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IS TAX-PAYERS' MONEY REACHING THE CHILDREN IN NEED?

Brief budget analysis on social protection
policies for children in Kosovo

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Abbreviations

CSW	Center for Social Work
DHSW	Directorate for Health and Social Welfare
DSW	Department of Social Welfare
ILO	International Labor Organization
KOMF	Coalition of NGOs for Child Protection
KPA	Kosovo Property Agency
LLGF	Law on Local Government Finance
LLSG	Law on Local Self Governance
MLGA	Ministry of Local Government Administration
MF	Ministry of Finance
MLSW	Ministry of Labor and Social Welfare
OR	Own Revenues
SAS	Social Assistance Scheme
UN	United Nations Organization
UNICEF	United Nations Children's Fund

1. Introduction

The budget analysis on social protection policies for children in Kosovo intends to elaborate the financing of current social welfare policies with special emphasis on protection of children. At the same time the analysis aims is to influence on improving the financing of social services and social schemes through policy options on social protection policies and their financing. This analysis is dedicated to the general public, stakeholders and in particular to the policymakers of social and financial policies.

The methodology used in drafting this analysis is based on a desk review of documents, reports and laws that regulate social protection and social support and in particular child protection. Furthermore, it outlines an analysis of the legal framework that regulates this area by addressing eventual problems of services and the fiscal space of social welfare and social schemes. For formulation of the policy options presented in this report, opinions of the interest groups were taken into account that included policymakers, individuals and governmental and non-governmental organizations that offer services at the municipal level, local and international agencies, and organizations that are members of the Coalition of NGOs for Child Protection in Kosovo (KOMF) elicited at the workshop held on 2-3 December 2013.

Finally, this analysis offers concrete recommendations concerning the current problems in the area of social protection in Kosovo, such as: the establishment of a sustainable mechanism that ensures an adequate allocation of the budget to finance social services and specific recommendations to amend the schemes that aim welfare of children.

This analysis has been drafted by Shar Kurtishi, a connoisseur of public and financial policies, at the request of KOMF, within the scope of the project “Who Speaks Out for Me? Joint Action for the Protection and Advancement of Child Rights in Kosovo”, financed by UNICEF Office in Kosovo, Terre des hommes and in partnership with Save the Children.

In order to gain an easier understanding of the entire document, we will elaborate below the political and social context of the social services and social schemes, the legal basis of municipal financing, the current financing of social services, the needed financing of social services and the current financing of the social schemes, as well as concrete proposals for amending the social schemes.

2. Political and social context

There is a high rate of poverty and unemployment in Kosovo¹, young population, and an expanded role of the families in ensuring social protection. As a result, the number of people in need for social protection and assistance is very big.

Furthermore, the White Paper² (2009) has explained that while the definitions of the groups in need of social protection may differ in all countries of the world, the case of Kosovo and its recent post-war history renders the list of social risks to be more complex. This includes a large number of specific groups in need of protection, such as children without parental care, children with asocial behavior, children in conflict with the law without criminal responsibility, the elderly, people with physical or mental disabilities, neglected or mistreated children, children at risk or victims of exploitation or abuse, victims of domestic violence, victims of trafficking, people addicted to drugs or alcohol, etc.

Under the circumstances where they lack support from the family or when that is not sufficient to ensure the wellbeing of an individual, the state is obliged to offer social and family services to those people who otherwise would not receive help in a manner that would respect their dignity as human beings or their basic rights based on the legislation of Kosovo and on the international conventions on human rights.

At the central government level, the Ministry of Labor and Social Welfare (MLSW) is the institution responsible for all regulative policies and matters related to labor and social welfare. The Department of Social Welfare (DSW) is the key body under the auspices of the MLSW that is responsible for social services. Pursuant to the Law on Family, the Law on Social and Family Services, the Law on Local Self Government and the Memorandum of Understanding signed between the MLSW, the Ministry of Local Government Administration (MLGA) and the Ministry of Finance (MF) in January 2009, the mandate of the Centers for Social Work (CSWs) was transferred to the municipalities. The Directorate for Health and Social Welfare has been mandated by the municipal governments to be responsible for issues pertaining to social welfare in the municipalities and manages the Centers for Social Work (CSWs).

Under this agreement: the social services are municipal responsibility under the management of municipal Directorates of Health and Social Welfare (DHSW) whereas the expanded scheme remains centralized and the residential services remain under the central control of the DSW within the MLSW, while the social assistance scheme is delegated to municipalities.

The Centers for Social Work provide two basic functions: the provision of social services and the provision of cash benefit schemes.

The CSW is responsible for providing social protection programs such as:

- I. Professional social services for individuals and families in social need (child protection, victims of domestic violence and trafficking etc);
- II. Distribution of social assistance for poor families (Social Assistance Scheme).

¹ The absolute rate of poverty is 29.7%, extreme poverty 10.2 %, while the unemployment rate is 30.9 % - sources from the Kosovo Agency for Statistics 2012

² White Paper on Challenges of Social Inclusion in Kosovo, Assembly of Kosovo, accessed at: <http://www.kuvendikosoves.org/common/docs/sociale-ne-kosove.pdf>

3. Social protection and children

Social protection is a key policy to support social equity and social justice and to realize the rights of children. Social protection measures empower the ability of the families to look after their children. Evidence indicates the role of social protection in improving the lives of children, families and the community in general, often with more impact on the poorest and the most vulnerable.

KOMF is committed to advocate for expanded social protection as part of its objective to promote and protect the rights of the child, to assist them to meet their basic needs and to expand their opportunities to reach their full potential. The right to social schemes, social insurance and the right to an adequate standard of living for every child is included in the International Convention on the Rights of the Child.

Social protection deals with economic and social barriers that obstruct access to services by focusing on sectors in greatest need and by contributing to a fair distribution of resources and benefits.

The essential components of social protection are: the social transfers, programs that ensure access to social services, provision of social services, the legislation and policies that ensure equity and non-discrimination in access to social services for children and families.

4. Municipal legal framework

Currently, Kosovo has 38 municipalities in compliance with the provisions of the Constitution, the Law on Local Self Government (LLSG) and the Law on Local Government Finance (LLGF) of 2008. Upon the adoption of the Constitution and the LLSG the competencies of all municipalities have increased albeit asymmetrically. In particular, the Constitution and the LLSG have expanded the municipalities with their basic functions that now include primary health care, pre-school, basic and secondary education by adding new functions such as management and provision of social services. Apart from this, a number of functions exerted previously by the central government, e.g. social assistance payments are now defined as “delegated functions”, where the implementation of policies is transferred to the local level.

