program	€ 69 744 514	8,2%
Social Assistance Scheme	€ 51 409 153	6,0%
Disability Pension	€ 29 441 319	3,5%
Paraplegics and Tetraplegics	€ 11 517 841	1,4%
Electricity Subsidy	€ 9 000 000	1,1%
Compensation for the blind	€ 5 289 240	0,6%
Scheme for disabled children aged 1-18	€ 4 353 850	0,5%
Pensions of KSF members	€ 4 305 135	0,5%
Family Pension	€ 4 133 894	0,5%
Early Pensions (KPC)	€ 3 447 130	0,4%
Compensation for political prisoners	€ 3 000 000	0,4%
Early Pensions (Trepca)	€ 2 700 000	0,3%
Financing of Assembly Members of 90s	€ 280 000	0,0%
Banking Provisions for payment of transfers	€ 100 000	0,0%
Labor Invalidity Pension	€ 82 200	0,0%
Total	€ 851 744 538	100%

Figure 10b highlights the key changes across various transfer schemes. While pensions still dominate social protection spending, their share of total transfer schemes has steadily declined since 2021. Similarly, spending on the Social Assistance Scheme has seen a sharp decline, dropping from 10 percent in 2021 to a budgeted 6 percent in 2024. A more stringent application of the eligibility criteria has resulted in a lower coverage of the poorest households, thereby reducing the overall effectiveness of the social assistance program in alleviating poverty.¹⁷ On the other hand, there has been notable growth in other areas. Maternity and child benefits, the Economic Revival Program, and benefits for disabled children have all seen an upward trend.

Figure 10b: Allocation changes in major transfer schemes.



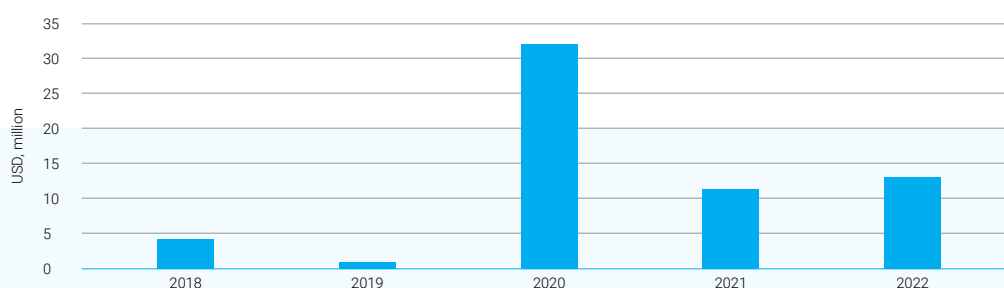
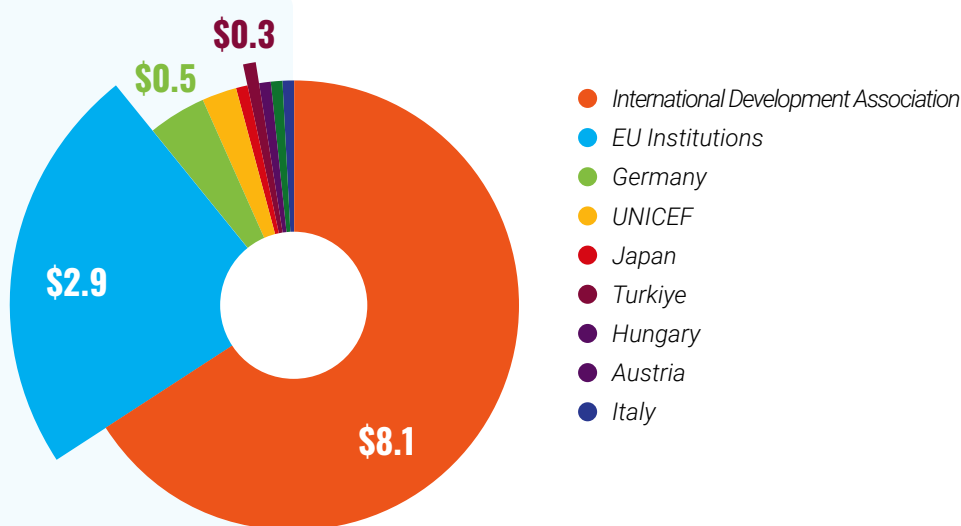
BOX #1: OFF-BUDGET EXTERNAL FUNDING TO SOCIAL PROTECTION IN KOSOVO

