

RECOVERY, INCLUSIVENESS, SUSTAINABILITY

Newsletter no. 10 —————>

MAY 2022



RECOVERY

ECONOMY

COORDINATION

ORGANIZATION

VARIETY

EQUALITY

RESPONSIBILITY

YOUTH

EUR 100 million Support Package →

About the Newsletter

The “Recovery, Inclusion, Sustainability” Newsletter is a monthly publication of the Institute for Development Policies - INDEP, whose aim is to provide detailed information to Kosovo citizens about the implementation of measures contained in the Economic Revival Package and other support packages implemented by the Government of Kosovo to provide support in dealing with the hardships the COVID-19 pandemic has brought to our country. The measures integrated into these packages are aimed at facilitating the economic recovery, and overcoming the disruptions caused by this pandemic in peoples’ lives and businesses, in order to achieve the sustainability required to also enable the achievement of other important processes. Therefore, the measures

taken by the Government of Kosovo in the economic recovery of the country, are of enormous importance.

This edition of the newsletter, the tenth in a row, will provide and elaborate on additional information, including the analysis regarding the EUR 100 million support package that the Government of Kosovo approved and began to implement a month ago. This package allocates about EUR 100 million, to be disbursed to public and private sector employees, retirees and students. The “Recovery, Inclusion, Sustainability” Newsletter is realized within the “Recovery4Sustainability” Project supported by the Balkan Trust for Democracy (BTD) and USAID.

WHO ARE THE BENEFICIARIES OF THE EUR 100 MILLION PACKAGE?

The new measures of the Economic Revival Package, intended to alleviate the issues caused by the pandemic, but also to facilitate coping with rising prices, are focused on certain categories of citizens. The beneficiary categories under this measure are:

- Retirees
- Families in the Social Assistance Scheme
- Public sector employees
- Private sector employees
- Students
- Families in need

These categories will be supported with **EUR 100 each, doubling of support value**, or with **food packages**.

Retirees, in addition to their monthly payments, in April received an additional EUR 100 as a result of the support package. This means that about 280 thousand retirees are beneficiaries under this support measure. These funds have already been disbursed, since, on April 15, 2022, the transfers were executed for each beneficiary.

Families in the social assistance scheme, which are also categories benefiting from support packages, have benefited double the monthly amount they usually receive in other months. This support was provided only for the month of April, and the date of transfers coincides with the date of support for retirees, i.e. April 15, 2022. There are a total of 26 thousand families benefiting from this package.

Public and private sector employees will be assisted with EUR 100 each. Public and private sector employees started to file their applications on April 21, 2022. The application for support will be made electronically, by filling in the form with the personal data of the employee at the following link: <https://apps.atk-ks.org/Subvencionim> While public sector employees who receive a salary from the budget of the state did not need to apply because the EUR 100 subsidy was added to their April salaries. The eligibility condition for support under this measure is that **the employee has been declared as employed in the tax period of February 2022**. The application was open until May 20, 2022, and part of the payments have already been executed. Employees with an income exceeding 1,000 Euros per calendar month are excluded.

Students will also receive EUR 100 under the support package. The application is open to all active and full-time students who are attending studies at any of the accredited public or private institutions of higher education in Kosovo. The application for support is made electronically, by filling in the form with personal data. Beneficiaries can also be students who are not citizens of the Republic of Kosovo, but who pursue their studies in educational institutions in our country. The application for support under this measure is open from May 7, 2022, to June 3, 2022.

Students who are citizens of the Republic of Kosovo can apply via the following link:
<https://ekosova.rks-gov.net/Services/SubService?service=358>