LLGF envisages a formula which is based on the division of central transfers to ensure predictability of municipal revenues and a degree of equality between municipalities. LLGF regulates transfers to the municipalities through three main grants: general grant and two specific grants – assigned to pre-university education and primary health care. The general grant aims to ensure for the municipalities a basic revenue so that they carry out their functions adequately matching those with their own revenues (OR) which in essence are very limited. The law ensures that the formula be reviewed on regular basis, initially two years after the adoption of the law and then every three years following the initial review. Apart from the formulas for the general grant, education grant and health care grant that are destined for municipal financing, namely own personal functions (Articles: 5, 6, 25 and 26) requires that the central government offers additional transfers for the delegated and expanded functions. However, the LLGF does not specify how to calculate in these transfers the cost of social services.

4.1 Financing of social welfare according to MTEF 2014 – 2016

Based on the developmental priorities and strategies, the Government of Kosovo has allocated a budget of €230 million for social welfare, or around 14.5% of the total expenses predicted for 2014. On the other hand, the municipalities have budgeted €3.7 million to finance the Centers for Social Work from two financing sources: from the general grant €2.8 million and €0.9 million from municipal own revenues. It is worth emphasizing that the financing from municipal own revenues is much smaller. An exception is noted in 2014 when the Municipality of Prizren allocated €0.5 million for capital investment. Based on the history of financing the real contribution with own municipal revenues to finance social services is between €0.2 – 0.4 million per year.

Table 1 – Budget according to MTEF 2014-2016

Year	2014	2015	2016
Budget of Kosovo (BK)	1,589,324,961	1,610,905,445	1,634,136,531
Budget at National Level	1,189,823,092	1,209,548,665	1,226,023,568
KPA	11,345,873	11,345,873	9,850,000
Budget at Local Level	388,155,996	390,010,907	398,262,963
Ministry of Labor and Social Welfare			
CSW	230,103,930	232,994,930	235,994,930
TOTAL MLSW+CSW	3,738,096	4,111,906	4,523,096
	233,842,026	237,106,836	240,518,026
MLSW in % versus BK	14.5%	14.5%	14.4%
CSW in % versus BK	0.2%	0.3%	0.3%
Revenues at the National Level	1,430,000,000	1,426,000,000	1,498,000,000
General Grant 10%	143,000,000	142,600,000	149,800,000

Source: Medium Expenditure Framework, Ministry of Finance

4.2 Current financing of social services

Social services are own municipal competence and based on the Law on Local Government Finance (LLGF) are financed by the municipalities through two sources of financing: the general grant, and municipal own revenues. The general grant aims to ensure for the municipalities a basic revenue source to enable them to carry out all their functions³ and adequately supplementing that with their own revenues which in essence are very limited. The general grant is a closed-type grant with 10% of projected revenues that should be collected at the central level during one calendar year, whereas the allocation per capita has been assigned with some additional parameters, which first of all assist the smaller municipalities with ethnic and territorial diversity of the municipalities.

³ As functions we consider: the municipal services provided to the citizens or the municipal units that create expenses from the office of the Mayor, municipal assembly, services in the directorates or offices such as Public Services, Urban Affairs, Cadastre, Geodesy, Civil Registry etc

The annex to this report explains the allocation of the grant in the vertical manner with 4 basic criteria and further the horizontal allocation for each municipality, including the criteria to determine the general grant.

However, the problem for social services begins right here because there is no guarantee that there will be sufficient allocation of funds to ensure the minimum of financing for social services⁴ since from this point there is no mechanism of allocation for social services knowing that from these amounts all municipal departments are budgeting for operational and capital expenses.

This may be noted based on the history of the financing of social services and the medium term expenditure framework 2014-2016 where the amount of financing for the Centers for Social Work has been as follows:

Table 2 – Financing of Social Services (2009; QB2010/01) and 2011-2014 Current Financing

Source of Financing/ Year (in million EUR)	2010	2011	2012	2013	2014
Financing of CSWs for social services ⁵	2.08	2.01	2.82	2.64	2.67
Differences from year to year in €	n/a	-0.07	0.81	-0.18	0.03
Differences from year to year in %	n/a	-3.4%	40.3%	-6.4%	1.1%

**Budget projection according to the Medium Term Expenditure Framework*

Source: Report on Expenses, Department of Treasury, Ministry of Finance

This budget to finance the CSWs from the time of transfer from the central level to the municipalities as transferred competence where all assets for 2009, including the staff, were transferred, noted a symbolic increase from year to year and since 2011 it has been integrated entirely as a budget financed by the General Grant⁶.

At first sight, it creates an impression that in total the financing has noted a small change, always based on the possibilities that the municipalities have but if we delve deeper into the details (see Table 3) by analyzing the municipal division to finance these services, we note a tendency of budget decrease without an explanation despite of increasing demand for social services that does not indicate an improvement of welfare in these municipalities.

4 MLSW has developed mechanisms for minimal financing of social services and has submitted that to the Ministry of Finance. However, since the LLGF required to be amended the issue has not been reviewed any further

5 This budget includes the competence delegated from the central level of social scheme that implies all expenses for managing SAS (categories: salaries, goods, services and municipal services) as this personnel acts within the CSWs. However, it is worth emphasizing that payments for beneficiaries are not included, as they are managed by the MLSW

6 The general grant ensures financing of all municipal services with the exception of pre-university education and primary health care that are financed by specific grants

Table 3 – Horizontal allocation for the municipalities and differences between 2011 and 2014

