



International
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► ANALYSIS OF COSTS FOR MANAGING CASES OF CHILD LABOUR IN KOSOVO¹

October 2020



▶ **ANALYSIS OF COSTS FOR MANAGING CASES OF CHILD LABOUR IN KOSOVO**

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► Executive Summary

Provision of social services to vulnerable groups, including the management of cases of children who are exposed to child labour, remains one of the challenges faced by Kosovo¹ institutions. In addition to insufficient funding for institutions providing such services, the lack of profiling of social workers and the lack of adequate resources to support municipalities after the transfer of responsibilities to provide social services through Centres for Social Work has resulted in a poor provision of social services.

This report assesses the unit cost for handling cases of child labour and analyses the source of funding of providers that deliver social services to children in need. Given the lack of specialized organizations on child labour solely, and the lack of accurate cost evidence for services provided to child labour cases, the analysis provides only a screening of the situation and the costs presented are approximate.

Based on the interviews with 20 organizations that provide social services, it was found that children engaged in hazardous labour may receive services from organizations that are not specifically mandated to work in the field of child protection or child labour. For instance, a child engaged in hazardous labour may also be victim of drug abuse or may receive services to integrate into the mainstream education. According to respondents' answers, a rough estimate of the number of children served on an annual basis captures the figure of about 4,321 children, of

which about 580 are in CSWs and about 3,741 in non-governmental organizations.

Analysis of the direct and indirect costs for provision of social services to children in need indicate an estimated monthly cost of 433 Euros to provide social services for child labour cases. This unit cost does not include residential costs for victims of child labour because child protection houses have not been established yet and a deeper research is needed to fully assess their operation costs and financing sources.

With regard to the source of funding of the social services for children victims of child labour, three options are presented. First, the Government can gradually transfer the budget from the line Ministry to municipalities. Second, the Government can establish the third Earmarked Grant for municipalities similar to the one for education and health. Third, municipalities can use their source revenues for financing social services.

►► The estimated monthly cost to provide social services to child labour cases is 433 Euros.



¹ All references to Kosovo shall be understood under UNSCR 1244.

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► LIST OF ACRONYMS

ARS	Applicative Research Solutions
CSW	Centres for Social Work
ILO	International Labour Organization
MLSW	Ministry of Labour and Social Welfare
NGO	Non-Governmental Organization

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► INTRODUCTION

Children in Kosovo engage in the worst forms of child labour, including in commercial sexual exploitation, sometimes as a result of human trafficking and street work. According to the U.S. Department of Labour 2018 Findings on the Worst Forms of Child Labour, Kosovo is considered as a source and destination country for child trafficking, especially of girls. Children are sometimes coerced into forced labour, such as in massage parlours by organized criminal groups. Kosovo children are also subjected to forced begging, primarily in Prizren and Prishtina, with most coming from the Roma, Ashkali, and Balkan Egyptian minority ethnic groups. Economically vulnerable Kosovo children are also forced to work in construction and agriculture to support their families.²

One of the challenges that the state faces is the provision of services to vulnerable groups, including victims of child labour. Despite the transfer of responsibilities to the municipalities to provide social services, through Centres for Social Work (CSWs), these have not been supported with adequate resources, which has resulted in a poor provision of social services. Few central-level guidelines and instructions exist for municipalities regarding budget preparation and planning. There is no evidence-based planning among municipalities with regard to managing cases of child labour. Moreover, there is a limited financial sustainability among NGOs providing social services. On the other side, under the new Law on Child Protection, the state is obliged to establish Day Care Centres for Children in need, including for child labour exploitation. However, there is no financing formula in place that enables MLSW, Municipalities, and NGOs to estimate the cost for managing potential child labour cases.

The purpose of this report is to assess the unit cost for handling cases of child labour and to analyse the source of funding of providers that deliver social services to children in need. The report aims to inform the Department for Social Policy and Family (DSPF) at the Ministry of Labour

and Social Welfare (MLSW) to make more accurate budget planning for provision of social services to children exposed to child labour, through public and non-public social service providers.

The findings presented in this report are based on interviews held with seven Centres for Social Work (CSWs) and thirteen Non-Governmental Organizations (NGOs) providing social services to children in need in Kosovo. The analysis provides only a screening of the situation and costs are approximate.

Managing cases of children who are exposed to child labour is challenging. These children have specific needs and the services are tailored on the basis of individual needs of the children. There are no specific regulations in Kosovo as for the type of services or length of services that must be provided for cases of child labour specifically. In absence of such regulations, the cost analysis was based on the monthly cost of providing minimum/basic services for handling cases of child labour. MLSW has set 22 Minimum Quality Standards, which must be adhered to by state and non-state providers of social services in general. Each of these standards is accompanied by Administrative Instructions that provide guidance and information regarding monitoring of compliance with agreed standards. Essentially, these standards focus on describing the activities and functions of social service providers.

² DOL, Bureau of International Labor Affairs. "2018 Findings on the Worst Forms of Child Labor". Accessible at: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/kosovo>

The minimum services include:

- ▶ **Identification and assessment:** Admission, screening, individual/family assessment, referral.
- ▶ **Education:** Non-formal education, complementary teaching, school registration, vocational trainings, mentoring, life skills.
- ▶ **Psychosocial services:** Individual and group counselling, family counselling, psycho-social activities.
- ▶ **Social services:** Social assistance, other forms of financial support, employment support.
- ▶ **Recreation:** Group activities, sports, arts, gaming and entertainment.
- ▶ **Food and beverages:** Breakfast, lunch, dinner, snacks and incidentals.
- ▶ **Transport:** Transport to and from the service providing location.
- ▶ **Health:** Health check-ups, primary health care, health education/advising.

Delivering such services is not the only cost that providers incur. This research also collected data on other indirect expenses, including fixed and variable costs for human resources, operations, and assets.

This report is structured as follows: The Methodology section includes detailed information on how the research was conducted, data collection instruments and study limitations. The Main Findings section provides an overview of demographic data of service providers that were interviewed, their sources of income and annual budget and expenses. The Cost Analysis section analyses the cost for delivery of services. The Options for Financing of Social Services section provides several options to ensure sustainable financing of the social services, and lastly, the Recommendations section provides some key recommendations for stakeholders at central and local level.

The research team would like to acknowledge all persons, institutions and organizations that contributed to the finding of this research. The research was conducted during the peak of the Covid-19 pandemic and the response during a crisis was highly appreciated. The list of informants is provided on Annex 1.

► METHODOLOGY

List of informants

The findings presented in this report are based on interviews held with public institutions (CSWs) and non-governmental service providers in Kosovo. Seven interviews were held with representatives of Centres for Social Work in Prishtina, Mitrovica, Peja, Gjakova, Prizren, Ferizaj and Gjilan. The sample was selected to ensure representation of all regions in Kosovo and of cities with minority communities. In addition, 13 interviews were held with non-governmental and civil society organizations which provide social services to both children and adults. Although more than 20 non-governmental organizations were contacted for interviews, only 13 were found that deliver services to children in need and that could fall within the scope of this research.

Scope of the assessment

The purpose of this report is to assess the cost of delivering social services to children engaged in hazardous labour. The cost includes both direct and indirect costs as explained below.

Direct costs: Minimum services for handling cases of child labour

As mentioned in the introduction, MLSW has set 22 Minimum Quality Standards, which must be adhered to by state and non-state providers of social services in general. Each of these standards is accompanied by Administrative Instructions that provide guidance and information regarding monitoring of compliance with agreed standards. However, there are no specific regulations in Kosovo as to the type of services or length of services that must be provided for cases of child labour. In absence of such regulations, the report analyses the costs for providing minimum/basic services that are relevant to cases of child labour. As such, the following services were analysed:

Child needs assessment	Admission, screening, individual/family needs assessment
Education	Teaching, mentoring, life skills
Counselling	Individual and group therapy, family therapy
Recreation	Group activities, sports, arts, gaming, and entertainment
Food and beverages	Breakfast, lunch, dinner, snacks, and incidentals
Transport	Transport to and from the service providing location
Day-care centre	Reading corner, entertainment corner, kitchenette
Health	Health check-up, primary health care, health education/advising

Indirect costs

In addition to costs related to the delivery of social services, the providers have other indirect costs related to human resources, operation, and inventory costs that must be calculated within the unit cost for delivery of the service. Therefore, this assessment includes all costs that a service provider incurs as a result of providing the service. These include:

- ▶ **Costs for human resources** such as management, professional staff, technical, finance, and administrative staff.
- ▶ **Costs for operations** such as rent, utilities, travel, communication, and other administrative expenses.
- ▶ **Costs for assets required** such as vehicles, furniture, inventory, technology, and other equipment and tools needed to deliver social services.
- ▶ **Other costs**, any other direct or indirect costs related to the provision of services for cases of child labour.

