



# **FINANCING OF SOCIAL SERVICES IN KOSOVO**

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SERVICES IN KOSOVO

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# FINANCING OF SOCIAL SERVICES IN KOSOVO

## Initiator of the document

This document has been initiated by the Coalition of NGOs for Child Protection (KOMF) in frame of the mission to protect, respect, and advance child's rights. This document represents the position of the 22 member organizations of the coalition and it is initiated based on the current situation of funding social services in Kosovo due to the lack of a sustainable financing mechanism of social services.

In response to the number of children who need care and services, many residential and day care centers that are part of the non-governmental sector face existential security due to lack of financial viability, risking closure of these services.

Children who are accommodated in residential housing are mostly children without parental care, abused children, children victims of domestic violence and child victims of trafficking at low risk.

Children benefiting from the services of non-governmental sector are obliged to move from one form of care to another form, which constitutes a serious violation of children's rights and has a negative influence on their physical and psychological.

The closure of day care centers for children with disabilities will bring the situation where children will not continue to benefit from multi-disciplinary and multi-sectoral services. This would push children with disabilities even more towards social, economic and political marginalization.

## Aim of the document

The purpose of this Position Paper is to support development of an efficient partnership between the nongovernmental organizations which provide direct services for children and the public authorities, by putting in place an open and sustainable scheme of cooperation and financing for the social services for children (special protection services).

The document discusses alternatives of financing of social services for children victims of violence, abuse, exploitation, neglect, trafficking and children with disabilities as part of social policy for the protection of children in Kosovo. The document also provides policies of funding social services in four countries with appropriate models for application in Kosovo, and at the end, the document comes up with concrete recommendations.

The document is dedicated to the field actors, institutions, other interested parties and in particular the key stakeholders part of the process of social policies for vulnerable children.

The methodology used in process of preparing this document is qualitative and based on secondary data such as: reports, laws, statistics in the field of child protection. Among other things, this report brings the analysis of the legal base, which regulates this area and the alternatives proposed.

## Financing of social services in Kosovo

At central government level, the Ministry of Labour and Social Welfare (MPMS) is the institution responsible for all policy and regulatory issues related to labor and social welfare. In accordance with the Family Law, the Law on Social and Family Services, the Law on Local Government and MoUs signed between the MLSW, the Ministry of Local Government (MLG) and the Ministry of Finance (MoF), in January 2009, are transferred the competences to Centre for Social Work (CSW), respectively, the municipality. In municipality level, Department of Health and Social Welfare has the mandate and responsibility for local social welfare, and municipality manages the Center for Social Work (CSW). Under this agreement, the social services are municipal responsibilities under the management of the Municipal Departments of Health and Social Welfare.

Law on Local Finance regulates transfers to the municipalities through three main grants: general grant, and two specific grants - designated for pre-university education and primary healthcare financing. In addition to the general grant formula for education and health which are intended to be financing of municipalities, namely own functions, LLGF (Articles 5, 6, 25 and 26) requires the central government to provide additional transfers for delegated and enhanced functions. However, LLF does not specify how the cost of social services is calculated in these transfers.

Social services are under the municipal competence. Based on LLF, social services are financed by municipalities through two sources of funding: The general grant and municipal revenues. General Grant has intended to be a source of funds which provides the basic sources for municipalities to enable them to perform their functions adequately. The funds from General Grant are supplemented by the municipal revenues, which essentially are very limited. General Grant is a closed type of grant with 10% of projected revenues that have to be collected centrally on annual basis, while, the division per capita method is enriched with additional parameters, at the first, to help municipalities with ethnic diversity and small municipalities in terms of territory.

But the problem for social services budgeting starts when we have no guarantee that there will be sufficient financing to ensure minimum funding for social services. This because we do not have a mechanism ensuring the adequate allocation of the funds for each particular social services. This amount of budget is distributed to all the departments budgeting all the operating and capital costs within municipalities.

Despite the decentralization of social services on 1 January 2009, municipalities have made little concrete action to allocate the budget in order to protect the children within their municipality. Lack of a grant for social services in municipalities disables providing quality service for minimum protection. As such, this situation prevents children from protection and realization of their rights<sup>1</sup>. This disable municipal institutions and contracted organizations in fulfilling their mandate and obligations under the legislation. If we continue with this form of financing, the situation can deteriorate to the extent, where we bring CSW and non-governmental organizations entitled to provide services in nonfunctional state, and by not having sufficient funding will not be able to provide social services.

