

Summary Report on the Monitoring of the Implementation of the Government's Economic Revival Package

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List of acronyms

TAK – Tax Administration of Kosovo

EARK – Employment Agency of the Republic of Kosovo

KIB – Kosovo Insurance Bureau

KCGF - Kosovo Credit Guarantee Fund

KEK - Kosovo Energy Corporation

INDEP – Institute for Development Policies

MEST – Ministry of Education Science and Technology

ME - Ministry of Economy

MFLT – Ministry of Finance, Labor and Transfers

MIET – Ministry of Industry, Entrepreneurship and Trade

MCYS – Ministry of Culture, Youth and Sports

MoH – Ministry of Health

ERP – Economic Revival Package

STEM – Science, Technology, Engineering and Mathematics

IT – Information Technology

Introduction

To overcome the consequences and harm caused by the COVID-19 pandemic, relief measures were designed and applied by governments of different countries across the world. Obviously, the pandemic left its mark and affected everyone in one dimension or another, but in less economically developed countries it left even greater consequences. Undoubtedly, Kosovo is one of the affected countries and it is in great need of recovery, as the pandemic caused significant losses in economic and social terms. To reduce the harm and consequences caused by the pandemic, the Government took a series of measures under several economic packages, aimed primarily at stimulating economic recovery. However, certain packages, like the last one - called the Economic Revival Package that was adopted in July 2021, sought to support the sustainable recovery of economic and social dimensions through dedicated measures devoted entirely to green recovery and green energy transition.

The Economic Revival Package seeks to build economic and social well-being. The 420 million Euros Economic Revival package included support for employment, households, manufacturing and the public sector, as well as investments in infrastructure and the environment. This Package was considered one of the most important packages because it gave rise to important measures which remained part of the system and became permanent policies. The package also aimed to address the many needs to start the path towards the advancement of the Green Agenda, and although not much was done in this regard, there are projects that have gradually been initiated.

The Institute for Development Policy (INDEP), in the framework of the “Recovery for Sustainability” project supported by the Balkan Trust for Democracy (BTD) and USAID, has analyzed and monitored the implementation process of the Economic Revival Package, in periodic phases. The analysis and monitoring process is performed in different ways, through monitoring reports and infographics. This regular report is the third and at the same time the last report of the monitoring of the Economic Revival Package. This third monitoring report focuses on data obtained from the Ministry of Finance, Ministry of Education, Tax Administration of Kosovo, Kosovo Insurance Bureau, Employment Agency of the Republic of Kosovo, Kosovo Credit Guarantee Fund and other responsible institutions.

The third monitoring report has been produced within the monitoring process of the Economic Revival Package, and was compiled by monitoring the entire period of implementation of the measures of the Revival Package. In general, the monitoring process includes the publication of newsletters, 7 so far, a total of 12 infographics, 3 podcasts and 2 live discussions with relevant actors with whom the Revival Package and the current situation related to the COVID-19 pandemic, are analyzed. All these activities are aimed at informing the citizens about the support measures of the Package and its implementation. These activities of the Institute for Development Policy (INDEP) seek to increase transparency and accountability, while at the same time keeping citizens informed about the measures and benefits of the Economic Revival Package.

Methodology

To draft this monitoring report, a mixed methodology of qualitative and quantitative research methods was employed. This report was drafted using qualitative research methods, consulting relevant documents and collecting from various sources data and information about the implementation of the measures of the Economic Revival Package. In addition, in order for this report to be as complete as possible, INDEP has completed the range of qualitative information through quantitative research. During the report drafting process, INDEP hosted semi-structured meetings and discussions with representatives of institutions, economic entities and other relevant actors, in order to obtain accurate and coherent information on the implementation of the Revival Package. INDEP has also used the observation method to assess the implementation process, to look closely at it, and to observe the behavior of the implementing actors over a period of four months.

After data collection, data analysis has gone through two main stages. In the first stage, INDEP systematized the data and conducted a content analysis. In the second stage was performed the tabulation of qualitative research data with the conclusions drawn from the interviews to draw the final positions. Finally, the report goes through a general analysis of Kosovo's development context, also grading the implementation level of the measures of the Economic Revival Package.

The grading of the implementation level of the measures is divided into four levels. These levels are:

1. No implementation

The measure has not become operational and INDEP has found no data that the measure's implementation has begun

2. Limited implementation

The measure has become operational but INDEP has found no data that the measure's implementation has begun

3. Partial implementation

The measure has become operational and INDEP has found data that the measure is being implemented

4. Full implementation

The measure has become operational and INDEP has found data that the measure has been fully implemented

Through this grading we will present the level of current implementation of the measures contained in this economic assistance package.

The data of this report was obtained from the Ministry of Finance, Ministry of Education, Tax Administration of Kosovo, Kosovo Insurance Bureau, Employment Agency of the Republic of Kosovo, Kosovo Credit Guarantee Fund and other responsible institutions. This data helps to

compare and determine the implementation level of the measures of the Economic Revival Package. Through this data, INDEP aims to inform citizens and relevant actors on the process of implementation of the Revival Package.

Overview of the Economic Revival Package

The Economic Revival package has a total of 5 measures, each entailing 3-7 sub-measures. The measures were aimed at the revival and formalization of the economy, youth employment through internship schemes, stimulating local manufacturing, capacity building in education, healthcare, support for public enterprises, and support for vulnerable groups through restructured social schemes. The government has allocated a total of 420M Euros in funding for the Revival Package, focusing on mitigating the socio-economic consequences for the most vulnerable and pandemic-affected categories.