Calculation of the unit cost

- ▶ First, the data from all interviews were compiled in a CVS database. Based on data received from all interviews, monthly average costs were drawn for each budget line in accordance with the survey question.
- ▶ Second, the data from the inventory/assets sheet were added into the monthly costs based on standardized criteria for depreciation of inventory/assets.
- ▶ Third, the monthly cost for delivering social services were split by the number of units that the provider can accommodate services for within that cost. For example, if the service provider has incurred 40,000 Euros of expenses per month for the delivery of services to 200 children then the unit cost for delivery of the service was calculated at EUR 200 per unit.

Questionnaire

The questions were designed in a form to meet the scope of the cost analysis. The same questionnaire was used both for Centres for Social Work, and non-governmental service providers. The questionnaire was sent electronically to the person being interviewed prior to the meeting. This has provided the respondent with an opportunity to assess the questionnaire and to gather information necessary to complete the survey. The data collector has held direct face-to-face interviews with the respondents to fill in the questionnaire, probe, add, and adjust as needed. A certain number of questionnaires were filled electronically due to the COVID-19 pandemic. The data collectors were unable to hold face-to-face interviews during the pandemic period since they were obliged to respect social distancing measures imposed by health institutions. The questionnaire is provided in Annex 2.

Study limitations

While calculating the fixed costs that remain constant for a period of time irrespective of the level of outputs is more feasible, calculating the variable costs is more difficult. Some expenses such as the number of educators or psychologists, utilities, or facility size change directly and proportionally to the changes in activity level or volume. The unit cost for delivery of social services for child labour cases would vary based on the number of cases for which services are provided. Since there are no organizations mandated to work on child labour only and given that there is no list of specific services to be provided to children victims of child labour, the estimate of delivery of social services to children in need in general is a proxy for delivery of services for child labour cases.

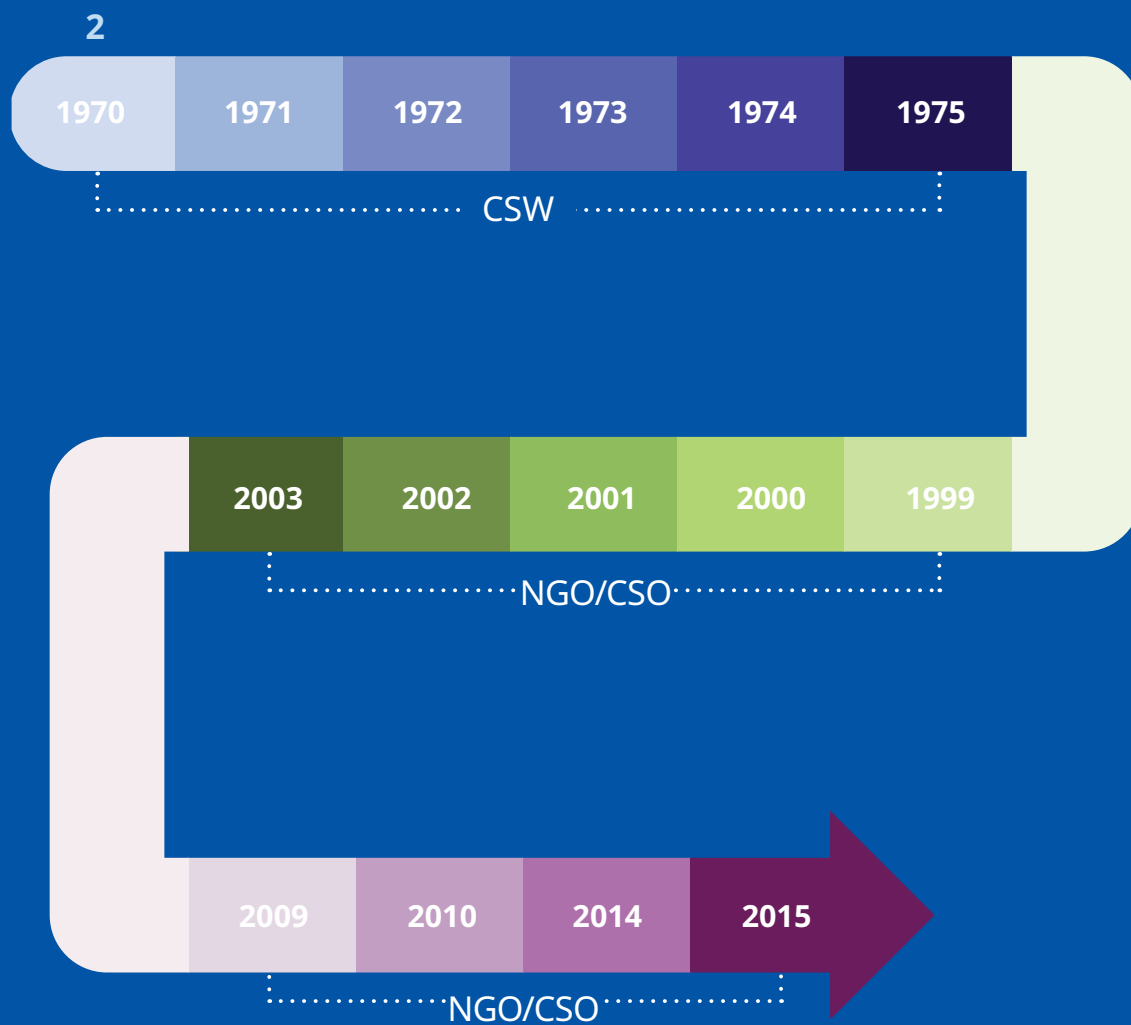
Covid-19 pandemic

The research was completed during the peak of the Covid-19 pandemic in the Kosovo. As a result of government restrictions, many of the in-person scheduled interviews were cancelled and completed electronically. All interviews with public providers were completed in-person after the government restrictions were lifted.