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<sup>1</sup> A po arrijnë tek fëmijët në nevojë paratë e taksapaguesëve? – Analiza buxhetore mbi politikat sociale për mbrojtjen e fëmijëve në Kosovë, KOMF 2015 <http://www.komfkosova.org/ep-content/uploads/2016/02/Analiza-Buxhetore.pdf>

Moreover, this budget does not take into account key factors such as the number of population, age, or the request for municipal services based on the cost of services, and it doesn't take into account the risk factors. Each municipality has different requirements based on the type of services provided to resolve the social problems.

One of the drawbacks that prohibits contracting of services by municipalities is that the Ministry of Labour and Social Welfare has not adopted financial standards, which enable the implementation of minimum quality standards already approved by the Ministry of Labor and Welfare social.

## Social services financing by MLSW for 2016

In the budget of MLSW for the year 2016, the amount allocated for subventions and transfers is 351,311,674 euro, or 97.7% of total budget of the Ministry, while, the budget allocated for the municipal utilities is 357,085.00 € or 0.10% (See Table 1). From the budget of subventions and transfers, 30,500.000.00 € (8.68%) are allocated for social welfare, namely the budget for the Social Assistance Scheme for poor families (see Table 2). While, 4,500,000 are dedicated for social services (see table 5). From the budget for municipal utilities, as it is notable in the table three, 140,985 euro are dedicated for social welfare and only 9,000 for social services.

MPMS through public procurement process continues the support for direct services provided by the nongovernmental sector. MPMS, based on Law no. 02 / L-17 on Social and Family Services, Law no. 04 / L-081 on Amending and Supplementing the Law no. 02 / L-17 on Social and Family Services, Law Nr. 05 / L-001 on the Budget of the Republic of Kosovo for the year 2015, the Regulation no. 02/2011 on the areas of administrative responsibility of the Office of the Prime Minister and Ministries, as well as Regulation No. MPMS. 02/2015 on Criteria and Procedures for Financial Support, Subventions and Grants, provides financial support with grants for NGOs in-charged to provide social and family services.

*Projects that receive financial support, have the objective to provide social and family services in the following areas:*

- a. Residential services for the protection of abused and neglected children;
- b. Alternative services and consulting for the development of foster care for children;
- c. Alternative services for protection of abandoned children;
- d. Day services and in family services for children and adults with disabilities;
- e. Day services and in family services for the elders without family care;
- f. Services for protection of victims of domestic violence and victims of trafficking.

The maximum amount of financial support through subventions for an NGO which provides services can be 10.000 euro to 40.000 euro per project (regional or national). The duration for the implementation of the proposed project activities is ten (10) months.

However, this support appears to be insufficient regarding the cost of services provision. Furthermore, the MPMS calls for projects create gap of time from one call to another, causing detachment of financing and consequently interruption of service provision. On the other hand, municipalities do not publish calls for funding of services provided by non-governmental sector. Municipal support remains ad hoc and varies from municipality to municipality. There are municipalities that provide no budget at all and do not support social services provided by non-governmental sector, unlike some municipalities that dedicate annual symbolic amount 500 euro-10,000 euro. As such, this lack of support or limited support can not guarantee the quality and sustainability of services.



**Table No. 1** Budget of the Ministry of Labour and Social Welfare

Ministry of Labour and Social Welfare	Budget in Euro	% in total budget
Subventions and transactions	351,311,674.00 €	97.72%
Salaries	4,951,082.00 €	1.38%
Goods and Services	1,872,538.00 €	0.52%
Capital expenses	1,030,000.00 €	0.29%
Municipal expenses	357,085.00 €	0.10%

**Table No. 2** Subventions and Transactions

Subventions and Transactions	Budget in Euro	% in total budget
Pensions	313,411,674.00 €	89.21%
Social Welfare	35,000,000.00 €	9.96%
Labour and Labour issues	2,900,000.00 €	0.83%