Municipality	Budget 2011 in €	Budget 2013 in €	diff 2011/2013 in €	diff 2011/2013 in %	2014	diff 2013/2014 in €	diff 2013/2014 in %
Deçan	53,048	53,807	759	▲ 1.4%	53,808	1	▶ 0.0%
Dragash	51,993	54,700	2,707	▲ 5.2%	53,700	- 1 000	▶ -1.8%
Ferizaj	77,724	77,083	9,726	▲ 18.5%	86,978	9 895	▶ 12.8%
Fushë Kosovë	52,540	62,266	9,726	▲ 12.5%	66,735	4 469	▶ 7.2%
Gjakovë	83,016	139,000	55,984	▲ 67.4%	99,977	- 39 023	▼ -28.1%
Gjilan	83,576	96,256	12,680	▲ 15.2%	96,550	294	▶ 0.3%
Gillogoc	67,257	99,750	32,493	▲ 48.3%	74,033	- 25 717	▼ -25.8%
Graçanicë	n/a	36,714	36,714	n/a	23,463	- 13 251	▼ -36.1%
Hani i Elezit	n/a	16,931	16,931	n/a	17,981	1 050	▶ 6.2%
Istog	61,641	67,800	6,159	▲ 10.0%	64,800	- 3 000	▶ -4.4%
Junik	n/a	13,042	13,042	n/a	12,686	- 356	▶ -2.7%
Kaçanik	45,319	53,686	8,367	▲ 18.5%	47,206	- 6 480	▼ -12.1%
Kamenicë	91,214	81,000	-10,214	▲ -11.2%	78,552	- 2 448	▶ -3.0%
Klinë	52,536	59,789	7,253	▲ 13.8%	62,820	3 031	▶ 5.1%
Kllokot	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Leposaviq	National Level	National Level	National Level	National Level	National Level	National Level	National Level
Lipjan	63,106	76,042	12,936	20.5%	71,042	- 5 000	▶ -6.6%
Malishevë	49,200	98,915	49,715	101.0%	92,962	- 5 953	▶ -6.0%
Mamushë	n/a	9,975	9,975	n/a	9,005	- 970	▶ -9.7%
Mitrovicë	142,296	186,060	43,764	▲ 30.8%	169,813	- 16 247	▶ -8.7%
Novobërdë	28,193	22,688	-5,505	▶ -19.5%	26,516	3 828	▲ 16.9%
Obiliq	55,317	47,256	-8,061	-14.6%	47,356	100	▶ 0.2%
Partesh	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pejë	80,527	188,500	107,973	▲ 134.1%	187,800	- 700	▶ -0.4%
Podujevë	64,475	87,186	22,711	▲ 35.2%	83,000	- 4 186	▶ -4.8%
Prishtinë	184,708	260,000	75,292	▲ 40.8%	370,000	110 000	▲ 42.3%
Prizren	108,755	225,100	116,345	▲ 107.0%	225,100	0	▶ 0.0%
Rahovec	69,777	78,520	8,743	▲ 12.5%	78,520	0	▶ 0.0%
Ranillug	n/a	17,332	17,332	n/a	17,332	0	▶ 0.0%
Shtërpcë	49,146	49,146	-	▲ 0.0%	49,146	0	▶ 0.0%
Shtime	49,199	63,871	14,672	▲ 29.8%	90,000	26 129	▲ 40.9%

Skenderaj	79,144	101,300	22,156	▲ 28.0%	97,250	- 4 050	▶ -4.0%
Suharekë	61,713	71,000	9,287	▲ 15.0%	71,000	0	▶ 0.0%
Viti	53,648	77,179	23,531	▲ 43.9%	76,031	- 1 148	▶ -1.5%
Vushtrri	58,654	74,343	15,689	▲ 26.7%	74,442	99	▶ 0.1%
Zubin Potok	National Level	National Level	National Level	National Level	National Level	National Level	National Level
Zveçan	National Level	National Level	National Level	National Level	National Level	National Level	National Level
TOTAL	1,917,722	2,646,237	738,882	▲ 38.5%	€2,675,604	29 367	▶ 1.1%

Source: Budget Circular 2010/01, 2012/02 and 2013/01, Department of Municipal Budget, Ministry of Finance

For the purpose of this analysis, we have taken the budgets from 2011, 2013 and 2014 to demonstrate a year-based comparison on budget allocation for social services. In 2011 we may note an increase of the budget in the amount of 38.5%. One of the reasons that influenced on the increase of the budget is considered to be the training conducted at that time⁷, however, training programs have a tendency to be forgotten or turnover of staff results in loss of built capacities.

Furthermore, this budget does not take into account basic factors such as the number of population, age groups or the demand for municipal services and its cost, and even less the risk factors regardless of the fact that each municipality has different demands for the types of services based on the social problems in that municipality.

In the absence of a sustainable mechanism to finance social services the issue becomes a critical existential problem for the smooth functioning of the Centers for Social Work and furthermore, it endangers the provision of universal social services that are guaranteed by the legislation in force, the minimal standards of social services and by the International Labor Organization (ILO), which in 2012 approved the regulation on social protection No.202 on endangered groups, which determines the social protection floor, i.e. protection of the fiscal space for financing of social services.

If this financing modality continues the situation may deteriorate to a degree as to render the CSWs into non-functional centers which, due to insufficient financing, will have poorer performance or will not be able to provide social services or they would have to comprise the quality of social services and in both cases, in case of inspection the right to exercise its competences may be taken from municipality and be returned to the central level based on the Law on Local Self Government.

In order for this municipal function to stop remaining under the municipal mercy (having in mind the financing in the last years) it is suggested that a sustainable solution for financing within the Law on Local Government Finance be found. Below we will provide two options for financing within the LLGF.

⁷ A substantial increase of the budget for 2013 is a result of the joint training conducted in mid 2012 where Directors of Social Welfare, Directors of CSWs were trained to submit requests and defend budget requests. On the other hand, Directors of Finances were better informed about social services and the reasoning why the requested budget should be allocated. The training program was conducted under the auspices of MLSW and financed by DFID

4.3 Modalities for financing social services

To ensure a sustainable and fair financing of social services in Kosovo it is considered that the best solution can be made through amending the Law No. 03/L-049 on Law on Local Government Finance and establishment of a grant that should be in addition to the operational grants⁸ as a grant dedicated to the social services. This grant should have clear criteria to ensure a fair allocation and adequate financing for social services.

Therefore, we are proposing two alternatives to ensure sustainable and fair financing of social services:

First alternative: Specific grant for social services of a closed type⁹ which is a more adequate alternative because it ensures a sustainable minimum financing in offering social services;

Second alternative: A dedicated allocation to social services as a percentage within the general grant¹⁰. It is worth to emphasize that the second alternative doesn't guarantee financial security at the level of the first alternative.

The hypotheses for financial allocation in the ways presented below were formulated by assuming the level of central level revenues of 2014 with €143,000,000 according to the Medium Term Expenditure Framework 2014-2016.

The first alternative: as a specific grant would be calculated with 0.2% in the first option and with 0.25% in the second option from the level of planned central revenues that in nominal value equals to €2.86 million or €3.57 million. Therefore, the option of 0.2% would cover the minimal financing of social services, whereas in the second option of 0.25% would finance the social services based on minimal structural standards already approved by MLSW. This model would have a financial influence on increasing municipal revenue by 0.2% or for 0.25% and at the same time decrease that for the same amount at the central level.