► An overview of the provision of social services to children in need

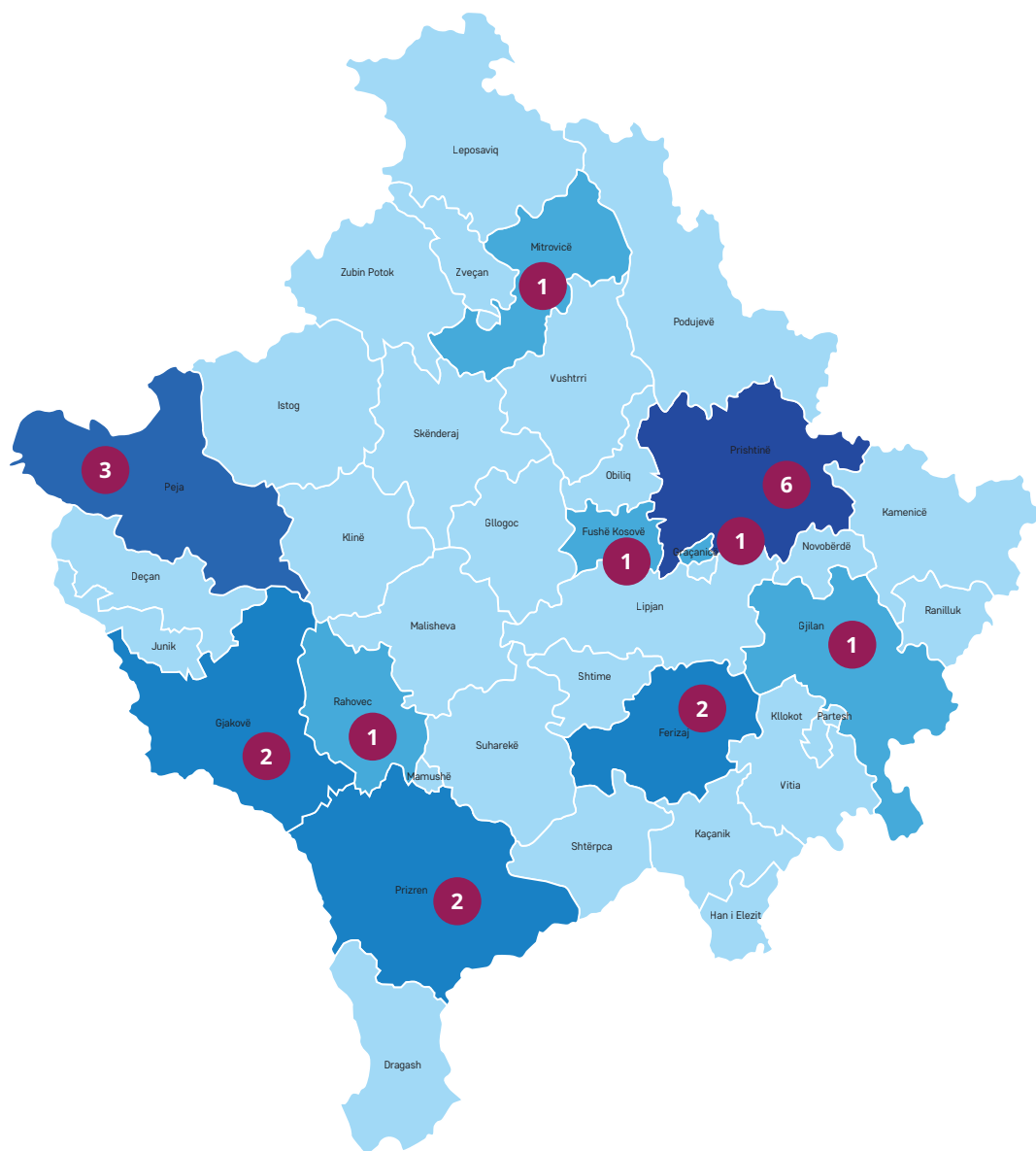
The establishment of the Centres for Social Work (CSW) dates back to the early 1970s and non-governmental organizations were established after the end of the war in Kosovo in 1999 up to 2015.

► Figure 1. Establishment year



As of today, in Kosovo there are 40 Centres for Social Work, one in each of the 38 municipalities plus two additional branches in Prishtina.³ For the purpose of this report, seven representatives of Centres for Social Work and 13 representatives of non-governmental social service providers were interviewed. The selected Centres for Social Work are located in the country's seven main urban areas, while the selected NGOs are located in eight different municipalities, five of which are concentrated in Pristina and two in Peja (See Figure 2).

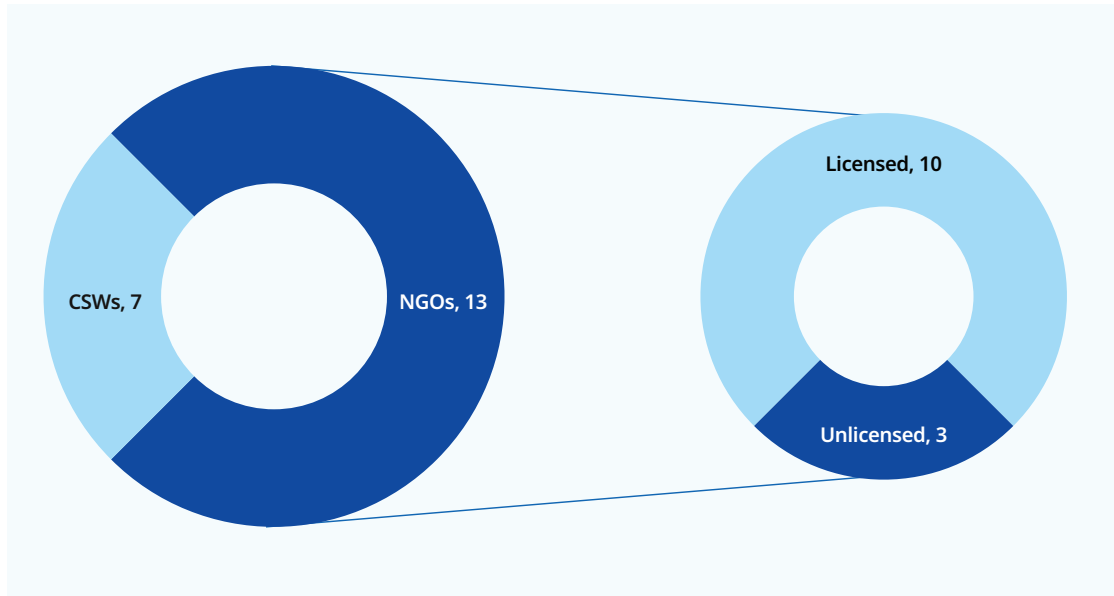
► **Figure 2. Mapping of CSWs and NGOs**



³ "Situation Analysis: Legal and fiscal context as well as the capacities of social service providers in Kosovo", Save the Children. Accessible at: <https://kosovo.savethechildren.net/sites/kosovo.savethechildren.net/files/library/SHQ%20Analiza%20e%20Situates.pdf>