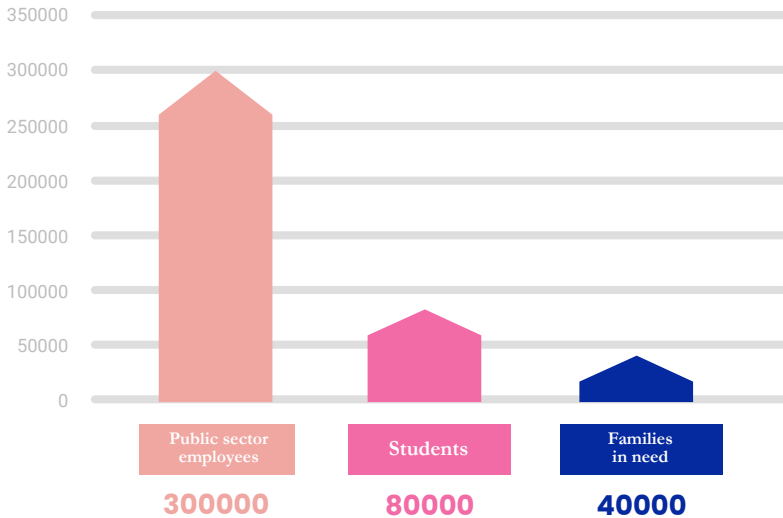
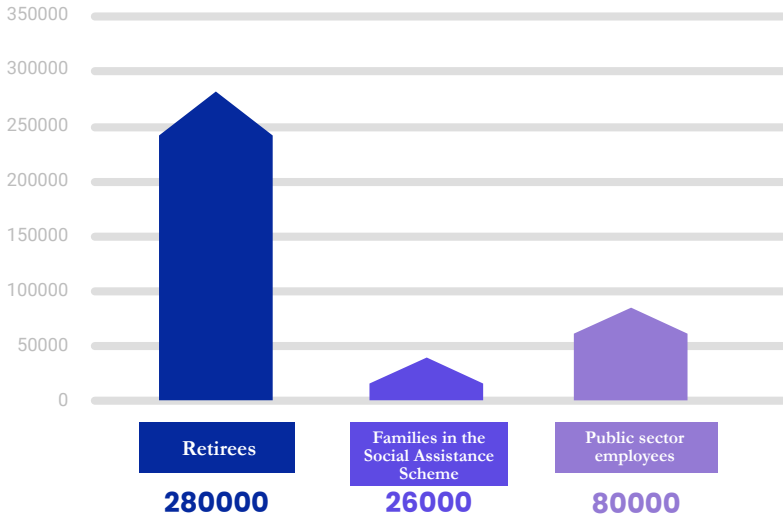
Students who are not citizens of the Republic of Kosovo can apply via the following link:
<https://ekosova.rks-gov.net/Public/360>

Families in need will be assisted with food packages. It has been announced that the number of beneficiaries under this category is about 40 thousand families. Support through food packages is intended to enable coping with rising basic food prices, also as a result of the difficulties posed by the COVID-19 pandemic.

Looking at the categories who are potential beneficiaries under this package, the total number of beneficiaries is about [806 thousand citizens](#).



Beneficiary categories under the EUR 100 million Support Package



WHAT IS THE IMPACT OF THE EUR 100 MILLION PACKAGE OF THE GOVERNMENT OF KOSOVO?

The positive effects of this measure are evident in terms of easing the financial burden on Kosovan families, for at least one month, to overcome the enormous price increases, for at least a month. It is also an injection into the market which will improve business, mainly for food businesses, as a EUR 100 payment is not enough to encourage investment in high-value items. However, this amount of money contributes to covering certain monthly expenses, which with the increase in prices of most food products, fuels, and other services, will help alleviate the burden of each family.