The second alternative: within the General Grant after the allocation of the criteria of € 140,000 (see Table 4); the remaining would be €139,877,546 and out of this 2% would be allocated in the first option and 2.5% in the second option. The first option in nominal value would be € 2.79 million and the second option would be € 3.49 million. This model would not have any financial impact on increasing municipal revenues or decrease for the central level as everything would be done within the general grant.

After a decision is made on any of the alternatives and options within alternatives, the CSW and social services would be allocated with a minimal financing of €2.79 million, and an optimal one of €3.49 million.

In this way a horizontal allocation between municipalities would be possible following specific criteria updated by the MLSW on annual basis.

This allocation would ensure fiscal sustainability for financing the social services unless the collection of revenues at central level decreases.

8 LLGF, Article 1, Item 1

9 The specific grant for social services shall be independent from the other grants based on several risk factors by municipalities that shall be determined by the MLSW (factors like unemployment, natality, divorce, children dropping out of schools, etc.) as well as the connection with indicators like population in municipalities, age groups, housing services in the Municipality, etc. This type of grant requires determination of a percentage from the central level and that percentage shall be allocated from the total revenues of the country and shall be dedicated to social services on an annual basis

10 Assurance that before the horizontal allocation for municipalities the minimum of necessary financing for social services is allocated

Table 4 – Proposals for internal allocation within the general grant for financing social services

Existing allocation				Option 1	Option 2
Total amount of the Grant to be distributed:	A		€ 143,000,000	€ 143,000,000	€ 143,000,000
Balancing amount €140,000 - €1 EUR per capita	€ 140,000	B	€ 3,122,454	€ 3,122,454	€ 3,122,454
Difference remaining after the Balancing Criterion:		C = A - B	€ 139,877,546	€ 139,877,546	€ 139,877,546
				2%	2,5%
Internal allocation for Social Services				€ 2,797,551	€ 3,496,939
The remaining allocated as per the following criteria				€ 137,079,995	€ 136,380,607
Population in %	89%	=C*89%	€ 124,491,016	€ 122,001,196	€ 121,378,741
Minority population	3%	= C * 3%	€ 4,196,326	€ 4,112,400	€ 4,091,418
Municipalities with minority population	2%	= C * 2%	€ 2,797,551	€ 2,741,600	€ 2,727,612
Municipal area	6%	= C * 6%	€ 8,392,653	€ 8,224,800	€ 8,182,836

Source: Law on Financing of the Local Government, Ministry of Finance

5. Current system of social schemes

Social schemes in Kosovo are managed by the MLSW. The social schemes in Kosovo are mainly oriented towards monthly cash benefits for poor families, for people with disabilities, for providing shelter to children in foster family and residential care, for pensioners, for the categories of war invalids and martyrs' families. The only scheme for poor families is the Social Assistance Scheme that functions within the scope of work of CSWs as a competence delegated by the central level for the municipalities.

As per applicable legislation the social categories are benefiting through the following social schemes: the Social Assistance Scheme (2000), Scheme of War Invalids and their Relatives (2001), the Basic Pension Scheme (2002), Scheme of Trepça Pensioners (2003), Scheme of Special Needs (2003), Scheme of Disability Pensions (2004), Scheme of Contributing Pensions (2008), Scheme for support to Families with Children with Permanent Disabilities (2009).

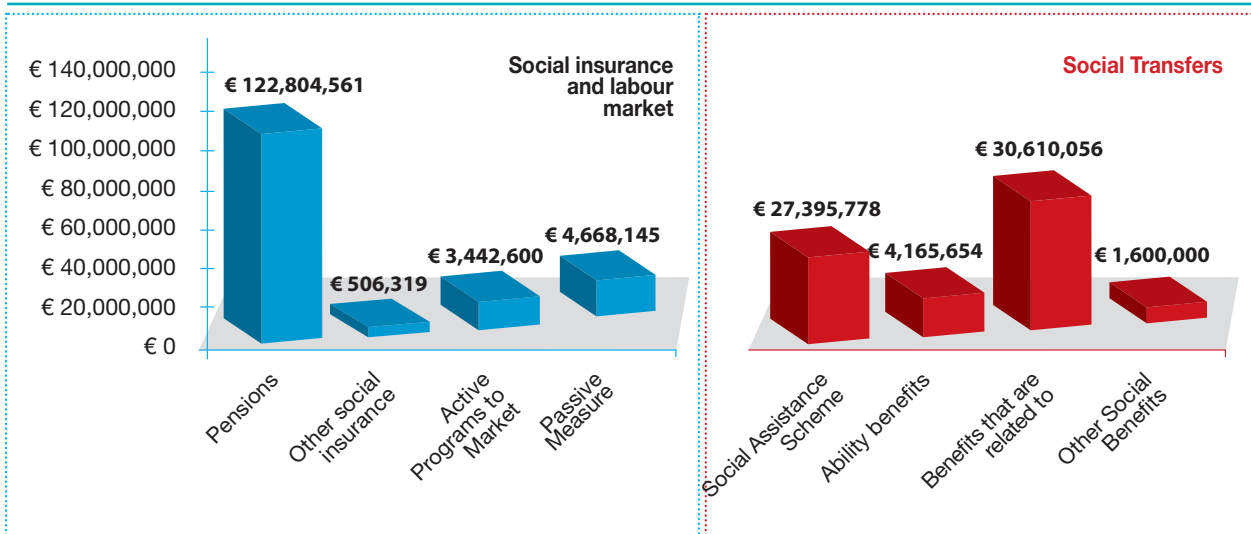
However, the focus of this analysis shall be on the schemes that are dedicated to children such as: foster care for children without parental care and abandoned until an alternative solution is found for the child, residential care, social assistance schemes and the scheme for support for families with children with permanent disabilities.

5.1 Financing of social schemes and pensions

The total number of beneficiaries of social assistance and social insurance in the end of 2012 according to MLSW data was 215,460 with a cost of €195.2 million that are divided into the following categories (see the chart below).

If we remove the pensions and other social insurance (around €123.3 million) and the labor market program together with the passive measures (€8.1 million) the social transfers schemes (with 48,141 individual and family beneficiaries), remains at €63.8 million (see the chart below).

