

RECOVERY, INCLUSIVENESS, SUSTAINABILITY

Newsletter no. 12 —————>

JULY, 2022



RECOVERY

ECONOMY

COORDINATION

ORGANIZATION

VARIETY

EQUALITY

RESPONSIBILITY

YOUTH

About the Newsletter

INDEP, through the “Recovery4Sustainability” Project, has monitored the implementation of the Economic Revival Package, while also providing information on the measures contained therein to the citizens of the Republic of Kosovo. During the 12 months of monitoring, through its newsletters, infographics, monitoring reports, analyses, and other information materials, INDEP has sought to keep citizens informed about the benefits of the incentive package, while also providing recommendations on further steps to the Government of Kosovo and monitoring the implementation of this package. The findings and other data revealed by INDEP were intended to enhance implementation

and create long-term sustainability, in addition to the green recovery we should have in the Republic of Kosovo.

This twelfth edition of the newsletter presents information on the implementation of the measures of the Economic Revival Package, the features of these measures, and their impact. It is worth noting that not all these measures have been properly implemented but are expected to be fully implemented during the remaining implementation period of the package. This is due to the fact that the implementation of these measures would help citizens cope with the problems caused by the COVID-19 pandemic.

MEASURE 1

SUPPORT FOR EMPLOYMENT

The purpose of measure one of the Economic Revival Package was to provide assistance to the employment sector, in order to alleviate the damage caused by the COVID-19 pandemic. Therefore, its sub-measures and their implementation have provided assistance to the most affected sectors and persons. Workers who maintained a relationship with their previous employer were particularly likely to return to work. Mandatory social distancing measures, such as home quarantines and lockdown orders, have had a relatively small effect on employment recovery, while the spread of the virus has had a greater effect. This indicates that returning to work and creating new jobs will be easier and more accessible once the pandemic is over.

Regarding the first measure of this package, which contains seven sub-measures, its operationalization started on July 29, when the implementation of sub-measure 1.2 Support for formalized employees also started. Measure one as a whole aimed at bringing stability and relief for persons who have lost their jobs, and formalization for persons who have been involved in the informal economy. This measure has found limited implementation, knowing that not all of its sub-measures have been fully completed, but the package has no specific date of completion of its implementation, so the continuation of the implementation of the sub-measures will continue in the coming months.



MEASURE 2 →

REVIVAL OF ECONOMY AND MANUFACTURING

The economy was among the sectors most affected by the global crisis caused by the pandemic. This is because the free movement was restricted, borders were closed, and the flow of life was disrupted. The economy, which brings together all other sectors, must be supported in order to overcome the damage caused. Therefore, in the Economic Revival Package, the integrated measure two was designed to support the economy and manufacturing, and a total of 108 million Euros were allocated to this measure. It is planned to be disbursed in six sub-measures, which are:

1. Investment loans subsidies
2. Support businesses for access to financing
3. Investments in IT and Innovation
4. Support for Exports
5. Revival of the countryside through agriculture and agri-tourism
6. Recovery of HoReCa and closed businesses

Measure two of the Economic Revival Package consists of actions aimed at improving the structure of GDP composition by favoring certain economic sectors, especially manufacturing, and improving the country's trade balance. But measure two of the Economic Revival Package has only been partially implemented over the last 12 months. This partial implementation is the reason why the effects of this measure are not very visible and do not provide sustainable recovery for the beneficiary categories of this measure. However, the economic effects entailed by the nature of these measures, are produced after a longer period, so with the further implementation of the package, the effects that these measures are intended to produce may become even more visible and may provide economic stability and ensure economic development.

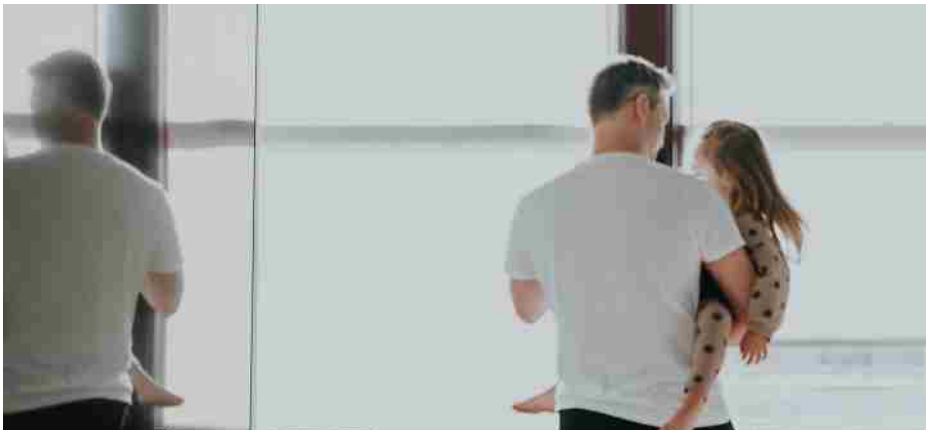


MEASURE 3

SUPPORT FOR FAMILIES

The COVID-19 pandemic has severely damaged the economy of each state and has also caused damage and hardships to every family. Deaths caused by the pandemic and other health consequences brought emotional, economic, and social damages to families and society. Measure three of the Economic Revival Package is Support for Families, to which is dedicated a total of 50 million Euros. Through these funds, the Government of Kosovo has aimed to alleviate the difficult situation that the pandemic had brought to the door of every family in the Republic of Kosovo.