Legal status and licensing to provide social services

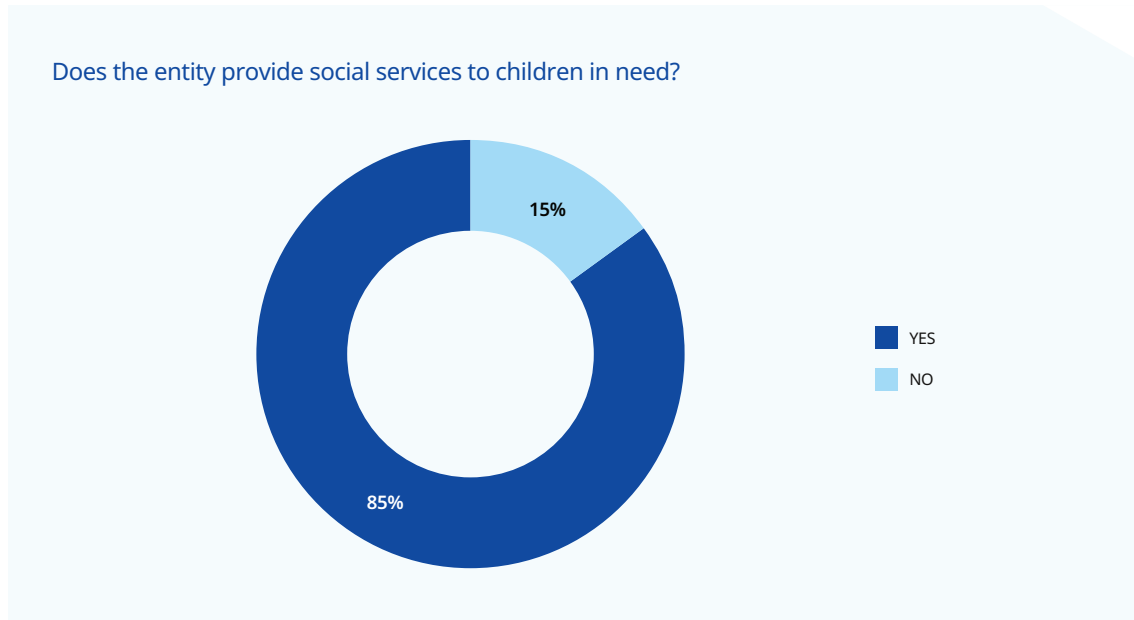
►Figure 3. Legal status and licensing



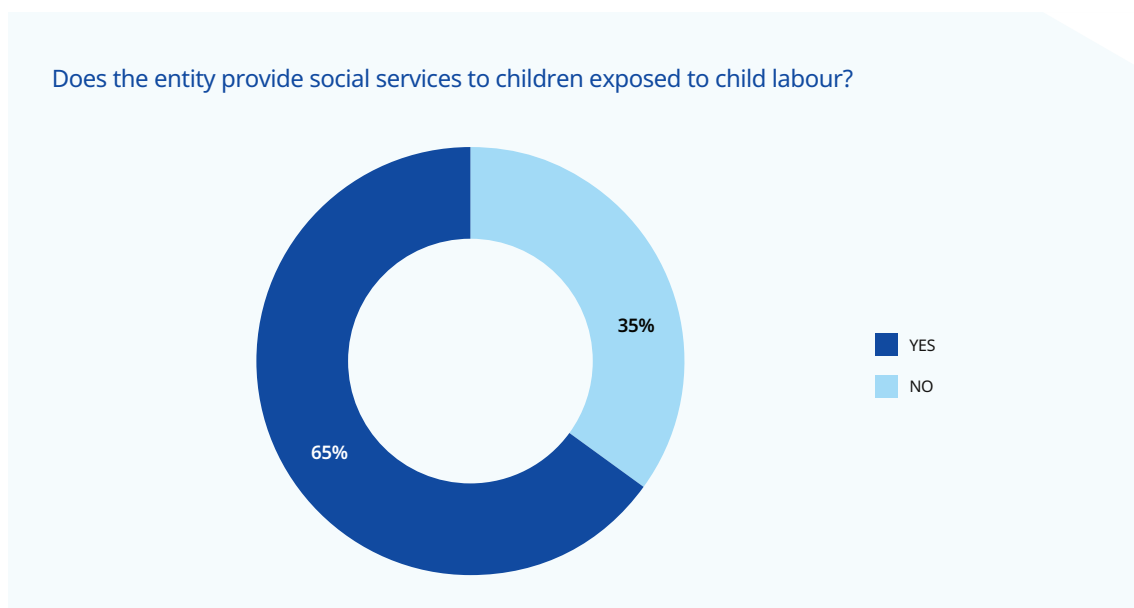
As mentioned above, seven CSWs that have the legal status of public institutions (35%) and 13 non-governmental organizations (65%) participated in the study. All seven CSWs are licensed by the Ministry of Labour and Social Welfare (MLSW), while three NGOs interviewed are not yet licensed (23%) to provide social services but continue to do so. Most of NGOs have been licensed in the last two years. The licensing of NGOs by MLSW is an on-going process, and that is why some of them are still providing social services without being licensed. Not being licensed can cause implications to social service providers such as being excluded from the list of eligible applicants for grants provided by MLSW.

Target Group

Given the lack of specialized organizations on child labour solely, the research aimed to identify first the organizations providing social services to children in different types of need but which can be applicable to child labour cases as well. 17 of the interviewed entities declared to provide such services while three NGOs declared not to be specialized in providing social services to children in need specifically. However, they provide services to children on ad-hoc basis and within their domain. Two of the NGOs are supporting ethnic minorities in Kosovo on the area of education, housing, and empowerment to exercise their rights, while another one is working on prevention of drug and alcohol abuse and the treatment of drug and alcohol addiction.

► **Figure 4. Providing social services to children in need**

Provision of social services to children exposed to child labour is reported explicitly to be done by 13 entities, including all seven CSWs and six non-governmental organizations. It should be noted that, during the interviews with the entities but also during the workshop for validation of the preliminary findings, it was emphasized by stakeholders that it is difficult to differentiate services for children in need from those exposed to hazardous child labour.

► **Figure 5. Providing social services to children exposed to child labour**

However, it was found that children engaged in hazardous labour may receive services from organizations that are not specifically mandated to work in the field of child protection or child labour. For instance, a child engaged in hazardous labour may also be victim of drug abuse or may need services to integrate into the mainstream education. Therefore, input from all the interviewed organizations has been factored in to calculate the unit cost. Such approach was also suggested through the validation workshop held with local stakeholders. Hence, in this analysis, the estimate of delivery of social services for children in need is a proxy for delivery of services for child labour cases.

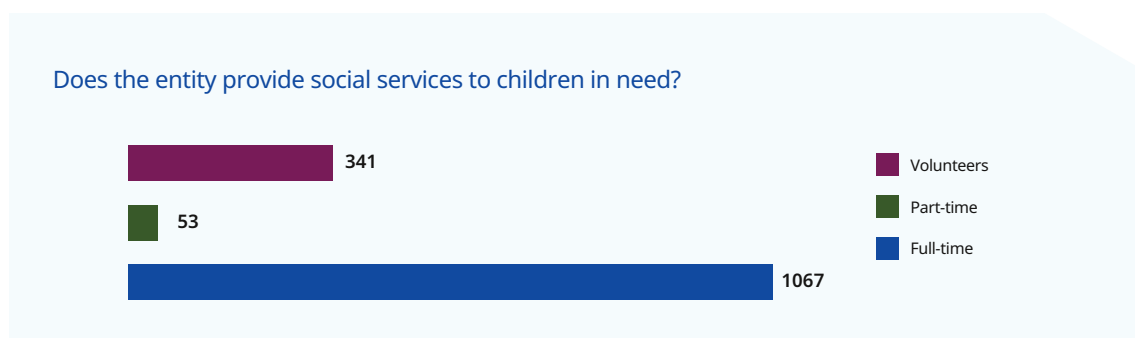
Types of services provided

All seven public institutions have stated that they provide all social services, including the protection of abandoned children, children deprived of the right to parental care, cases of hazardous child labour, and housing of children. These institutions also provide social services for adults and the elderly, including divorce cases. In non-governmental organizations, the types of services are more diversified and some of them are even focused only on providing services to certain groups of society, such as Roma, Ashkali, and Egyptian people, day-care for children with disabilities, as well as education for certain age groups. From the respondents' answers among NGOs, around twenty different types of social services were identified, including services for socializing, vocational training for children, psycho-social treatment of children with special needs, protection of children from hard work, socio-economic services, legal counselling, physiotherapy sessions for children with special needs, etc.

▲▲ Around 20 types of social services identified from the answers of the interviewed organizations.

Number of persons employed currently

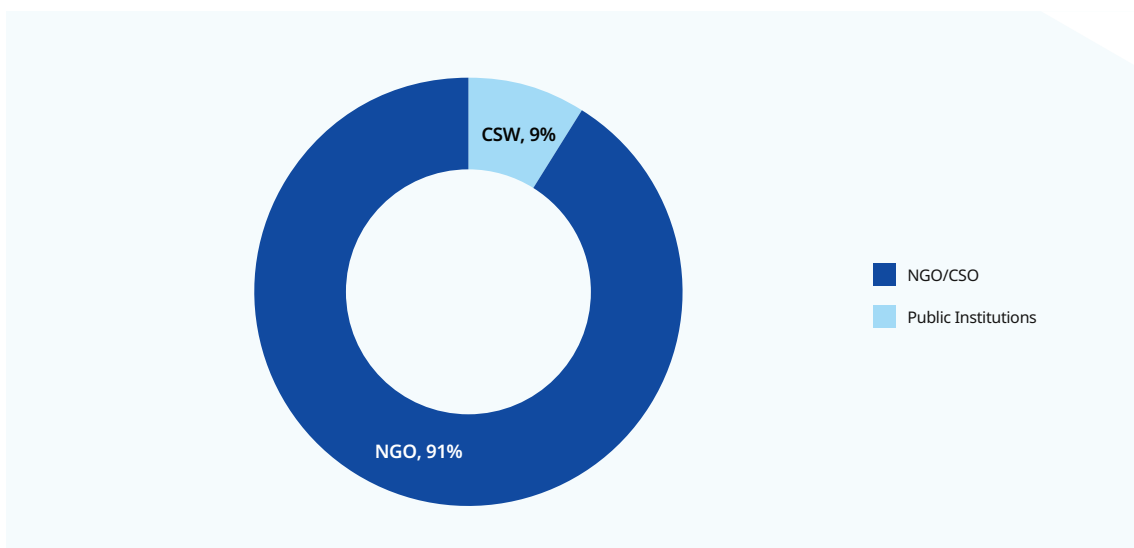
► Figure 6. Persons employed currently



Currently, there are 1,461 people engaged in social affairs in the institutions included in this report. A total of 1,067 workers are employed full-time, 53 part-time, and 341 are volunteers, who make up one-fifth of the total number of workers. According to legal status, 129 people are engaged in CSWs (9%) and 1,332 in NGOs (91%).