Chart 1 - The structure of social and pensions schemes for 2012



Source: Ministry of Labor and Social Welfare. Last available data for 2012

6. Alternative forms of protection for children without parental care

Based on the legislation the alternative forms of protection for children without parental care are: guardianship, foster care, residential care and adoption. According to the data from the information management system at the MLSW it appears that by the end of 2013 there were a total of 1285 children without parental care.

The process of social care like foster care and residential care is regulated by the Law No.04/L-081 on Social and Family Services. Both types of care, family or residential, are considered as temporary care until a final solution for the status of the child is decided.

Imposition of the custody is required for the temporary status. In order to initiate custody, the law requires from the CSW to take care on behalf of the custody body and it is obligated to always act as a good parent towards a child that is an orphan without both parents, who has been given into adoption from one or both parents, or who has been abandoned, whose parents are unknown, who has been given into temporary care of the CSW from one or both parents and who has been given into the care of the DSW by the courts.

Foster care for children without parental care or abandoned has cost to the Government of Kosovo €486,900 in 2013. Nevertheless, this amount covers only the cost of foster care with relatives for 541 children. In addition to this category there are 82 children in foster families and 150 children in institutional care, the cost of the latter is covered by foreign agencies or non-governmental organizations.

Table 5 – Calculation of the cost for family and residential shelters

Type of shelter	Number of children as of 31/12/2012	Annual Cost	Total Cost
Children fostered by relatives (€75 per month)	541	€ 900	€ 486,900
Children fostered by foster families (€150 per month)	82	€ 1,800	€ 147,600
Children sheltered in institutions (According to the Coalition of Shelters €640 per month)	150	€ 7,680	€ 1,152,000

* Department of Social Welfare - MLSW

6.1 Foster care

The best interest of the child is met when the needs for physical and psychological development are met within the context of his/her family. Every effort should be made to promote well-being of the child within their biological families. The UN Convention on the Rights of the Child stipulates clearly that all children, including abandoned

children, children with special needs and mistreated children should be enabled to live within families. The alternative ways of protection such as foster care should always be given priority over residential sheltering.

Foster care is divided into two types: children who are fostered by their relatives and children sheltered with alternative foster families.

The by-laws determine that foster families providing shelter for children without parental care and who are relatives of the children receive €75 per child per month. Whereas the foster family for abandoned children who are not their relatives receive €150 per child per month. This amount is different for children with disabilities staying with foster families where the families receive €250 per month per child for caring for the child.

These foster families are trained by the professional staff of the CSWs and of other organizations that provide social services. However, the CSWs are required to continue to work for sensitizing other potential foster families to achieve better geographical coverage.

Foster care families in Kosovo are not extended to all municipalities, they are only in 22 municipalities out of a total of 38 municipalities and Kosovo. There is no categorization of payments for foster care based on the needs of children. The payments for children in foster care (categories, age) is the same for all children and also insufficient to cover costs of care for the child. Host families do not realize any social or health benefits on behalf of being a host family which endangers the stability of the scheme.

It is obvious that foster care is notably cheaper than residential care. Sheltering with relatives is eleven times cheaper than residential sheltering, and five times cheaper than sheltering with foster care. Apart from the cheaper cost there are other psycho-social benefits for children, and it is obvious that as a model is inclusive and the best for the full development of the child.

Recommendations:

- Foster care families which are in the waiting list to foster children to receive financing of 50% of the basic value as this financing would keep the foster families motivated even while they are waiting i.e. do not have any fostered child;
- Increases of the basic value of the payment based on the consumer's basket and the indexation of inflation;
- There is a need to categorize the amounts of payment for foster families based on the age, categories and needs of the children;
- It is recommended that foster families make other social or health benefits for being foster families. In the developed countries being a foster family is acknowledged as a job for the head of the household.

6.2 Residential Sheltering for Children

According to the existing data from the information system of the MLSW until the end of 2013 there were a total of 150 children sheltered in residential care¹¹.

The average annual cost per child in residential care is €7,500¹² which includes housing, basic food, and professional institutional care. The annual cost of provision of services to 150 children in these institutions/residencies is €1,006,080, which is covered by foreign agencies and organizations and is only partially covered by the MLSW through a yearly subsidy of €25,000.

Currently in Kosovo under purchasing of social services for temporary sheltering the MLSW supports through the tendering process the following:

- Six NGOs sheltering women and children who are victims of domestic violence. The sheltering lasts until the social service manages to reunite families or finds alternative ways of protection. Shelters receive € 2,000 per month;
- One NGO that shelters and rehabilitates victims of trafficking, which is financed by the MLSW with €2,500 per month;
- One NGO that shelters children who have been mistreated, neglected and victims of trafficking with low degree of risk, which is financed by the MLSW with €4, 891.60 per month.

As a response to the increasing number of children who are in need of care, many residential centers that are part of the non-governmental sector are facing existential insecurity and financial sustainability that risks the provision of such services. Therefore, it is required that the minimum threshold of financing be increased from €25,000 to €50,000 and use the model¹³ of the financing of municipal utilities such as water, electricity, heating and waste. The reason for this increase is to ensure smooth functioning, sustainability, and greater inclusion of children under institutional care, and more qualitative services.

Children who are sheltered in residential shelters are mainly children who are victims of domestic violence and children who are victims of trafficking with low, medium and high degrees of risk, who are assessed that they cannot be taken care by foster families. Since in addition to the MLSW, domestic violence and trafficking in human beings is handled by other bodies, such as the Ministry of Internal Affairs and the Ministry of Justice, it is recommended that in addition to MLSW financing, a separate budget line is created under the Government of Kosovo, where funds from all ministries involved be deposited with the purpose of ensuring sustainability for the provision of qualitative services for victims of domestic violence and victims of trafficking who are sheltered in residential shelters.

11 Children housed in residential shelter as: SOS Children's Villages, shelter "Hope and Homes for Children", shelters for woman and children protection in: Prishtina, Peja, Mitrovica, Gjilan, Prizren and Gjakova, Caritas, safe house

12 As per the cost from the Coalition of Kosovo Shelters

13 The municipal government of Gjilan covers these operational expenses for the Association for the Protection of the Rights of Women and Children – Liria

Currently, services for children and people with disabilities are provided through the day centers in four municipalities: Pejë, Ferizaj, Gjilan and Prizren.

The establishment and functionalization of day care centers that provide psychosocial and rehabilitative services for children with disabilities for those four municipalities was initiated by MLSW in collaboration with two non-governmental organizations and support from international donors.

The municipalities where currently these services are offered to the benefit of children and adults with disabilities are obliged that after completion of this project that supports psychosocial and rehabilitative services provided under the Day Care Centers, continue to maintain these services through provision of municipal budget.