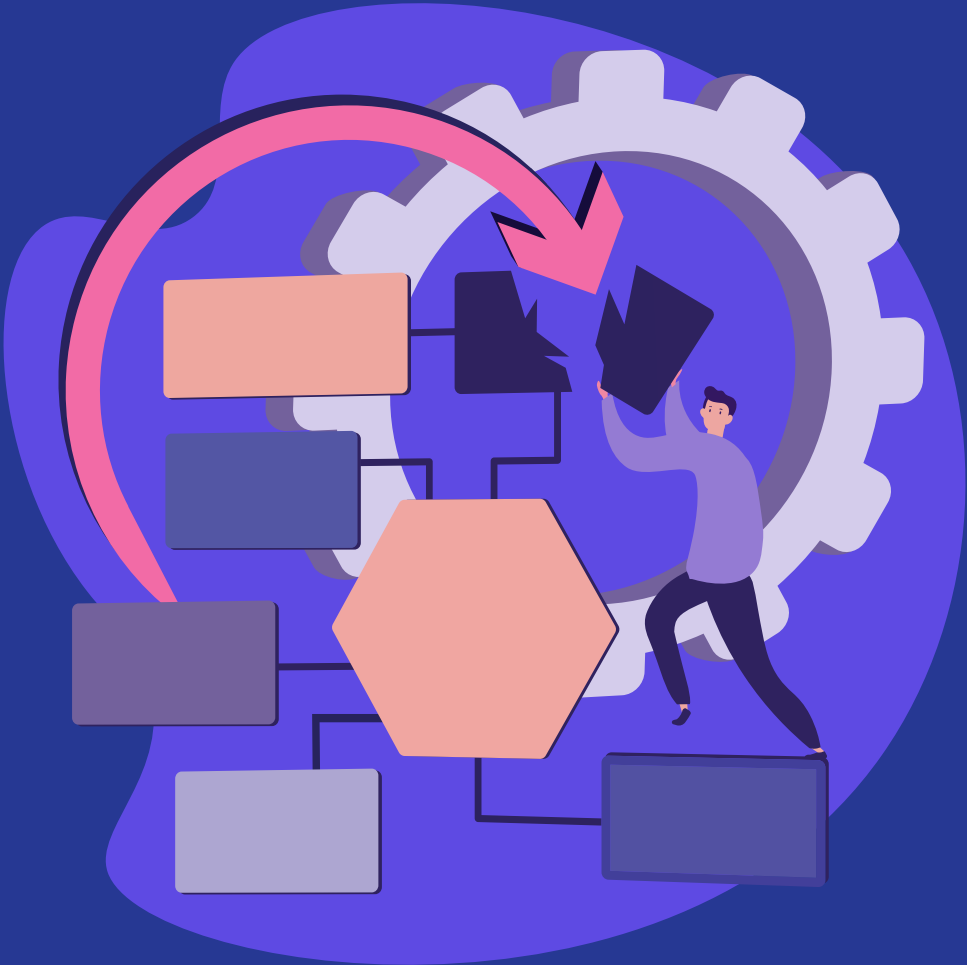
Macroeconomic interventions, specifically cash donations and unconventional monetary measures, transfers in the form of goods, social security financing, and measures addressed to a certain group of the population, looking at the examples of other countries, have shown positive results. This is because this amount of money, no matter how small it may seem, when distributed to citizens it creates space to cover some expenses, but at the same time, most of this money is injected into Kosovo's economy, circulating money within the territory of the Republic of Kosovo. Such an impact can be considered positive, but it should also be noted that at their core these measures only strive to achieve social peace for a certain period of time.

The support package would offer a more profitable and longer-term impact were it to be aligned with measures that would require more time for their implementation. Some of the forms in which the EUR 100 million support package could be focused are:

- Providing direct capital injections through investments, loans, and grants.
- Injecting capital into the banking system to boost investment.
- Increasing activity through public-private partnership structures.
- Attracting foreign direct investments.

These measures, in addition to creating new jobs and increasing liquidity, would help Kosovo in achieving sustainable recovery and attracting potential foreign investors.

The negative effect of the EUR 100 million support package comes from its short-term assistance and impact. EUR 100 for one month is just some help to cover certain monthly issues that have arisen since the outbreak of COVID-19. Such an amount does not constitute concrete long-term assistance, as such an amount today cannot cover the needs of any Kosovan family. Therefore, as much as these payments contribute to making ends meet, they do not serve for proper or green recovery, thus making Kosovo a state that is not aiming at achieving proper recovery.



GREEN RECOVERY IN ADDITION TO THE EUR 100 ONE-OFF SUPPORT PAYMENT

What is the difference Between Green Recovery and One-off Support?

The principles of green recovery support green policies and apply to long-term systemic economic reform, which will then support a transition to a more sustainable global economy.

One-off support provides short-term assistance, helping overcome the crisis for a very short period of time, and consequently, it cannot provide for sustainable recovery.