The bar graph displays the annual values of Official Development Assistance (ODA) to Kosovo for social protection over five years (2018-2022). The most notable year is 2020, where assistance spiked significantly to approximately USD 30 million, suggesting an increased allocation of funds, potentially due to the global COVID-19 pandemic and its economic impacts. This is contrasted sharply by relatively lower values in other years, with around USD 5 million in 2018 and 2019, and a return to similar levels in 2021 and 2022.

The diverse donor base in 2022 – last available data- suggests a broad international support structure, though heavily reliant on major institutions like the International Development Association (IDA) and the European Union (EU). This reliance on a few major donors for substantial portions of the funding could indicate vulnerabilities in funding diversity, which may affect the stability of social protection financing in the face of changing global priorities or economic conditions.

18

Official Development Assistance financing for Social Protection



Source: Author's calculations OECD Creditor Reporting Systems Database, available at <https://stats.oecd.org/Index.aspx?datasetcode=CRS1>

5. Child-focused Social Protection Spending

The government budget and expenditure reporting system in Kosovo allows for the identification of spending items benefitting children¹⁸. In fact, while there is no formal “child tag” on Government budget and expenditure reports indicating spending items that are targeting children, MFLT datasets provide for a granular data disaggregation, including economic, programmatic, and functional classification with respective codes and sub-codes across institutions. This allows for the identification of allocations benefitting children, whether directly or indirectly.

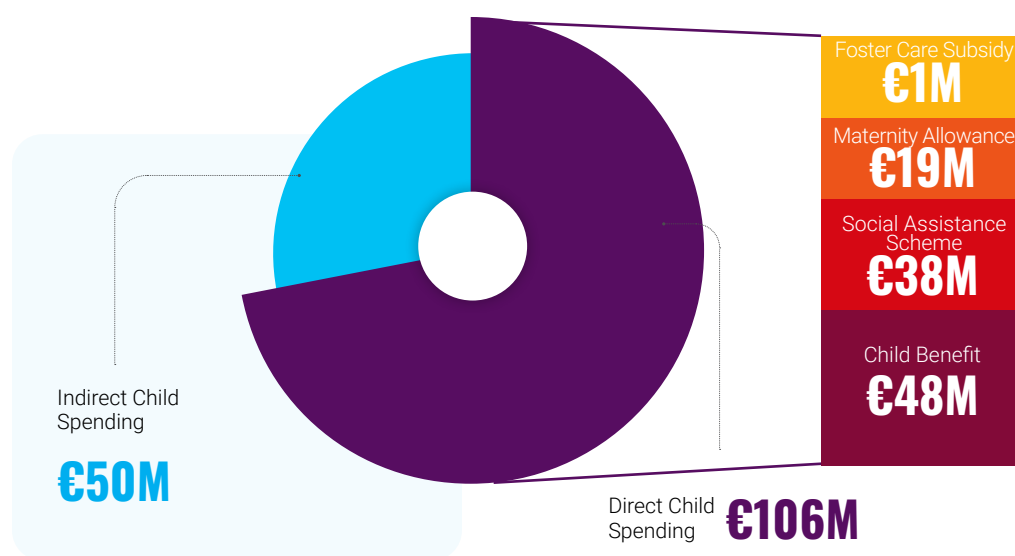
For the purposes of this report, social protection spending on children was identified and estimated by aggregating all line items with the functional classification “family and children”- functional code 1040 – that target children. A careful review of the line items classified as “family and children” revealed that this functional classification is a broad one that includes both spending items that directly target children and that indirectly affect children. Hence, it became necessary to look at the intervention level to distinguish between the two. The limitation of using the functional code 1040 – in lack of a child tag in budget and expenditure documents – is that the calculated child-spending in the sector may be a bit of an overestimate¹⁹.