The estimated annual cost for the operation of a day care center under the current model, is estimated to be €52,000.00 including operating costs such as staff salaries, utilities, advocacy activities, capacity building of staff and organizing recreational activities for children beneficiaries of services within the day care center, which provides services to about 120 children with disabilities and 40 vulnerable and neglected children of other categories and victims of domestic violence on annual basis.

It is recommended that municipalities have agreements in place with licensed, experienced and professional non-governmental organizations in providing social and family services, on behalf of the municipality, provided such agreements comply with the municipal annual action plans for social and family services.

Recommendations:

- It is required that the minimum threshold of financing for residential care be increased from €25,000 to €50,000. This assistance would ensure better sustainability and more qualitative services;
- It is recommended that in addition to the MLSW financing, to establish a budget line under the Government of Kosovo where all the funding from all ministries involved is deposited, with the aim of ensuring sustainability for the provision of qualitative services for victims of domestic violence and victims of trafficking sheltered in residential shelters;
- It is recommended that the municipalities enter into agreements with non-governmental organizations for the provision of special social and family services within their territory, on behalf of the municipality, on condition that such contracts to be in compliance with the annual municipal action plans for social and family services.

7. Social schemes for children

Main social schemes which provide cash benefits that relate to protection of children are:

- Scheme of Material Support for Families with Children with Permanent Disability
- Social Assistance Scheme

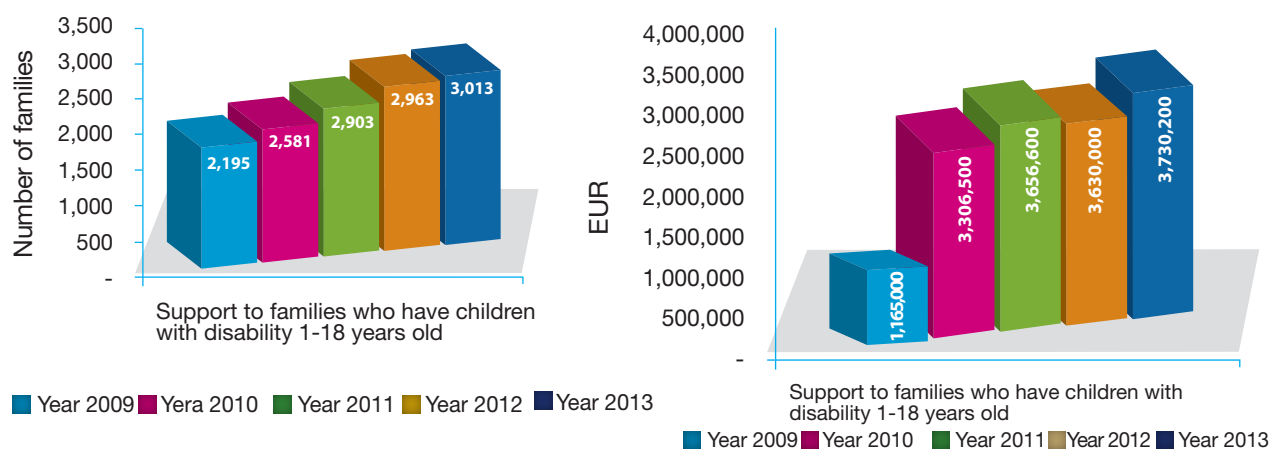
7.1 Scheme of Material Support for Families with Children with Permanent Disability

In the area of social protection there is the Law No. 03/L-022 on Material Support for Families with Children with Permanent Disability, a law that has marked an important step to support these children and their families, although it does not guarantee comprehensive protection. This scheme foresees monthly financial support of €100 for a family of a child with permanent disability. According to this law “Permanently disabled children of physical, mental and sensory forms” are considered the children from their birth until 18 years of age who are permanent residents of Kosovo, and who are completely incapable of carrying out daily life activities without the care of another person.

The number of children who enjoy this right in Kosovo currently is 3013. This number changes depending on the requests submitted from the CSWs.

This scheme is considered to be discriminatory for children with disabilities, as it recognizes the entitlement to material compensation only for children who have permanent disabilities and excludes the other children with partial disabilities. In addition, the amount that is provided by this law results to be insufficient for the needs of children with permanent disabilities.

Chart 2 - Number of family and financial cost



Recommendation:

- The Amendment of the Law on Material Support to Families of Children with Permanent Disabilities. Legislation should ensure comprehensive protection, including for children with partial disabilities. Since this would imply additional costs, it is recommended that MLSW should analyze the current situation and plan for additional funding.

7.2 Social Assistance Scheme

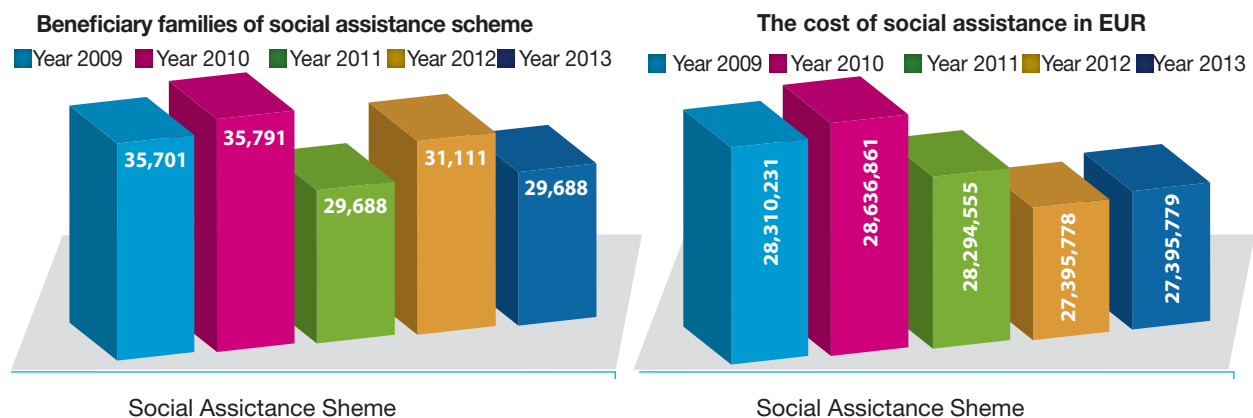
The Social Assistance Scheme intends to ensure social insurance within the broad framework of social protection in Kosovo, in order to alleviate poverty through social assistance for poor families in need of social support. This scheme is divided into two categories:

First category: A family where all members are dependent persons and none of them is employed.