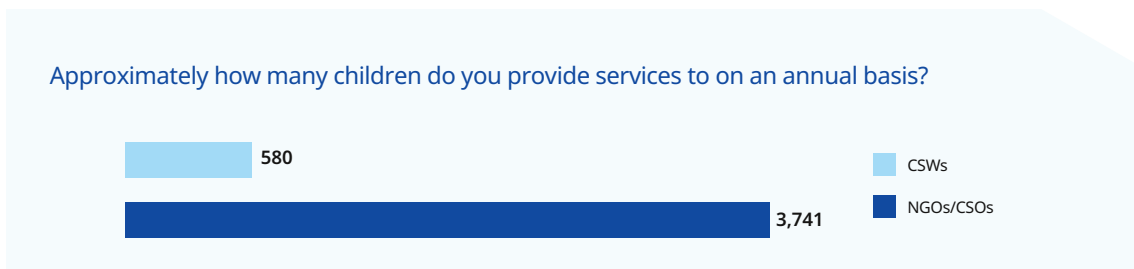
1,461 people engaged in social affairs.

►Figure 7. Employment based on according to the legal status



Children reached: annual data

►Figure 8. Services provided to children on an annual basis



According to respondents' answers, a rough estimate of the number of children served on an annual basis captures the figure of about 4,321 children, of which about 580 are in CSWs and about 3,741 in non-governmental organizations.

Around 4,321 children receive social services within a year.

► COST ANALYSIS

Since there are no organizations mandated to work on child labour only and given that there is no list of specific services to be provided to children victims of child labour, the cost for providing services for children engaged in hazardous child labour is calculated based on the input from 20 organizations that were interviewed. The estimate of delivery of social services for children in need in general among twenty organizations is a proxy for delivery of services related to child labour cases.

During the last two years (2018 and 2019), the total budget of interviewed entities is

10.7

million Euro

1.7 million Euro is the budget of CSWs

8.9 million Euro is the budget of NGOs.

Annual Budget⁴

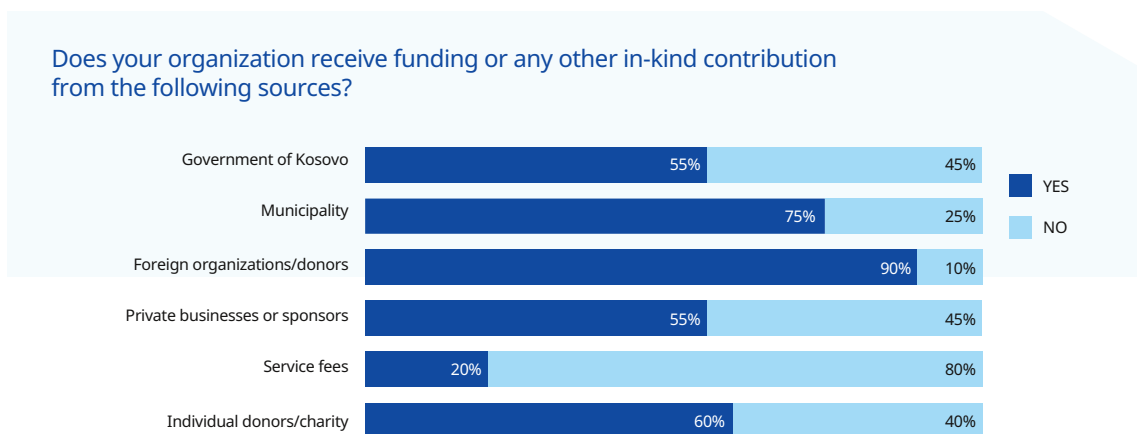
During the last two years (2018 and 2019), the total budget of interviewed entities is 10.7 million Euro, of which 1.7 million Euro is the budget of CSWs and 8.9 million Euro is the budget of NGOs. The annual budget of public institutions (CSWs) increased by 7.95% between 2018 and 2019, while the budget of non-governmental organizations decreased by -4.46%.

► Table 1. The annual budget for 2018 and 2019

	Budget of CSWs (in Euros)	Average Budget of CSWs ⁵ (in Euros)	Budget of NGOs (in Euros)	Average Budget of NGOs ⁶ (in Euros)	Total Budget (in Euros)	Average Budget (in Euros)
Fiscal Year 2019	910,000	151,666	4,394,102	399,463	5,304,102	312,006
Fiscal Year 2018	843,000	140,500	4,590,238	417,294	5,433,238	319,602
Total Budget per Entity	1,753,000	292,166	8,984,340	816,758	10,737,340	631,608

Types of funding/support received from organizations

► Figure 9. Sources of funding



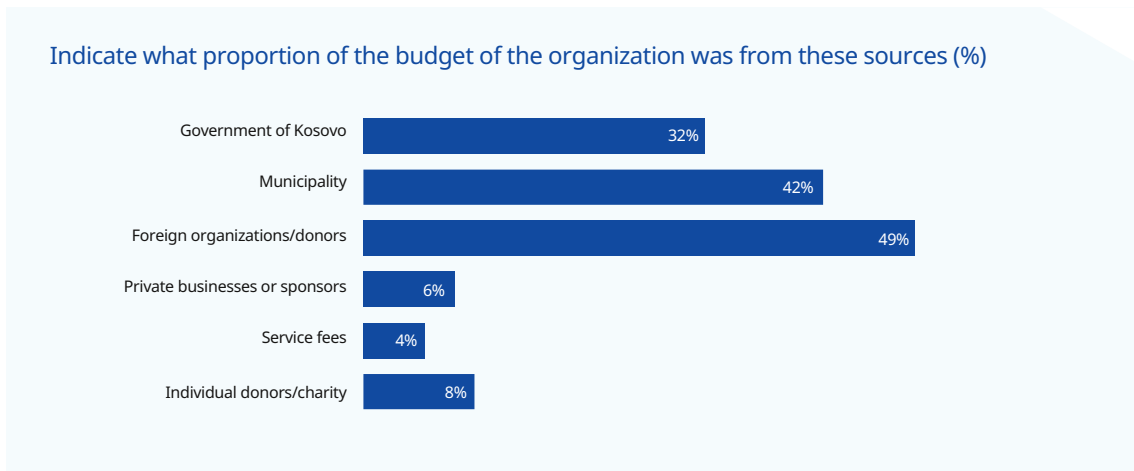
4 The data presented are for 17 entities that have agreed to declare their annual budget; 3 entities have refused to share their budget, one of them being a public institution and two others non-governmental organizations.