In 2023, approximately € 106 million of social protection expenditure directly targeted children, while € 50 million benefited children indirectly (see Figure #11). Social protection programs directly targeting and benefitting children in Kosovo are: (i) Child Benefit; (ii) Maternity Allowance for Employed and Unemployed Women; (iii) foster care contributions for relatives and foster families; (iv) social assistance cash transfer to poor and vulnerable families with children; (v) cash transfer for children with disabilities. On the other hand, social services operating at the municipal level conduct functions that benefit all age groups, including children. Since, at the time of writing, it was not possible to disaggregate all specific interventions directed exclusively to children, nor to apportion a share of each intervention to children, the entire spending for social services at municipal level was here considered as indirect child spending. Similarly, spending items classified with code “family and children” budget code 1040, for which there was not enough information, was here classified as “indirect” child spending.

¹⁸ The methodology for identifying and measuring “child-focused” expenditure in this brief is an adaptation of the approaches laid out in UNICEF’s PF4C Working Paper “Child-focused Public Expenditure Measurement: A Compendium of Country Initiatives”.

¹⁹ In fact, interventions indirectly targeting children are here fully included (i.e., 100 percent) as part of the child-spending due to lacking additional information on the extent to which they benefit children. If the Government of Kosovo were to decide to conduct a Child Public Expenditure Measurement (C-PEM), MTLF would need to decide what share of “indirect” interventions apportion to children.

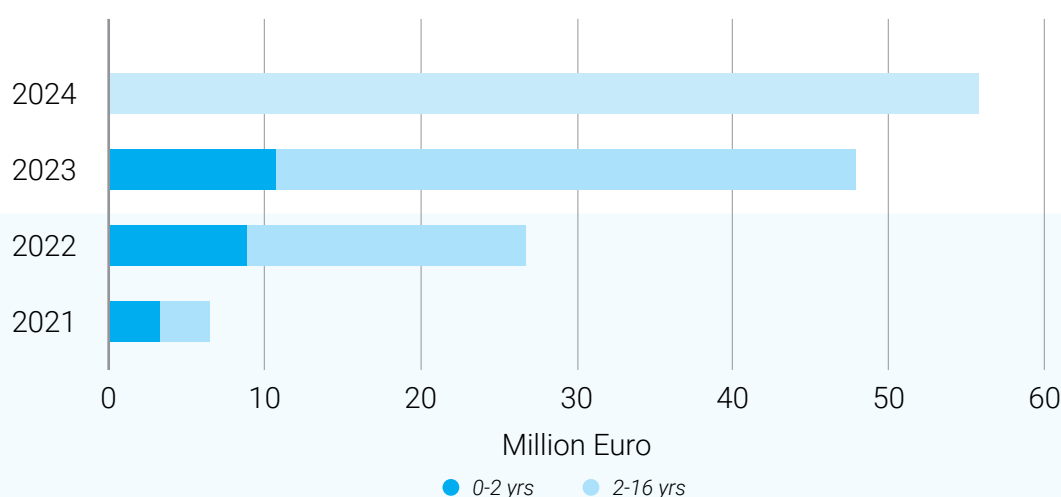
Figure 11: Social protection spending on children in 2023: direct vs. indirect.



Source: Author's calculations from MFLT expenditure data for 2023.

Among social protection programs, Child Benefit has boosted overall child-focused spending in Kosovo. Introduced in 2021 as part of the post-COVID recovery package, the child benefit grew by over ten times in three years: it started at €4.7 million in 2021, grew to €48 million in 2023, and is budgeted at approximately €55 million in 2024 (see Figure #12). At the time of writing and until July 2024, the child benefit comprises two components: a € 20 monthly subsidy to children 0-2 years, and a € 10 monthly subsidy to children 2-16 years²⁰. Starting in August 2024, following MFLT decision 55-4/2024, the subsidy amount will no longer depend on child age but rather on number of children of age 0 to 16 years in a household. More specifically, a family with one child will receive € 20 per month, a family with two children will receive € 40 per month, while a family with three children will receive € 90 per month. According to MEF preliminary estimates, 403,000 children will benefit from the reformed scheme.