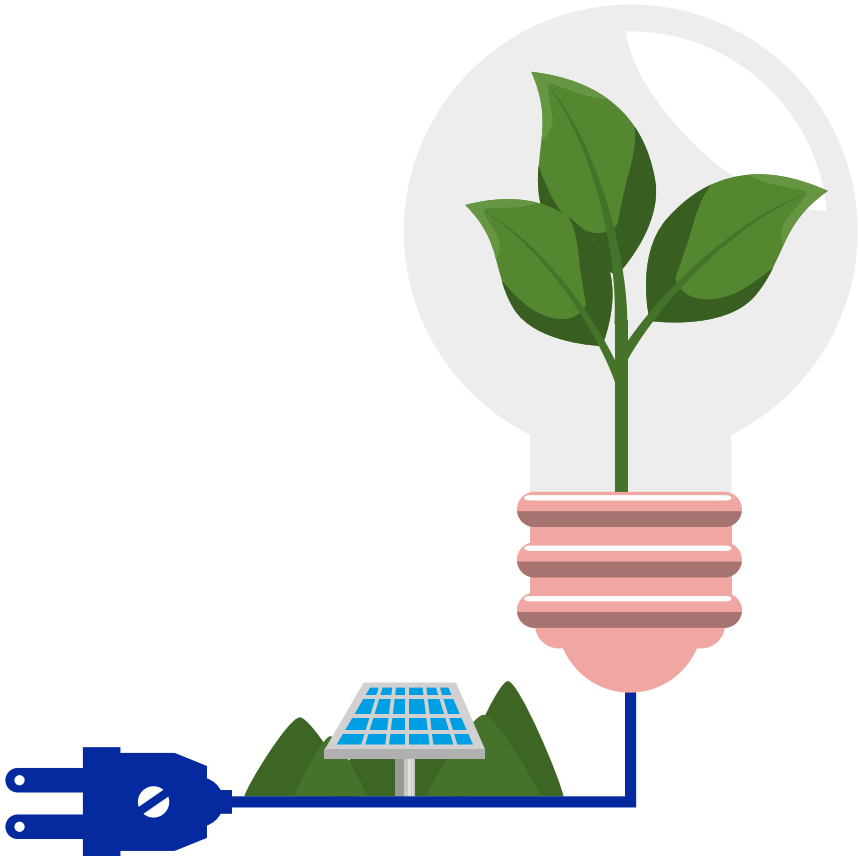
Green recovery initiatives are generally perceived as long-term and, consequently, less urgent essentially. This seems particularly the case in a time of crisis, as in the current pandemic, where various budget decision-makers in the Ministry of Finance and other relevant departments are focusing on more immediate and direct impacts on the economy and the well-being of the people. This is evidenced by the EUR 100 million support package, but also by the previous packages, which bear no resemblance to green recovery measures.

Kosovo's budget is quite limited and not sufficient to achieve many long-term objectives. Knowing that poverty has increased, the economy has been severely damaged, and also many jobs have been lost, recovery support measures do not coincide with green policies because of the timing of their effects. Green recovery does not show immediate effects, and this is pushing forward social measures, such as the one-off support of EUR 100, the latest support package in the Republic of Kosovo. Normally, such policies are not appropriate and are not aligned with European policies.

EUR 100 million could build 100-110 MW of solar power generation capacity. Such a measure would have multiple impacts, given that solar energy is one of the future sources for the energy sector in our country. Some of the benefits of installing these capacities are:

- Reduction of electricity imports
- Reduction of environmental pollution
- Advancement of energy transition
- Acceleration of decarbonization
- New jobs creation
- Saving public money in the long run

Also, such a measure would stimulate further investment in renewable energy sources, enabling Kosovo to distance itself from coal.



CONCLUSIONS AND RECOMMENDATIONS

- The EUR 100 million support package is an incentive package to alleviate some of the hardships caused by the COVID-19 pandemic and by rising commodity prices. Consequently, such a package does not meet the demands of citizens and does not provide assistance in the framework of economic recovery, or of long-term sustainable development. Although the number of beneficiaries appears to be very high, with more than 800 thousand citizens benefiting from this package, this does not mean that the package has managed to overcome the crisis caused by the aforementioned factors.
- The EUR 100 million support package is not aligned with green recovery. This is due to the fact that it does not contain green policies, but only macroeconomic policies of distributing money directly to citizens. Green recovery would bring multiple benefits to Kosovo in the longer term. While the current package is simply a one-month assistance payment, which will have no effect on recovery aspects, and neither does it result in other investments which could push forward processes related to the environment or the creation of new jobs.
- The Government of the Republic of Kosovo should postpone as many capital projects as possible as a convenient way to inject money into the economy, which necessarily results in an increase in the employment rate. Many capital projects have stagnated through tender review mechanisms, so this issue must be resolved urgently. Capital projects, especially those related to energy, provide new jobs and help Kosovo achieve its long-term goals.
- The Government of Kosovo should allocate funds in packages that will produce their effects over longer periods of time. This means green measures aligned with green recovery as a proper solution to overcome the COVID-19 crisis. The government should prioritize support to increase the number of RES energy generators. It should also make sure that these projects provide new jobs, generation diversification, environmental protection, and energy transition. Incentives in future packages should be profitable for the country but also for investors, in order to accelerate the recovery and achieve the targets set by European directives.
- Macroeconomic interventions, specifically cash donations and unconventional monetary measures, should no longer be included as incentives in stimulus packages. This is due to the fact that economic and other activities have been running normally for some time now. Therefore new investments, job creation, and many other processes that benefit the environment, economy, and development of the country, should be supported through packages grounded on the principles of green recovery. The Government of Kosovo must employ the economic recovery from the pandemic in a manner that allows it to simultaneously achieve other important processes for our country.



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