5 Average budget is calculated for 6 CSWs that have provided data on their annual budget.

6 Average budget is calculated for 11 NGOs that have provided data on their annual budget.

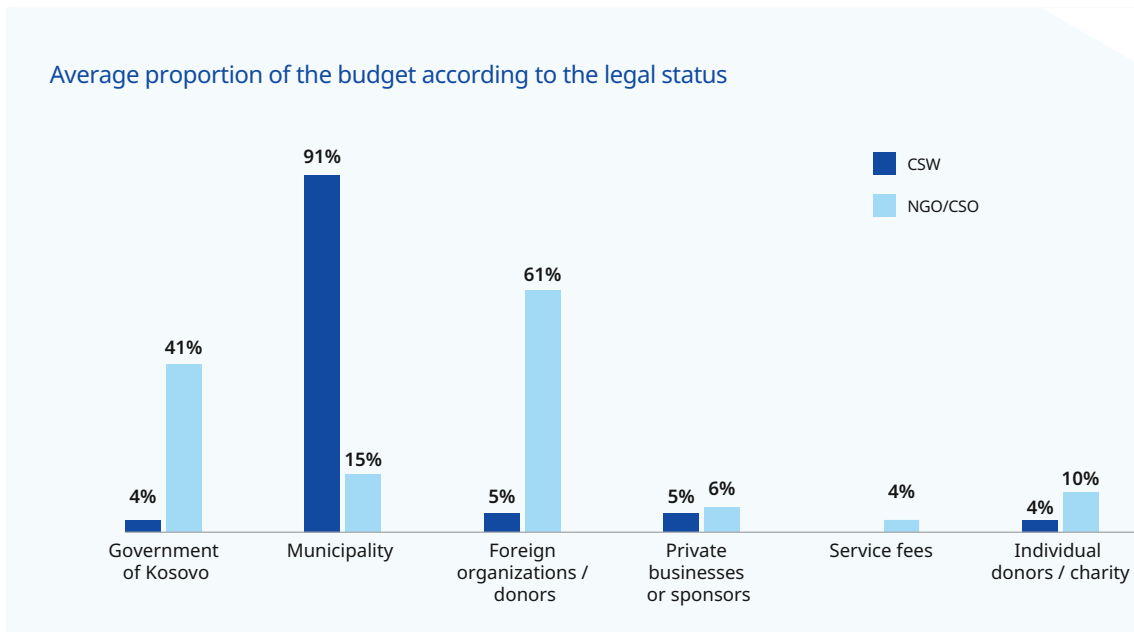
The interviewed organizations stated that they have an average of three different sources of funding. As it can be seen in Figure 9, 90% of organizations have received funding from foreign organizations/donors, followed by municipalities with 75%, and individual donors/charity with 60%. Only 20% of the organizations have stated that they have received funding from service fees.

► **Figure 10. The average portion of the budget from different types of funding**



The interviewed organizations stated that almost half of their budget consists of funding coming from donations through international donors with an average of 49% of their total budget, followed by donations from municipalities with 42% and funding from the Government of Kosovo with 32%. Funds collected from service fees constitute only 4% of the total budget of the organizations.

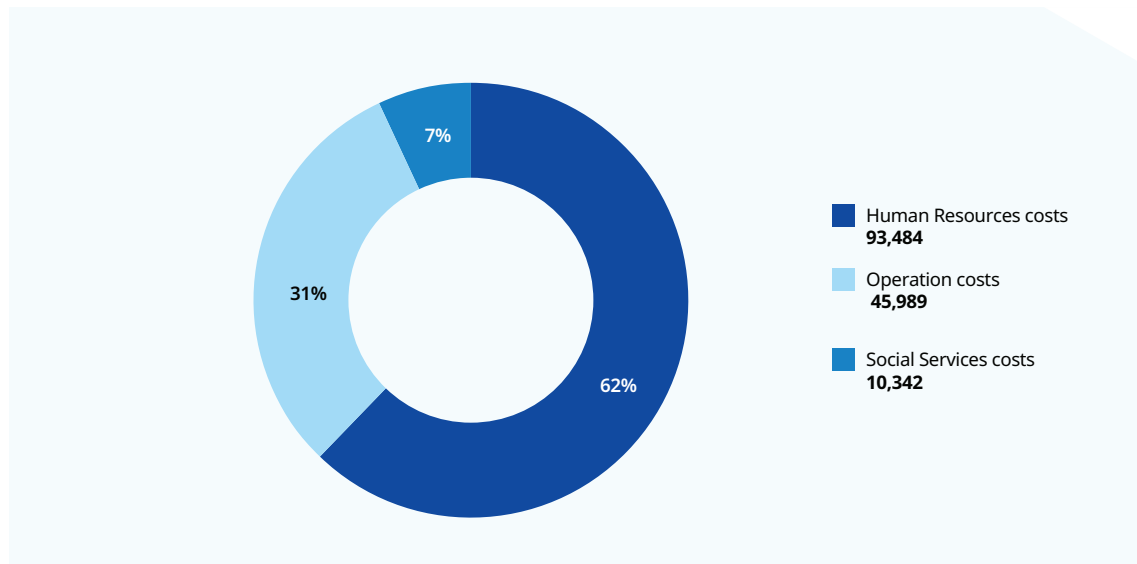
► **Figure 11. The average portion of the budget based on sources of funding according to the legal status of an organization**



Regarding the types of funding by the legal status, financing from municipalities constitutes the vast majority (91%) in public institution. This means that CSWs are fully dependent on municipalities to run their business. As for non-governmental organizations, donations from international organizations constitute an average of 61% of their budget. It is interesting to note that the local level authorities (municipalities) largely fund public institutions, while the central level (the government) largely supports non-governmental organizations.

Expenses for delivery of social services

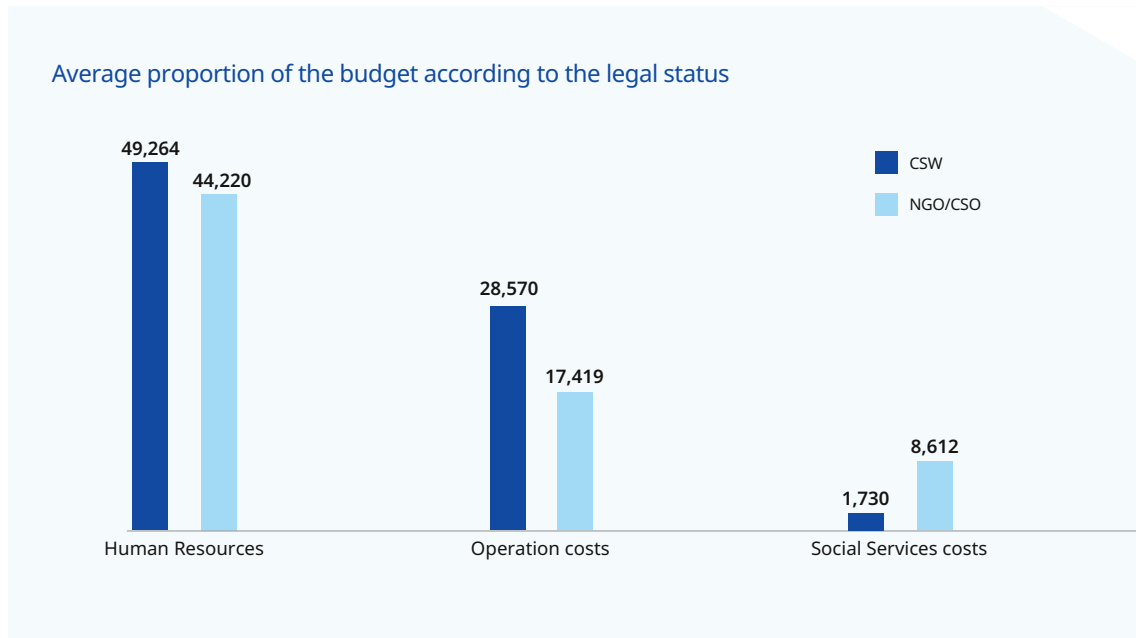
►Figure 12. Cost for budget lines to deliver social services for child labour cases



From the declaration of monthly expenses by three different budget categories: human resources (such as management, professional staff, technical, finance, and administrative staff), operation cost (such as rent, utilities, travel, communication, and other administrative expenses), and delivery of social services (such as daily and family services, counselling, therapy, educational, and psychosocial development services for children), the total monthly expenses of 20 organizations providing social services to children are 149,815 Euros. The disclosure of expenses according to budget lines seems as follows: human resources costs 93,483 Euros or 62% of total expenses, operation costs 45,989 Euros or 31%, and social services costs 10,342 Euros or 7%. On average, monthly expenses per organization are about 7,490 Euros. Monthly expenses of public institutions are significantly higher than those of non-governmental organizations, ranging from 9,000 to 17,000 Euros. While for non-governmental organizations, the monthly expenses range from about 3,500 to close to 14,000 Euros.