Figure 12: Child benefit expenditure



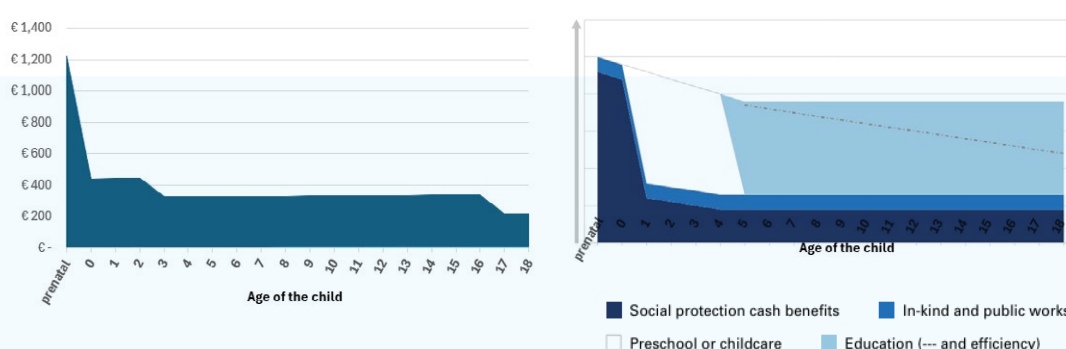
Source: Author's calculations from MFLT budget and expenditure data.

Note: While years 2021-2023 display expenditure figures, 2024 is the initial budget allocation.

20 There are no caps in the number of child subsidies that each household can receive. Hence, a large household will receive a subsidy for each child.

Social protection spending on children in Kosovo is frontloaded: younger children receive relatively higher funding (see Figure #13a). This forward-thinking public spending strategy emphasizes early investment, ensuring that children and families are safeguarded against vulnerabilities during pregnancy, childbirth, and the early years. Consequently, later public investments in childhood will not need to compensate for deficiencies in family well-being and child development²¹. The ideal child age-spending profile in social protection is “*frontloaded*” as it includes cash benefits that support children from the prenatal stage through birth and into the postnatal period. During this time, home care for infants is typically preferred to promote attachment and breastfeeding, while labor market participation is understandably reduced²² (see Figure #13b). Kosovo’s child-spending in social protection is very much frontloaded with high investment in the prenatal and 0-2 phases, while it flattens from age 2 onwards and it drops at age 16 when the child benefit stops.

Figure 13: Per-child Spending Profile
13a. Kosovo 13b: Frontloaded spending



Source: 13.a) Author's calculations from MFLT expenditure data for 2023. 13.b) UNICEF Innocenti, *Too Little too late, An assessment of public spending on children by age in 84 countries*, 2023.

Note: Figure 13.a includes both direct and indirect child-spending in Kosovo.

The total number of children beneficiaries of social protection programs more than doubled between 2021 and 2023. However, it is worth noting that while coverage of child benefit has increased over time, SAS coverage of poor and vulnerable children has plummeted. Beneficiaries of the child benefit more than tripled from about 127,000 in 2021 to 391,000 in 2023. The latest figure represents an estimated 80 percent coverage of the child population²³. Conversely, the number of children on the social assistance program dropped by 20 percent from nearly 50,000 children in 2021 to nearly 40,000 children in 2023²⁴. Given the estimated child poverty rate of 23 percent, social assistance is covering approximately 35 percent of poor children of Kosovo²⁵.

21 UNICEF Innocenti - Too little, too late: An assessment of public spending on children by age in 84 countries. 2023.

22 Ibid. Box # 4, page 35.

23 Author's calculation from MLFT data on Child Benefit beneficiaries and [TransMonEE Dashboard | UNICEF](#) child population.