**Table No. 3** Municipal Expenses in the Budget of Ministry of Labour and Social Welfare

Municipal Utilities	Budget in Euro	% in total budget
Labour and Labour Issues	149,900.00 €	41.98%
Social Welfare	140,985.00 €	39.48%
Pensions	50,500.00 €	14.14%
Administrative expenses	13,700.00 €	3.84%
Others	2,000.00 €	0.56%

**Table No.4** Budget for Social Welfare in Municipal Expenditures, foreseen in the MLSW Budget

Social Welfare	Budget in Euro	% in Total Budget
Institutions	129,585.00 €	91.91%
Social Services	9,000.00 €	6.38%
Center for Social Work	2,400.00 €	1.70%

**Table No. 5** Social Welfare Budget foreseen for the Assistance Scheme and Social Services

Social Welfare	Budget in Euro	% in Total Budget
Social Assistance Scheme	30,500,000.00 €	87.14%
Social Services	4,500,000.00 €	12.86%

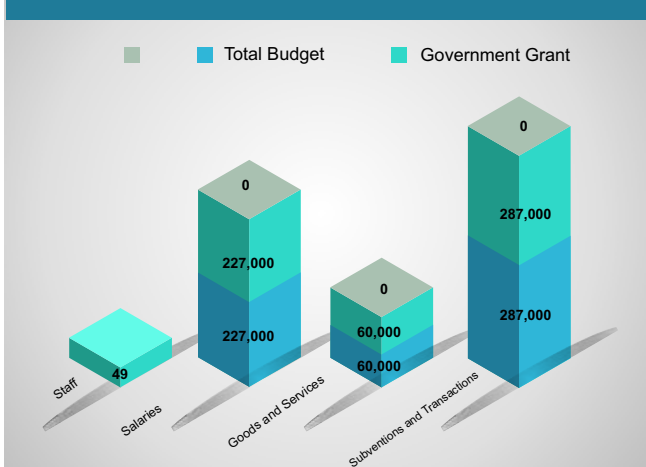
## Social Services Financing by Municipalities

The budget for social services allocated by municipalities through the general grant or own revenues is very low. Municipalities generally do not have the budget for social services.

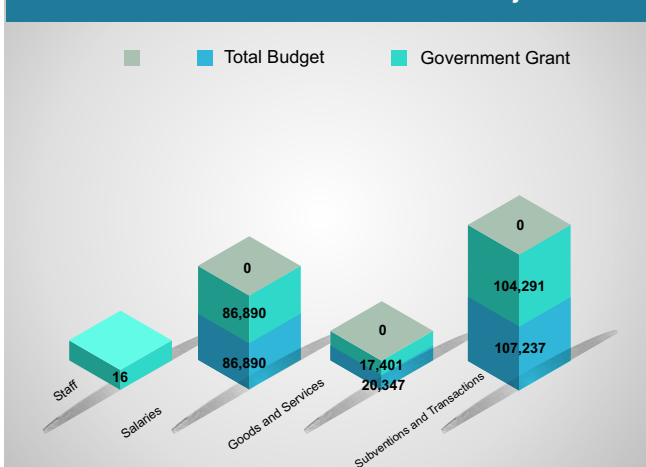
To have an overview of the budget allocation, we have analyzed the budget of the three municipalities Prishtina, Ferizaj and Istog. Selection of municipalities is made according to the number of residents. As it can be noticed in graph 1, 2 and 3, in Municipality of Prishtina and Municipality of Istog, social services have been supported solely by the general fund. While, Municipality of Ferizaj has allocated 2.946 euro for goods and salaries.

The current level of municipal funding is not even closely to meet the needs that these services require to be in the optimal level of functioning. However, a number of municipalities allocated from time to time certain amount of money to sustain these services at times when these services are at risk of closing.