149,815 Euros are the total monthly expenses of 20 organizations that provide social services for children in Kosovo, excluding inventory depreciation.

► **Figure 13. Monthly cost for delivery of social services for child labour cases between CSWs and NGOs by category of expenses**



By comparing the monthly expenses between public institutions and non-governmental organizations by category of expenses, it can be seen that the costs for human resources including management, finance, and other administrative staff of CSWs are higher than those of NGOs despite the number of NGOs being higher. Also, operation costs, which include rent, transport, communication, maintenance, and other administrative costs, are higher among CSWs than NGOs. In the budget line of social services cost, NGO expenses are higher than in the other two budget lines (Human Resources costs and Operation costs) compared to expenses of CSWs. The budget line for social services includes education, counselling, recreation, food and beverage, day-care centres, etc.

Inventory and equipment of social service providers

► **Table 2. List of inventory and equipment of social service providers needed to provide services for cases of child labour**

#	Inventory and equipment	Units needed	Estimated value (in €)	Depreciation Costs for a Year 20% (in €)
1	Vehicles	25	187,500	37,500
2	Van	6	71,000	14,200
3	Generator	9	14,050	2,810
4	TV	29	5,750	1,150
5	Projector	15	2,730	546
6	Computers	127	25,707	5,141
7	Medical equipment	107	2,290	458
8	Whiteboard	25	785	157
9	Refrigerator	19	3,580	716
10	Dining table	26	3,950	790
11	Rugs	22	1,850	370
12	Lights	127	1,963	393
13	Drawers	108	7,740	1,548
14	File cabinet	103	6,770	1,354
15	Meeting desk	25	5,345	1,069
16	Desks	142	10,670	2,134
17	Chairs	262	5,000	1,000
18	Table	5	495	99
19	Lamps	90	500	100
20	Other	/	3,240	648
Total estimated value:			360,915	72,183

The table above presents the data on inventory and equipment of the interviewed organizations, including the furniture, technology, and equipment that a social service provider should provide for child labour cases. These are not operation expenses, but assets that are typically purchased as one-time expenses and expected to last for a certain period, the depreciation value of which is calculated in accordance with the criteria of accounting depreciation at the rate of 20% within the year. This list shows the number of units for each item and the approximate value of each.

Out of twenty interviewed organizations, complete data on inventory/equipment and their value were provided by six public institutions, while amongst the non-governmental organizations, data on inventory/equipment were provided by eight organizations, two of which did not agree to give the valuable assets, while the other five organizations refused to provide data on inventory/equipment and their value, unlike public institutions where only one refused to provide data.

Typically, assets of the entities interviewed include a) land b) building and c) equipment. As can be seen from Table 2, the total declared value of the inventory and equipment of social service providers for children in need is 360,915 Euros, of which about 2/3 are public institutions and 1/3 are non-governmental organizations. It must be noted that, on the value of assets, the values of the land and buildings were not included, because all public institutions' land and buildings were owned by their respective municipalities – therefore a professional valuation was not available. From the total amount of assets and equipment, the annual depreciation value is 72,183 Euros per year or 6,015 Euros per month.

6,015 Euros per month is the value of depreciation of inventory and equipment of organizations that provide social services in Kosovo.

Total monthly unit cost for delivery of social services to children

► Table 3. Monthly cost for delivery of social services related to child labour cases in Kosovo

Description	Monthly cost (in Euro)	Unit cost (in Euro)	Percentage
Costs for Human Resources	93,484	260	60%
Costs for Operations	45,989	128	29%
Costs for Social Services	10,342	29	7%
Costs for assets required (depreciation value)	6,015	16	4%
Total:	155,830	433	100%

Table 3 shows gathered data from interviews with twenty organizations which provide some kind of social services to children in need that can be applicable to child labour cases. The general cost for different categories of expenses they have to provide such services was calculated based on their answers. In total, there are approximately 4,321 children who receive social services from these organizations. When this number is divided in 12 months, it equals 360 children per month. Monthly expenses to provide social services to these children are 155,830 Euros, including inventory depreciation. When dividing this amount by the number of children receiving social services within a month, it turns out that the monthly cost to provide social services to a child in need is 433 Euros. This unit cost does not include residential costs for children victims of child labour because child protection houses have not been established yet and a deeper research is needed to fully assess their operation costs and funding sources.

Monthly cost to provide social services for a child in need is 433 Euros.

► **Table 4. Monthly cost for delivery of social services for child labour cases in Kosovo according to the legal status of an organization**

	CSWs		NGOs	
	Monthly cost (in Euros)	Unit cost (in Euros)	Monthly cost (in Euros)	Unit cost (in Euros)
Costs for Human Resources	49,264	1,026	44,220	142
Costs for Operations	28,570	595	17,419	56
Costs for Social Services	1,730	36	8,612	28
Costs for assets required (depreciation value)	3,339	70	2,676	8
Total:	82,903	1,727	72,927	234

By analysing the costs according to the legal status of organizations, the findings indicate that the costs for providing social services are higher among public institutions compared to non-governmental organizations. Thus, the unit cost of CSWs is 1,727 Euros, while in NGOs it is significantly lower, namely 234 Euros. The number of children receiving social services from CSWs during a month is 48, while the number of children receiving social services from NGOs is 312. The cost of human resources and operations is slightly higher among CSWs despite the smaller number of children receiving services. This is one of the main reasons for an increased unit cost of CSWs.

► OPTIONS FOR FINANCING SOCIAL SERVICES

Legally, municipalities are responsible for financing social services. However, due to the insufficient budget, this is not always the case as municipalities fail to sufficiently finance social services as required.⁷ Therefore, municipalities often turn for help to the Central Government/Line Ministries, institutional donors' community, private donors, or in-kind contributions. To ensure sustainable financing of the social services, there are several options within the margins of the public financial management framework in Kosovo.

1. Gradually transfer the Budget from the Line Ministry to Municipalities

Currently, the budget for social services mainly sits at the Ministry of Labour and Social Welfare. The ministry finances most of the social services directly to the beneficiaries, with some shared responsibilities with municipalities on the social services budgeting. Under this approach, the budget would be gradually transferred to municipalities. This would allow municipalities to plan, budget, and execute the budget for social services. This approach is also in line with the widely accepted principles of fiscal decentralization which promote the 'funding follows function' principle. This approach requires increased institutional and human capacities at the local level on several dimensions such as planning, budgeting, execution, and reporting. The transfer of budget would have to be carefully planned and coordinated with the Ministry of Finance, Line Ministries, and Municipalities.

2. Establish the third Earmarked Grant for municipalities similar to the one for education and health

Municipalities in Kosovo receive their funds from three main sources:

- a. General Grant from the Government of Kosovo** – 10% of the overall budget allocated for all municipalities – distributed by a pre-set formula that factors several criteria such as the population, territory, number of communities, etc.
- b. Earmarked Grants** – In addition to the Government's General Grant, additional funds are made available by the Government to the municipalities through earmarked grants (known as specific grants). These grants are:
 - Earmarked grant for education
 - Earmarked grant for health.
- c. Own-source revenues and donations** – These are revenues raised locally by municipalities mainly from property tax, licenses, fees, charges, etc. Donations mainly include donations from international organizations as well as domestic donations.

These grants are used by municipalities on top of the general grant and own-source revenues to finance primary and secondary education and primary health care. Serb-majority municipalities are also allowed to receive funds from Serbia.

⁷ Financing of Social Services in Kosovo, page 9. KOMF. Accessible at: <http://www.komfkosova.org/wp-content/uploads/2017/05/Financimi-i-sherbimeve-sociale.pdf>.

Under this option, a third earmarked grant would be made available from the Government to municipalities using a similar structure and format as in the case of Education and Health Earmarked Grants. The criteria for grant allocation and the 'size of the pie' would have to be closely looked at and analysed to ensure need-based allocation, balanced development of the country, and other relevant factors pertaining to the social services.