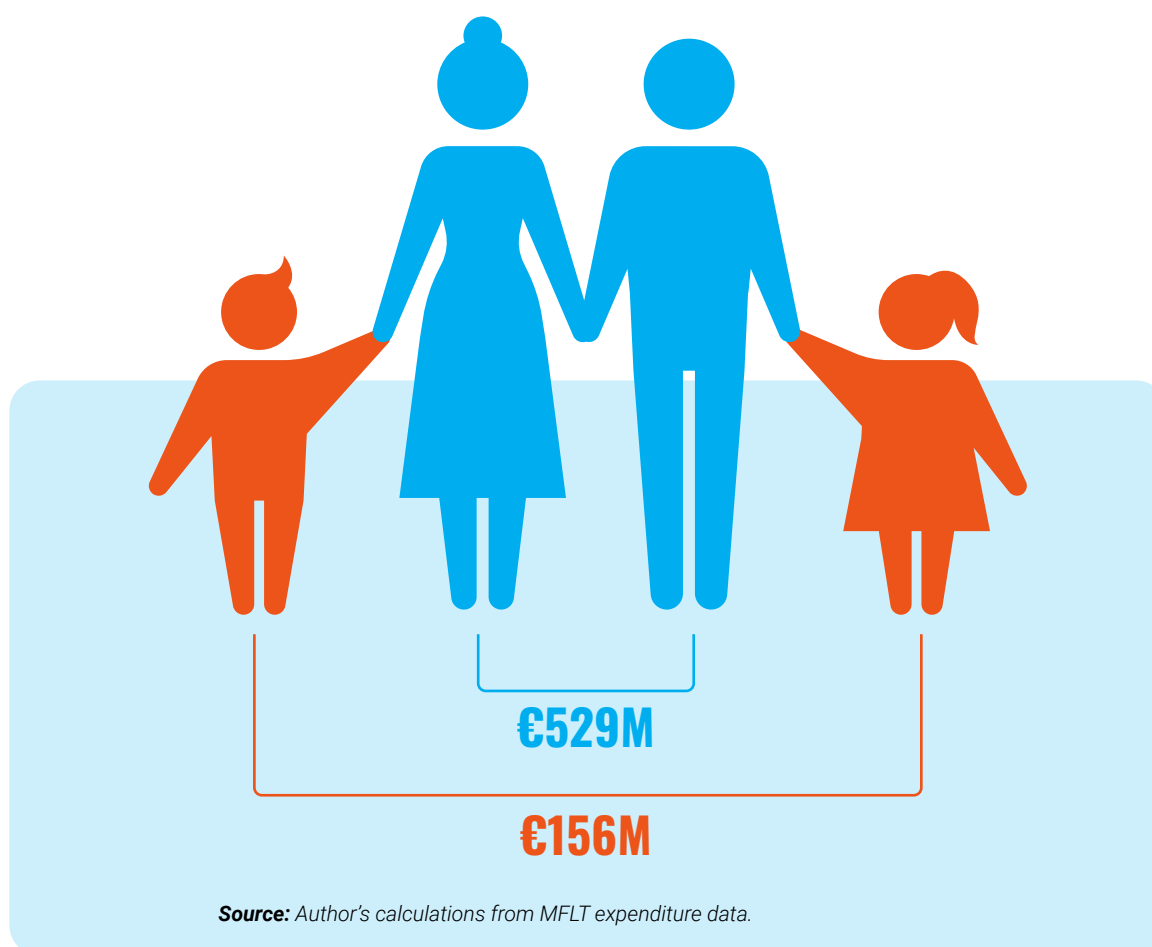
24 Based on interviews with Centers for Social Workers in Kosovo, the decrease in the number of children on SAS program might be related to migration and to a stricter application of the existing eligibility criteria.

25 Author's calculations based on child population data from TransMonEE Dashboard, child poverty data from UNICEF and number of SAS beneficiaries from SAS. According to MEF, SAS child beneficiaries in 2023 were 39,727. This corresponds to approximately 35 percent of the estimated 114,922 children living in poverty in Kosovo.