Second category: A family with one person fit to work, with at least one child below the age of 5, with one orphan in their permanent care under the age of 15. All family members should either be dependent according to the law, or should be registered as unemployed with the Employment Office.

By the end of 2013 these two categories had 29,688 families. The decrease of beneficiaries is a result of families not meeting the criteria in order to be included in social protection and consequently, the total number has decreased.

Chart 3 - Number of family beneficiaries of social assistance scheme and financial cost



Source: Department of Social Welfare, MLSW

Research shows that social assistance scheme in Kosovo is not well adapted to contribute to the alleviation of poverty in general and in alleviating child poverty in particular. The average monthly social assistance of €65 per household is too small to secure basic living conditions as food and clothing for a family.

Although in recent years the Kosovo budget has increased, the percentage of the budget allocated for Social Assistance Scheme has not increased, except for the introduction of additional benefit for children for families within the scheme, in the amount of €5 for each child, since October 2012.

Criteria (i) in Category ii, Article 4, which determines that a family should have at least one child under the age of 5 is discriminatory and absolutely unacceptable by all stakeholders involved in the scheme, and by the beneficiaries too. According to this criteria, poor families that do not have any children under the age of 5 are placed in an unfavorable position, and this criterion excludes families that have received social families until the child turned five, exactly about the time when the child should go to school and consequently, the poor family will incur more expenses.

The poverty has a negative impact on the physical, psychological and social development of children. Investing in children is an effective way of ensuring that the current generation of children become healthy and effective citizens in all aspects. Child poverty is considered as one of the potential factors for the development of negative phenomena such as school dropout, exploitation, trafficking, begging, child labor, delinquency and other unsociable behaviors.

European Parliament resolution (B7-0004/2014) on the integration process of Kosovo in EU (2013/2881 (RSP), with particular emphasis on Article 38 which speaks for child rights and child poverty, urged Kosovo authorities to fully implement the Convention of Rights of the Child and recommends that child poverty policies be revised, including modification of the Social Assistance Scheme and the introduction of a universal child benefit.

Recommendations:

- Increasing the budget for the Social Assistance Scheme, therefore increasing the monthly social assistance benefit to provide for welfare and meeting of nutritional needs;
- Abolishment of Criteria (i) in Category ii, Article 4, which determines that the family should have at least one children under age 5;
- Medium recommendation: providing universal child benefits, which is documented in many places of the world as the most effective instrument in poverty alleviation that is implemented in almost all South-Eastern Europe countries and EU countries as well.

8. Summary of recommendations

Recommendations on the funding modalities for social services

- **Ensure sustainable and adequate funding for social services in Kosovo.** To achieve this aim, it is recommended that the best solution is to amend the Law No. 03/L-049 on the Local Government Finance and the creation of a grant that should go alongside with the operational grants as a Specific Grant dedicated to social service. This grant should have clear criteria to ensure fair and adequate financing for social services.
- **To create the grant for social services based on one of the two alternatives proposed by KOMF.** To ensure the welfare and the provision of contemporary services, is recommended that LLGF to be orientated according to one of the two KOMF alternatives:

First alternative: Specific grant for social services of a closed type. This alternative is a more adequate alternative since it ensures a sustainable minimum in offering social services;

Second alternative: A dedicated allocation to social services as a percentage within the general grant. KOMF is emphasizing that the second alternative doesn't guarantee financial security like the first alternative.

- **Specific Grant for social services shall be independent from current grants.** It is recommended that the grant requested by KOMF have enough capacity for provision of social services, also the definition for percentage of funding should be made by the Grants Commission based on the standards set by the MLSW.
- **MLSW should define criteria and risk factors based on municipality's reality.** It is recommended to make those criteria based on factors such as: unemployment, poverty, fertility rates, divorce, school dropout of children, criminality and linkages with municipalities' other indicators such as population, age groups, GDP in the municipality, etc.
- **It is recommended that municipalities enter into agreements with non-governmental organizations** which are licensed, experienced and professional in providing social services and, on behalf of municipality, provided that such agreements comply with the municipal annual action plans for social and family services.

Recommendations for social schemes for protection of children in need

- **It is required that the minimum threshold of financing for residential care to be increased from €25,000 to €50,000 annually.** In response to the number of children in need for residential care, many of the residential care centers that are part of the non-government sector are challenged with their existence and financial sustainability for providing these services. Therefore it is required that the minimum threshold by MLSW to be double funded.
- **It is required to create a budget line for residential services within the budget of Kosovo.** Along with financing from MLSW, creating these budget line in which will be allocated funds from all ministries involved, will aim to ensure the sustainability of quality service provision for victims of domestic violence and victims of

trafficking in residential housing and in the same time to subsidize the cost of municipal shelters for utilities by municipalities as water, electricity, heating and waste, taking as example the municipality of Gjilan.

- **Financial investment in sheltering for children with relatives.** Welfare of a child in foster care families/ relatives of the children remains among the best alternatives and simultaneously lowers the cost of child protection. Given the number of children sheltered with relatives, the monetary support would be an investment for the best interest of the child. MLSW must ensure not only the sustainability of this form of housing, but also in advancing its investment.
- **Foster care families which are in the waiting list to foster children to receive financing of 50% of the basic value as this financing would keep the foster families motivated even while they are waiting i.e. do not have any fostered child.** In addition to being the cheapest form of protection, foster care provides the highest value for the welfare and development of full potential of children without parental care. This would significantly increase the number of new foster families for children without parental care. At the same time there is a need for categorizing the payment amount of foster care families based on age, categories and needs of children.
- **Law on Support to Families of Children with permanent Disabilities should be amended in order to provide comprehensive protection.** It is recommended to change Material Support Scheme for Families of Children with Permanent Disabilities, to include children with partial disabilities. Since this would imply additional costs, it is recommended that the MLSW analyze the current situation and plan for additional financial assistance on this matter, based on the number of children with partial disabilities.
- **Amendment of the Social Assistance Scheme, including increasing the budget for social assistance scheme to provide for welfare and meeting of nutritional needs.** Abolishment of the discriminatory criteria for children (i) in Category ii, Article 4, which determines that the family should have at least one child under the age of 5. Simultaneously medium term recommendation would be: providing universal child benefits, which is documented in many countries around the world as the most effective instrument and which is implemented in many countries and is documented as the most effective tool in alleviating child poverty.