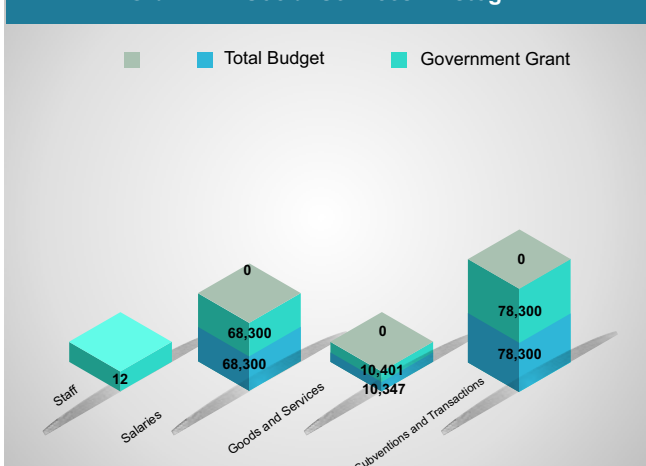
Graf. Nr. 1 Social Services in Prishtina



Graf. Nr. 1 Social Services in Ferizaj



Graf. Nr. 1 Social Services in Istog



### Current form of financing for social services does not provide a sustainable mechanism of financing for services social



Current form of financing for social services does not provide a sustainable mechanism for financing of social services. As such, this issue has become critical and existential problem for the organizations entitled to provided social services. This form risks provision of social services, for children.



If we continue with this form of financing, the situation could worsens to the extent, when Centres for Social Work and non-governmental organizations become dysfunctional, or centers and organizations lower performance, and at certain point stop the provision of services.



This issue is also discussed in the Progress Report for Kosovo (2016), specifying that Ministry of Labor and Welfare should provide adequate financial support for shelters which accommodate children victims of violence and trafficking. Progress Report also recommends the provision of sustainable financial support through establishing specific grant for social services.

## Recommendations of international reports on ensuring financing of social services

The EU Progress Report 2016 for Kosovo recommends to the authorities in Kosovo to “ensure an adequate budget for the new draft law on child protection to be effective, once adopted.” Furthermore, it stresses that the municipalities should have sufficient resources in order to deliver social services. Thus, “Kosovo needs to implement the necessary changes in the law on local finance to ensure the transfer of competencies for management and the delivery of social and family services to the municipalities. A lack of clarity among municipalities in relation to the local budget available for social services resulted in a considerable variation in the levels of support to social service delivery. Therefore, the specific funding of social services from the general grant should be included in the upcoming draft law on local finance.”

With regard to budgetary expenditure for child protection, the Child Protection Index shows that Kosovo’s expenditures on social protection is low in comparison to other Index countries. With such limited allocation of funding towards social protection, it is strongly recommended that Kosovo increase its expenditures on social protection.

Both the Child Protection Index and the EU Progress Report outline the necessity to build a plan for sustainable and fair financing of social services through the establishment of specific grants for social services within the Law on Local Governance Finance. In addition, the Index strongly recommends the adoption of financial standards to adequately resource services and align with quality standards.

Kosovo’s donor dependency is acknowledged by the EU Progress Report: “Kosovo should take full ownership of the measures needed to support the Roma, Ashkali and Egyptians communities with a view to reducing donor dependency.”

The EU Progress Report recommends that the Ministry of Labour and Social Welfare must ensure adequate financing for shelters housing children who are victims of violence and trafficking. At the same time, the Index states that the government sponsors a variety of services for children in situations of violence through partnership with civil society and international donors. Due to economic shortfalls, however, the state does not fully sponsor such services and thus there is a reliance on foreign aid to bridge the gap. It is recommended for the state to adopt further responsibility in funding and supporting civil society as a next step toward meeting obligations under the UNCRC.

## GOOD PRACTICES IN THE REGION

According to the Child Protection Index, two other countries in the region received better scores at the indicators related to the adoption of financial standards to adequately resource services: Romania and Bulgaria. In Bulgaria, every year there is a decision made between the Ministry of Finance, MLSP, and the National Association of the Municipalities in the Republic of Bulgaria, which regulates the financial standards for all the services that the state should provide. Financial standards are available for the services delegated by the state to various providers. Every financial year the Government passes regulation on the financial criteria and standards for these services. The state delegates activities as a basis for the funding of services from the state budget. The standards are based on the per capita allowances and the number of the beneficiaries

