

# Energy Poverty in Kosovo

## Impact Assessment of Energy Poverty on Vulnerable Groups in Kosovo

<b>Country</b>	Kosovo
<b>Population</b>	1,773,971
<b>Electricity Source<sup>1</sup></b>	Lignite (93%) <sup>1</sup>
<b>Kosovo Electricity Consumption<sup>1</sup></b> Data from 2021	In the country: 6 885 GWh per year Per households: 3 131 GWh (45.5 %) per year Per person: 1 764 kWh per year. <sup>1</sup>
<b>Population in poverty<sup>2</sup></b> Data from 2017	Poverty: 18% Extreme poverty: 5.1%
<b>Sources:</b>	
<sup>1</sup> Kosovo Energy Regulatory Office (ERO)	
<sup>2</sup> Kosovo Agency of Statistics: Consumption Poverty in the republic of Kosovo, 2019	

### Energy Poverty in Kosovo

Kosovo is one of the poorest countries in Europe. According to the Energy Community about 40% of households are suffering from Energy Poverty (Ban et al, 2021).

**Energy poverty** results from a combination of low income, high expenditure of disposable income on energy and poor energy efficiency, especially as regards the performance of buildings (European Commission, 2020).

The European Social Policy Network (ESPN) reported in 2020 for Kosovo that “low- and middle-income families paid 13.4% of their annual income for electricity, and poor families, who purchased a smaller amount of electricity, paid 29.7% of their annual income (Haxihikadria, 2020)”. Electricity accounts in these cases for more than 90 % of the overall energy expenditures as thermal energy is often covered informally. Furthermore, it was found that incidences of Energy and Electricity Poverty were also higher among poor and single-elderly households (Energy Sector Management Assistance Program, & World Bank Group, 2019).

Kosovo Agency of Statistics (KAS) data from 2017 show that 43% of households in Kosovo could not afford to pay for utility and bills at least twice during the year and an equal share could not afford to heat their homes sufficiently during the cold season (KAS, 2018).

In February 2022 the energy tariff price was increased for households surpassing 800 kWh per month. According to the power supplier KESCO, this is the case for more than 22 % of Kosovar Electricity consumers (KESCO, 2022).

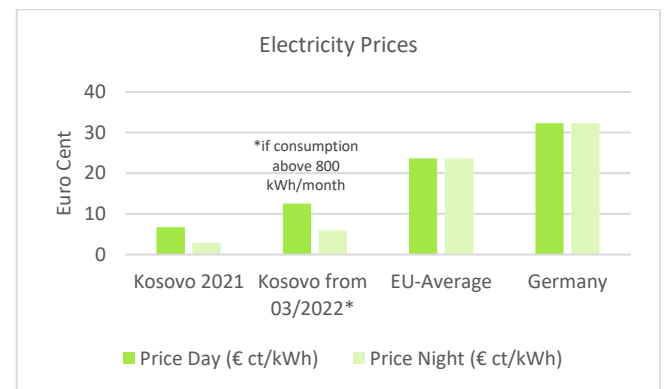


Figure 1: Electricity Prices Comparison Sources : EuroStat/ ERO

There are multiple causes for energy poverty, and in Kosovo, the reasons can range from low incomes, poor quality homes, energy inefficient appliances, and the inability to adapt to changes of energy tariffs. This energy poverty translates into lower standards of living and poor health outcomes for its citizens (Ban et al., 2021).

The World Bank poverty and distributional analysis of 2019 found that in 2017 only two groups were receiving electricity subsidies. These are the recipients of the Social Assistance Scheme and war-related categories. Figure 2 shows that a total of 35,102 households benefitted from the scheme in 2017, of which 23,299 (66%) were households registered and receiving social assistance (World Bank, 2019).



Left picture: Map highlighting the country of Kosovo.  
Right picture: Building complex in Prishtina, Kosovo.

## Vulnerable Groups in Kosovo

The World Bank Report explains also that, “welfare losses are larger among poorest households since they spend a larger share of their budget on electricity” (World Bank, 2019). Poverty rates in Kosovo are also disproportionately high among certain groups, particularly children, female-headed households, and Roma, Ashkali, and Egyptian communities (Swiss Embassy, 2021). These demographics are disproportionately affected by energy price changes. A breakdown of these groups is presented in the presented table.