Measure three of the Economic Revival Package is one of the measures with the largest degree of implementation. This is due to the fact that each sub-measure of this measure has started to be implemented and some of them have already been completed, while support for new mothers, child allowances, and social assistance reform, are measures that are still being implemented. Measure three is essentially a measure of social character, aimed principally at supporting families part of the most vulnerable strata of society, such as families on social assistance, retirees, families who had lost their head of household from COVID-19, unemployed pregnant women, and families with credit difficulties. From the social point of view, this measure had an effect knowing that cash was distributed to the categories which were eligible under the conditions that were set for benefits from the sub-measures of measure three.



MEASURE 4

SUPPORT FOR THE PUBLIC DOMAIN

In terms of the character of aid, measure four sought, throughout the pandemic, to improve service conditions and contribute to long-term sustainability in public sectors such as health, education, culture and sport, security, and public enterprises. Also, relief through this measure was provided for the diaspora, covering the costs of border insurance policies during their stay in the Republic of Kosovo. In total, this measure was allocated 112 million Euros, but so far its implementation remains partial.

Support for the public domain is a measure that makes no contribution to the green agenda while having a limited impact on the social aspect. On the whole, the character of the package, including this measure, did not aim at a long-term recovery that would serve for sustainable development, but aimed at improving the current difficulties, making possible only monthly relief payments. This feature has not allowed the package so far to offer very visible effects, and this has been opposed by INDEP, for the fact that long-term sustainability and economic development are more important than overcoming difficulties and achieving social peace over just a few months.



MEASURE 5

INVESTMENTS IN INFRASTRUCTURE AND ENVIRONMENT

Investments in infrastructure and the environment, with the main focus on the energy sector, can improve a country's quality of life, environment, and opportunities. This is because, through the improvement of infrastructure and energy transition, conditions are created for new investments by foreign investors, but also domestic ones. Also, by creating sustainable infrastructure and orienting the energy sector towards green resources, we contribute to the environment and its protection.

Measure five of the Economic Revival Package was considered and continues to be considered as one of the main measures of this package. This is due to the fact that the orientation of this measure could have features of green recovery, thus contributing to the recovery from the pandemic, and at the same time creating new jobs, better infrastructure, and new generating capacities from renewable energy sources, and energy stability. However, the level of implementation of this measure has so far been very low, or almost none, so its effects are not visible and haven't improved the situation. Also, seeing examples from other countries that used the pandemic to make their sectors go green, INDEP had from the beginning proposed that the Republic of Kosovo should follow the same path, and measure five had an adequate character to drive such a transition.



CONCLUSIONS AND RECOMMENDATIONS

- Since the launch of the Economic Revival Package and the measures it integrates, their level of implementation has been limited. The impact of this package has had social and economic effects, but this impact has not been long-term and has not ensured sustainable and green recovery. This makes this package similar to previous stimulus packages in the Republic of Kosovo, which is thus continuing to distance itself from the real solution to the problems that the COVID-19 pandemic has caused in our country.
- Since the launch of implementation, the execution of the measures is not proceeding in parallel, and while one measure has been executed more intensively, another measure has been left behind. It would be very effective if all measures went in parallel and together, to ensure cohesion and possible synergies. In such a manner, the inclusion of citizens who will benefit from the measures of the package would be achieved.
- The Government of Kosovo must continue to implement the package, enabling the full implementation of all measures. It is by design that the package has foreseen that the effects would be achieved upon full implementation of all measures, but not in case of limited implementation. Therefore, full implementation of the package must be one of the top priorities of the Government of Kosovo in the coming months.

- Designing a new stimulus package, centered on green recovery, should take place as soon as possible. The crisis caused by the COVID-19 pandemic, further aggravated by rising prices and inflation, must be followed by a package that provides relief to citizens, creates new jobs, and offers long-term sustainability for all. In order to utilize the pandemic to advance other processes, such as energy transition, job creation, and economic development, efforts should be translated into stimulus packages that benefit citizens in the first place, and then in the context of achieving the overarching objectives of the Republic of Kosovo.



“This project is supported by the Balkan Trust for Democracy (BTD), a project of the German Marshall Fund of the U.S. (GMF) through the United States Agency for International Development (USAID) and is implemented by the Institute for Development Policy (INDEP). The views and opinions expressed do not reflect the views and opinions of BTD, GMF, USAID or the Government of the U.S.”