## Conclusions

- In the difficult situation in which social services are operating, where Financial standards for social services are not yet adopted and no plan for sustainable financing of services was created for Social services from MLSW and Municipalities, it is necessary to intervene from both levels: central and municipal level (MLSW and Municipalities) to provide a sustainable financing solution Social services;
- Despite the decentralization of social services in 1 January 2009, municipalities did little concrete action to allocate the budget with aim to protect children within the municipality. Lack of a grant in municipalities for social services disables minimum provision of quality services for the protection of children and prohibits the protection and realization of the rights of children<sup>2</sup>. The lack of funding prevents the institutions in fulfilling their mandate and obligations under the legislation. If we continue with this form of financing, the situation can worsen to the extent where CSW and the non-governmental sector are dysfunctional, as consequence of not sufficient financial support;
- One of the essential defects which prevents contracting services from municipalities is that the Ministry of Labour and Social Welfare has not adopted accounting standards. These standards ensure adequate budgeting based on the cost of services, and also these standards enable the implementation of minimum quality standards already approved by the Ministry of Labour and Social Welfare;
- State budget should provide adequate financial support for the provision of social services, as it is an effective investment and in service of society. Private source of funding can supplement public budget, particularly at certain points where it is impossible to ensure full support from the state budget. But state in any condition must not base financing of social services to private and donor funds. When private investors and donors are involved in financing of services, public authorities must ensure that donors and private investors act in accordance with public interest and ensure full transparency

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<sup>2</sup> A po arrijnë tek fëmijët në nevojë paratë e taksapaguesëve?— Analiza buxhetore mbi politikat sociale për mbrojtjen e fëmijëve në Kosovë, KOMF 2015 <http://www.komfkosova.org/wp-content/uploads/2016/02/Analiza-Buxhetore.pdf>

***Emergent recommendations for Ministry and municipalities:***

- The amount of budget allocated to finance social services provided by nongovernmental sector should be increased by the Ministry of Labour and Social Welfare in order to ensure the continuity of social services for vulnerable children;
- The time gap on the financing of social services from the Ministry of Labour and Social Welfare should be eliminated;
- Municipalities should take all necessary steps to ensure sustainable financing of social services within their territory.

***Short term recommendations for MLSW and MoF:***

- Adoption of financial standards for each service, in order to ensure sustainable financing mechanism and harmonizing them with the minimal quality standards which are highly recommended for each state. Without financial standards, it is difficult to ensure adequate budget which is adequate and sustainable for social services. Lack of adequate and sustainable financing has wide negative impact in the structure and quality of staff and the facilities. As consequence of this, the quality of services deteriorates;
- Adoption of the plan for sustainable and adequate financing of social services in Kosovo, also the guarantee for the implementation of this plan in whole territory of country through specific grant for social services as part of Law for Local Government Finance;
- Allocation of the grant for social services following one of the alternatives proposed by KOMF. Alternative No.1. Closed type specific grant for social services, which is the most adequate alternative in order to provide sufficient support for social services; Alternative No.2. Allocation of the fund from the General Grant of the Government based on the percentage. KOMF wants to emphasize that the second alternative do not ensure same sustainable financing of social services as the first alternative.

***Short term recommendations for Municipalities:***

- Municipalities must guarantee allocation budget for social services within the municipal budget. The budget should be based on the needs of children within the municipality;
- Municipalities should reach the contracts with non-governmental organizations which are licensed, and have proven experience and professionalism in the field of social and family services. Organizations should provide services on behalf of the municipality. These contracts between municipalities and organizations should be in accordance with the Municipal Annual Social and Family Services Plan within their territory.
- Municipalities must support MLSW to create a sustainable and adequate financing plan for social services throughout Kosovo.

This document represents the position of 22 non-governmental organizations specialized in the field of child protection.

KOMF member organizations are: Associazione Amici dei Bambini, Asociacioni për Trajnime Sociale, Hulumtime dhe Avokim – ASTRA, Action for Mothers and Children, Balkan Sunflowers Kosova, Iniciativa 6, Kosovo Education for Sustainable Development, Kosovo Rehabilitation Center for Torture Victims KRCT, Organizata Rinore Akti, One To One Kosova – Qendra e Këshillimit për Familje, One to One Children’s Fund, OPFAKKOS, Programi për të Drejtat Civile, PL4Y International, Qendra për Edukim e Kosovës – KEC, Qendra për Mbrojtjen e Viktimave dhe Parandalimin e Trafikimit me qenie njerëzore – MVPT, Qendra për Studime të Avancuara FIT, Save the Children, SOS Fshatrat e Fëmijëve Kosovë, Shpresa dhe Shtëpi për Fëmijët Kosovë, Terre des hommes, VoRAE and World Vision.





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