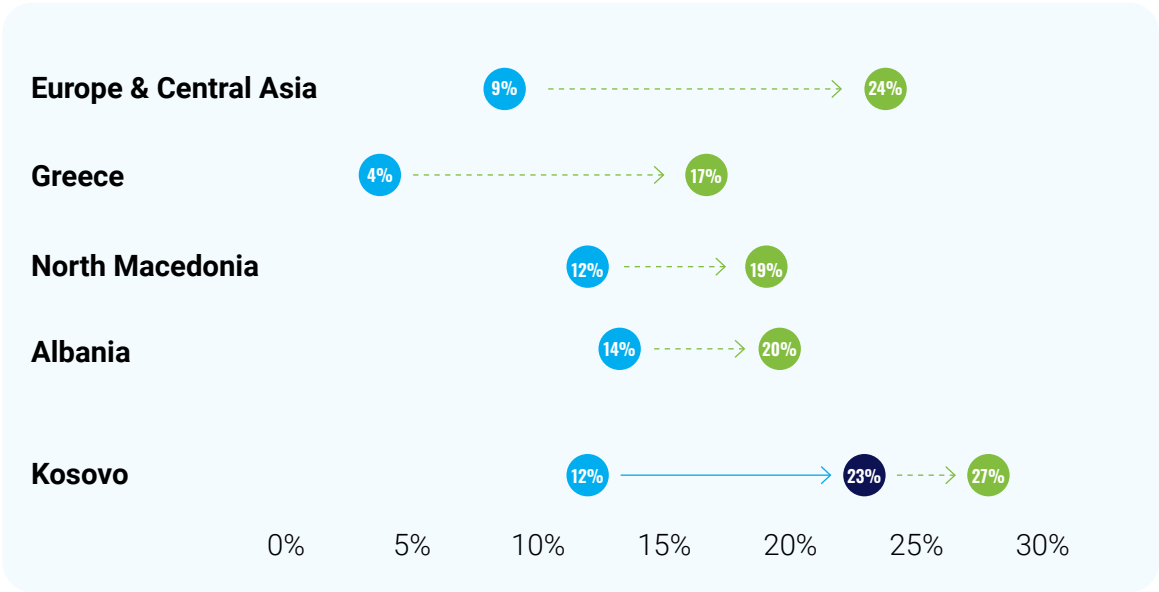
Yet, child spending in the social protection sector is too little: less than a fourth of social protection government spending is targeting children (see Figure #14). In 2023, € 156 million (or 23 percent of total sector expenditure) was dedicated to child-focused social protection programs, while € 529 million (or 77 percent of total sector expenditure) was targeting adult population.

Social protection spending needs to be reprioritized towards children: children make up for 30 percent of Kosovo's population but only 23 percent of sector spending benefits children. Given the importance of early investments, spending on children should ideally be larger than on the rest of the population. However, child-spending in social protection should at the minimum be the same share as the children share of the total population. Based on the last available data, this is not the case in Kosovo, nor in its regional peer countries (see Figure #15).

Figure 14: Total 2023 social protection expenditure on adults vs. children in Kosovo



Child-focused expenditure, % of total Social Protection in 2020 and 2024 vs. Child population, % share of total population



Source: Author's compilation based on data from ILO, UN Population Division Data Portal, and Kosovo's MLFT expenditure data.

Note: Child-focused expenditure as a share of total Social Protection expenditure data in light blue represents 2020 data, which is the last available data for all countries. The dark blue dot for Kosovo shows the 2024 data point for Child-focused expenditure, which was calculated by the author using most recent available data from MLFT. It is possible that other countries also have an improved value for Child-focused spending after the pandemic. However, this data is not yet available.

Glossary of Budget Terms

Initial Allocation: The first allocation of funds, approved by Parliament

Revised Allocation: A revised allocation of funds, approved by Parliament

Expenditure: Allocated funds spent on social protection investment and recurrent costs

Budget Execution: Percentage of allocated funds spent out of the total allocation

Nominal Values; Current: Numbers not corrected for the effect of inflation

Real Values; Constant: Numbers corrected for inflation

List of Acronyms

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GDP	Gross Domestic Product
EU	European Union
IDA	International Development Association
ILO	International Labor Organization
MFLT	Ministry of Finance, Labor, and Transfers
MLSW	Ministry of Labor and Social Welfare
UNICEF	United Nations Children's Fund
WB	World Bank

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Social Protection Budget Brief

Kosovo