<b>Rural households:</b>	<ul style="list-style-type: none"> <li>• Lower reliability of the electrical grid</li> <li>• Therefore, more often reliant on e.g., wood fuels for home heating and cooking</li> <li>• Disadvantaged due to accessibility, affordability, and income effects related to their location</li> </ul>
<b>Roma, Ashkali and Egyptian communities:</b>	<ul style="list-style-type: none"> <li>• Lower access to services, economic opportunities and well-being</li> <li>• More likely to live in substandard housing</li> <li>• Women face an even wider gender gap</li> </ul>
<b>People with Disabilities (PwD):</b>	<ul style="list-style-type: none"> <li>• PwD face significant barriers to participation in the political process and a lack of access to information and infrastructure</li> <li>• There were an estimated 200,000 PwD in 2015<sup>3</sup></li> <li>• The percentage of People with <i>Physical</i> disabilities constitute the largest number of PwD<sup>4</sup></li> <li>• PwD lack of health and education facilities and insufficient physical infrastructure for PD’s makes it difficult for them to fully participate in the society, thus likely being more limited and relegated to their homes and having higher energy use<sup>4</sup></li> </ul>
<b>Retired or elderly people:</b>	<ul style="list-style-type: none"> <li>• During the COVID-19 pandemic, the elderly was becoming at heightened risk of energy poverty as they were being advised to stay home</li> <li>• Pensions for the elderly may not be sufficient for increased costs of electricity</li> </ul>
<b>Women:</b>	<ul style="list-style-type: none"> <li>• High household responsibilities result in higher household energy use</li> <li>• Legal and policy frameworks don’t include measures that treat the issue of gender or social inclusion</li> </ul>

### Sources :

<sup>3</sup> USAID, 2015, Persons with disabilities gain better access to political process in Kosovo

<sup>4</sup> Office of the Auditor General. (2015). *Audit Report Access for Physical Disabled Persons*

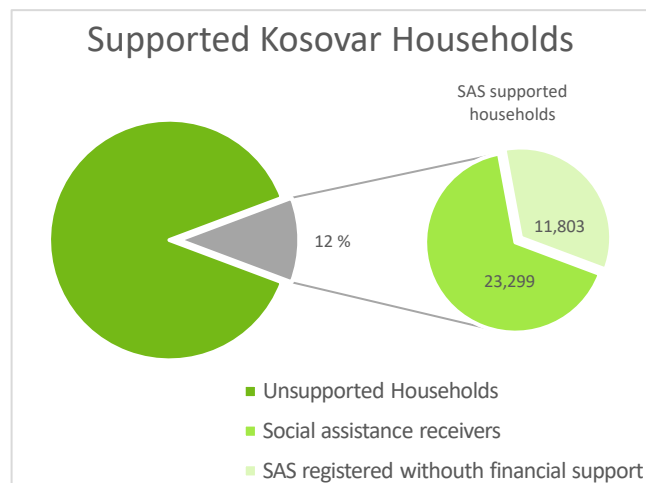


Figure 2 : Groups Receiving Electricity Subsidies : World Bank

## The Status Quo on Energy Policies

The **Law on Electricity 05/L-085** recognizes the principle of “universal supply service” and calls for relevant government institutions to develop a detailed program to define “consumers in need” and design appropriate measures to protect them from “energy poverty” (article 49). However, no such program has yet been developed (ERO, 2016).

**Energy subsidies** are being distributed; however, subsidy amounts are not in line with the rising costs of electricity and is exclusionary in nature in the way recipients are selected to receive it.

Article 50 of the **Energy Regulator Act (OG 05/L-084)** prescribes subsidies for ‘consumers in need’. Therefore, when it is necessary to provide financial support to consumers in need the Government implements such support strictly and transparently, based on the Electricity Act and the Natural Gas Act, and in a way that is least likely to restrict competition in supplying energy (ERO, 2016).

In terms of strategic documents on the topic, *vulnerable consumers* are considered in the draft **Energy Strategy of Kosovo 2022-2031** (RKS-Gov, 2022). Here it said that the so far supported groups may leave citizens that are at risk of energy poverty unaddressed. This is the only document referring to the term vulnerable consumer, whereas all other relevant legislative acts and documents refer to ‘consumers in need’.

## Strategies for Energy Poverty Reduction

Some measures available to support vulnerable groups include:

- **Financial Interventions:** Supporting the payment of bills and primarily focused on short term relief for vulnerable households with the support of more updated data to target them more efficiently
- **Consumer Protections:** Updating or creating more specific Acts or laws ensuring consumers are protected in retail markets
- **Energy Efficiency Programs:** Targeting improvements for efficiency of building stock or energy using appliances
- **Information Provisions and Awareness Raising:** Improving understanding of consumer rights and information on market tariffs and energy-saving measures

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