ANNEX 1 – Calculating the General Grant and Integrating Social Services Financing

Criteria of LLGF	In practice
10% of projected central budget revenues	<p>Since according to the Medium-Term Expenses Framework the projected revenues collected by the customs in 2014 are foreseen at the level of € 1,423,000,000 then the general grant is 10% of this amount.</p> <p>Step (1) General Grant for 2014 in total amounts to €142,300,000</p>

Criteria of LLGF	In practice																																
<p>CRITERION (a) fixed amount of (€140,000 minus €1 per capita)</p> <p>This is a balancing mechanism for municipalities that have a small population or less than 140,000 inhabitants.</p> <p>For purposes of balancing it is calculated 140,000 minus €1 per capita, or €0 per municipality with an equal population or more than 140,000 inhabitants.</p>	<p>Example:</p> <table border="1"> <thead> <tr> <th>Municipality</th> <th>Balancing criteria 140,000 population</th> <th>Municipal population according to the census of 2011</th> <th>DIVISION for CRITERION (a)</th> </tr> </thead> <tbody> <tr> <td></td> <td>X</td> <td>y</td> <td>=x-y</td> </tr> <tr> <td>Deçan</td> <td>€ 140,000</td> <td>40 392</td> <td>€ 99,608</td> </tr> <tr> <td>Dragash</td> <td>€ 140,000</td> <td>34 308</td> <td>€ 105,692</td> </tr> <tr> <td>Ferizaj</td> <td>€ 140,000</td> <td>109 899</td> <td>€ 30,101</td> </tr> <tr> <td>Prishtinë</td> <td>€ 140,000</td> <td>201 804</td> <td>€ 0</td> </tr> <tr> <td>...</td> <td></td> <td>....</td> <td>....</td> </tr> <tr> <td colspan="3">TOTAL</td> <td>€ 3,122,454</td> </tr> </tbody> </table> <p>Step (2) CRITERION A = €3,122,454</p>	Municipality	Balancing criteria 140,000 population	Municipal population according to the census of 2011	DIVISION for CRITERION (a)		X	y	=x-y	Deçan	€ 140,000	40 392	€ 99,608	Dragash	€ 140,000	34 308	€ 105,692	Ferizaj	€ 140,000	109 899	€ 30,101	Prishtinë	€ 140,000	201 804	€ 0	TOTAL			€ 3,122,454
Municipality	Balancing criteria 140,000 population	Municipal population according to the census of 2011	DIVISION for CRITERION (a)																														
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Prishtinë	€ 140,000	201 804	€ 0																														
...																															
TOTAL			€ 3,122,454																														

Criteria of LLGF	In practice
Difference: General grant - CRITERION (a)	Step (3) Difference: €143,000,000 - €3,122,454 = €139,877,546

Criteria of LLGF		In practice		
Step (4) After the vertical allocation of the General Grant is made based on the four basic criteria				
A	Total grant amount to be distributed:	A	€	143,000,000
B	Balancing amount €140,000 - €1 per capita	B	€	3,122,454
C	Remaining difference after the Balancing Criterion:	$C = A - B$		139,877,546
D	Population in %	89%	$= C * 89\%$	€ 124,491,016
E	Minority population	3%	$= C * 3\%$	€ 4,196,326
F	Municipalities with minority population	2%	$= C * 2\%$	€ 2,797,551
G	Municipal area	6%	$= C * 6\%$	€ 8,392,653

In order to make horizontal allocation of the Grant the following basic data are needed as presented in the table below

Municipality	Population in the municipality ¹⁴	Minority population in the municipality	Minority population in Kosovo	Municipal area in KM ²
Deçan	40 392	297	0	295
Dragash	34 308	430	0	430
Ferizaj	109 899	345	0	345
Prishtinë	201 804	4 961	0	514
Graçanicë	10 871	2 670	10 871	131
...			
TOTAL	1 798 645	116 599	130 255	10 896

¹⁴ Final population data estimated for 2012, Kosovo Agency of Statistics

Criteria of LLGF			In practice					
Step (5) Percentages of municipalities are calculated after vs. The totals								
Municipality	Population in the municipality	In %	Minority population in the municipality	In %	Minority population in the country	In %	Municipal population in KM ²	In %
TOTAL	1 798 645	100%	116 599	100%	130 255	100%	10 896	100%
Deçan	40 392	2.2%	297	0.3%	0	0.0%	295	2.7%
Dragash	34 308	1.9%	430	0.4%	0	0.0%	430	3.9%
Ferizaj	109 899	6.1%	345	0.3%	0	0.0%	345	3.2%
Prishtinë	201 804	11.2%	4 961	4.3%	0	0.0%	514	4.7%
Graçanicë	10 871	0.6%	2 670	2.3%	10 871	8.3%	131	1.2%
...							
Municipality	Population in the municipality	Allocation for 140,000 - €1 per capita	Division of population 89%	Allocation for minority population in the municipality	Allocation for minority population in the country	Allocation per municipal area in KM ²	Total municipality	
		140000 - 1	89%	3%	2%	6%		
TOTAL	1 798 645	€ 3,122,454	€124,491,016	€ 4,196,326	€ 2,797,551	€ 8,392,653	€ 143,000,000	
Deçan	40 392	€ 99,608	€ 2,795,683	€ 10,689	0	€ 227,224	€ 3,133,204	
Dragash	34 308	€ 105,692	€ 2,374,586	€ 15,475	0	€ 331,208	€ 2,826,962	
Ferizaj	109 899	€ 30,101	€ 7,606,525	€ 12,416	0	€ 265,737	€ 7,914,779	
Prishtinë	201 804	€ 0	€ 13,967,617	€ 178,543	0	€ 395,909	€ 14,542,070	
Graçanicë	10 871	€ 129,129	€ 752,423	€ 96,092	233 482	€ 100,903	€ 1,312,028	
Step (6) The results from step 4 are reached by multiplying with step 6. This is how we have distributed the general grant to the municipalities								

Source: Law on Finances of the Local Government



Koalicioni i OJQ-ve për Mbrojtjen e Fëmijëve

KOMF Comprises of:

Associazione Amici dei Bambini

Association for Social Training, Research and Advocacy - ASTRA

Iniciativa 6

Center of Protection of Victims and Prevention of Trafficking in Human Beings - PVPT

One to One Children's Fund

One To One Kosova - Qendra e Këshillimit për Familje

Organizata Rinore Akti

Save the Children

Shpresa dhe Shtëpi për Fëmijët Kosovë

Terre des hommes

World Vision

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