3. Financing through own-source revenue and service fees from beneficiaries

Municipalities can and use their source revenues for financing social services. The participation of the own-source revenue on the financing of the social services remains relatively low compared to the general grant and donations. However, given the shortages and unpredictability of the funds from the government, municipalities can use their own-source revenues to increase the funding for social services. Also, in this realm, municipalities can make use of an approach that builds on the pay-per-use approach, which means applying fees to the beneficiaries of the social services for some categories of social services. This approach would be more equitable since only those who use the services shall pay for the services. This funding approach would be based on beneficiaries' ability to pay for such services – such as services for elders, etc.

► RECOMMENDATIONS

For Public Institutions

Public institutions should diversify their sources of funding, thus not depending entirely on municipal funding. To do that, they should work closely with municipalities and the line ministries in exploring opportunities on how to develop mechanisms that would allow public institutions to raise funds, accept directly private and institutional donations. Creating bank sub-accounts for Centres for Social Works would be an option that would allow each CSW to have their own sub-accounts so all proceeds would be sent there and therefore managed directly from CSW.

Training for public institutions should be organized to increase their capacities to apply for funding from international organizations. Also, the training should focus on increasing local capacities during budget planning, budget estimation, cost measurement and reporting, and unit cost analysis.

Centres for Social Workers should work closely with their respective municipalities to develop standard unit cost cards for each of the services provided. Such standard cost cards would inform management's decision related to the provision of social services, while they would also be helpful for internal purposes such as analyses, prioritizing services, cost optimization, planning, budgeting, and budget execution.

The profile of social workers within institutions that provide social services should be a priority issue for the management of CSWs, NGOs but also policymakers. At least one social worker should be specialized to deal with child cases only.

For NGOs

NGOs should work closely with local institutions to create platforms that allow for knowledge exchange, particularly on the cost analysis and cost measurement, budgeting for social services etc. Also, going forward, NGOs should consider initiating a broader debate whether some of the social services currently provided by the local authorities could be alternatively better provided by the NGO sector. To do that, it is important that local authorities have proper full cost information for all of their social services that would inform such potential decisions.

For policymakers

Policymakers such as the municipal assemblies and line ministries should work on fiscal policies that allow for full decentralization of the budget to the local authorities. Social services should be prioritized both at the national and local levels. To do that, line ministries should work with the Ministry of Finance to increase the budget for social services in particular for child cases.

Policymakers should foresee establishment of a special fund for emergency situations for social services, so that CSW staff are able to respond to difficult cases and manage the immediate risks of people in need, particularly child labour cases.

► ANNEX 1 - LIST OF KEY INFORMANTS

#	Name	Institution
1	Dren Meqa	Centre for Social Work - Gjakova
2	Ruzhdi Latifi	Centre for Social Work - Ferizaj
3	Mursel Zymberi	Centre for Social Work - Gjilan
4	Gani Mustafa	Centre for Social Work - Mitrovica
5	Drita Kelmendi	Centre for Social Work - Peja
6	Muharrem Kika	Centre for Social Work - Prishtina
7	Kumrije Bytyqi	Centre for Social Work - Prizren
8	Jakup Sabedini	Kosovar Catholic Church Caritas
9	Osman Osmani	Nevo Koncepti
10	Ramadan Rama	NGO Humaniteti
11	Muharrem Asllani	NGO Forca
12	Isak Skenderi	Voice of Roma, Ashkali and Egyptians in Kosovo
13	Najqe Kelmendi	NGO Duart Plotë Mëshirë
14	Feride Rushiti	The Kosova Rehabilitation Centre for Torture Victims
15	Safet Blakaj	NGO Labyrinth
16	Mevlude Murtezi	Organization for Children Without Parental Care
17	Fitore Haxhihasani	QJP
18	Teuta Abrashi	Centre for Protecting Victims and Preventing Trafficking in Human Beings
19	Fllanza Bakija Lama	Safe House
20	Anita Plakolli	The Ideas Partnership

▶ ANNEX 2 - QUESTIONNAIRE

A. INTRODUCTORY QUESTIONS

1. Entity's legal name: _____

2. Date of establishment: _____

3. Municipality: _____

4. Legal status:

- ▶ Public institution
- ▶ NGO/CSO
- ▶ Private business
- ▶ Other: _____

5. Is the entity licensed by the Ministry of Labour and Social Welfare for provision of social services?

- ▶ Yes
- ▶ No
- ▶ DK/No response

6. Does the entity provide social services to children in need?

- ▶ Yes
- ▶ No
- ▶ DK/No response

7. If yes, what types of services do you provide?

- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____

8. What is your targeted group?

- ▶ _____

9. Does the entity provide social services to children exposed to child labour?

- ▶ Yes
- ▶ No
- ▶ DK/No response

10. If yes, what types of services do you provide?

- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____

11. How many persons does the entity currently employ?

- ▶ Full-time: _____
- ▶ Part-time: _____
- ▶ Volunteers: _____

12. Approximately for how many children do you provide services in yearly basis?

B. COST ANALYSIS QUESTIONS

13. What has been the annual budget of the legal entity in the past two years, 2019, 2018?

▶ 2019: _____

▶ 2018: _____

14. Does your organization receive funding or any other in-kind contribution from the following sources?

Type of funding/ support	Do you receive support		Indicate what proportion of the budget of the organization was from these sources (%)
Government of Kosovo	yes	no	
Municipality	yes	no	
Foreign organizations / donors	yes	no	
Private businesses or sponsors	yes	no	
Service fees	yes	no	
Individual donors/ charity	yes	no	

15. In order to calculate the unit cost for delivery of social services for child labour cases, a monthly expense sheet was designed to assess the expenses of a service provider on a variety of areas including human resources, operation costs, service provision, inventory and equipment. For each of these areas there are specified budget lines. ARS would like to go through the expense sheet with you, and ask what your organization currently spends on a wide range of budget categories per month, and the number of units for each budget line.

Data collector instructions:

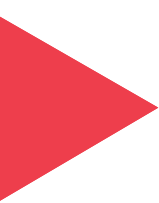
- ▶ Explain the monthly expense sheet and budget lines.
- ▶ Give examples i.e. Assistant 400 euro per month, Rent 800 euros per month.
- ▶ The cost should be based on market costs for each budget line.
- ▶ Go through each budget line and fill in as appropriate. Record any other data that may be given by the respondent.

MONTHLY COST FOR DELIVERY OF SOCIAL SERVICES FOR CHILD LABOR CASES					
Category	Name	Unit description	Number of units	Cost	Total
Human Resources costs	Director/Manager				
	Assistant	month	1	400	400
	Psychologist				
	Social Worker				
	Educator				
	Lawyer				
	Driver				
	Receptionist				
	Finance/admin officer				
	Lawyer				
Subtotal Human Resources					
Operation costs	Rent	office	1	800	800
	Electricity				
	Water				
	Sewage/Garbage				
	AC/Heating				
	Telephone				
	Internet				
	Security				
	Cleaning				
	Transport cost				
	Taxes				
	Bank fees				
	Kitchenette				
	Office tools/supplies				
	Office transport				
Subtotal Operation Costs					
Social Services costs	Child needs assessment				
	Education				
	Counselling				
	Recreation				
	Food and beverages				
	Transport				
	Day-care centre				
	Health				
Subtotal Service costs					

16. Below is a list of possible inventories, including furniture, technology and equipment that a social service provider needs in order to provide the service for cases of child labour. These are not running expenses, but rather one-time expenses whose depreciation value will be calculated in accordance with accounting depreciation criteria. At this point, it would be useful to define the number of units needed for each item in the inventory list, and the estimated value of each item.

#	Inventory and equipment	Units needed	Estimated value
1	Vehicles		
2	Van		
3	Generator		
4	TV		
5	Projector		
6	Computers		
7	Medical equipment		
8	White board		
9	Refrigerator		
10	Dining table		
11	Rugs		
12	Lights		
13	Drawers		
14	File cabinet		
15	Meeting desk		
16	Desks		
17	Chair		
18	Table		
19	Lamps		
20	...		
21		
22	...		
23	Add others as needed		

17. Are there any other expenses that you'd like to report with respect to provision of services for cases of child labour:



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