While the Ministry of Finance, Labor and Transfers is the institution responsible for drafting these measures, other institutions have been involved in the process of drafting and implementing these measures. The Ministry of Education, Science and Technology, Ministry of Culture, Youth and Sports, Ministry of Health, and independent agencies, such as the Kosovo Tax Administration, Employment Agency, Kosovo Insurance Bureau, Public Universities, Chambers of Commerce, Public Enterprises, and Municipalities of Kosovo, have played a key role in drafting or implementing some of the Package measures.

To implement the EU 430 million Revival Package, 190 million Euros are financed through the budget of the Republic of Kosovo, while the remaining 230 million Euros are financed through borrowing. Although initially budgeted only for 2021, the Revival Package has continued to be implemented in 2022 as well. With the approval of the funds allocated for the Revival Package, for which the 2021 budget was revised, Law No. 07/L-041 on budget appropriations for the Budget of the Republic of Kosovo for 2021, was also amended. It should be mentioned that with the continuation of the implementation of this Package, the budgeted appropriation for 2022 is different from what was declared by public institutions as support for the implementation of the measures. However, it should be borne in mind that it has been declared that there are measures that are implemented in the framework of various projects and borrowing.

However, before delving into the analysis and monitoring report of each measure, it should be mentioned that during the monitoring of the process of drafting and implementing the measures, INDEP has noticed and has consistently emphasized that certain shortcomings in the design process of the Revival Package and in its implementation, as there are measures whose implementation hasn't even started throughout this period. The fact that the Government has not submitted to public consultations an initiative such as the Package Project, is considered as lack of transparency, as the Revival Package is one of the largest post COVID-19 pandemic recovery projects, to which have been allocated large amounts of funding and contains policies and measures that affect everyone. Public institutions, in this case the Government, have the obligation to submit to public consultations all draft laws, initiatives and such projects, so that civil society, citizens and other actors are consulted on such projects.

It should be mentioned that in addition to the measures initially envisaged, there have been other ad-hoc measures, such as ‘One-off support in the amount of 100 Euros for specific social groups’, and there have been measures which have been transformed into policies and have become permanent. This is of great importance, first and foremost because it addresses the needs of some vulnerable groups, women who have never been involved in such schemes before and have never been supported by the state.

Since the package sought to reach three dimensions throughout its implementation, we will briefly present them in this summary and during the reporting on the monitoring of each measure. The *social dimension* has been primarily addressed through measures 1 and 3, namely the sub-measures on the return to work of those who lost their jobs during the pandemic, support for formalized employees, women and people with special needs, support for families who have lost their head of household and for pensioners and families with special needs, as well as the reform of the social assistance scheme, integrating here the transfers for new mothers and students. During the monitoring of the implementation of this package, INDEP has noticed that since the drafting of the package important factors have been overlooked, such as inclusiveness, and some of the measures are considered to have been non-inclusive, often completely leaving aside certain social groups, e.g., the unemployed, (except in the case of the unemployed who lost their jobs during the pandemic) by not including them under any measure, not even for the ‘EUR 100 support’ transfer, which would result in an unequal distribution of funds. This has led to the conclusion that in certain cases the measures implemented by the package are considered discriminatory, and not supportive of certain social groups. This may have occurred as a result of the lack of cooperation with other parties, and the drafting of the package project on an ad-hoc basis. However, there have been positive changes as a result of the implementation of the Package, and the fact that some of the measures have turned into permanent policies, is considered extremely positive. A concrete case is the postnatal support scheme, which didn’t exist before, to provide financial support and attempt to alleviate and reduce costs for unemployed mothers of newborns, and to provide financial aid for infants and children up to 18 years of age.

In terms of the *economic dimension*, we can say that all measures and sub-measures have measurable economic values and indicators, ranging from support for companies, employees and employers, subsidies for families in need, agricultural subsidies, facilitated access to borrowing and employment. The injection into Kosovo’s economy of funds allocated through various schemes and programs, has boosted the economic recovery. However, the lack of cooperation with third parties has been evident and has affected this dimension as well. The fact that economic actors were not involved in the initial stages of the package design, has prevented the effective implementation of the measures. It is also important to mention the lack of parallel implementation of all measures.¹ For certain reasons, the Government has implemented certain sub-measures fully and vigorously, while leaving other measures not fully implemented.

Although originally promoted as a Package striving for green recovery, the package does very little to cover the *environmental dimension* in its measures. Apart from measure five, which is totally dedicated to investment in infrastructure and environment, other measures have few sub-measures

¹ INDEP, Economic Revival Package (ERP) - Survey of ERP effects on Kosovo’s economy, 2022, available at https://indep.info/wp-content/uploads/2022/05/BTD_INDEP_Punimi-3_ALB.pdf (accessed June, 2022)

that include the green transition. The exception is measure two, which also has two sub-measures - support for exports and revitalization of the countryside through agriculture and agri-tourism. Measure five is one of the least implemented measures, to say the least, except for a project that is in its infancy and will be elaborated below. Little has been done in the two sub-measures mentioned above, except for some subsidies for agriculture. The failure to implement the measures and to include the environmental dimension in the Package, also arises due to the lack of planning and harmonization with current projects during the initial stages.

Implementation Report

Measure - Support for employment

To measure one of the Revival Package were allocated a total of EUR 50 million. The measure was aimed at supporting the reemployment of those who lost their jobs during the pandemic, as well as the formalization of Kosovo's economy, which is known as an informal economy. In addition, the measure provided support to vulnerable groups, such as women and people with special needs, and focused on the empowerment of women and the employment of young people through various internship schemes. The measure also aimed at supporting formalized workers and at the advancement of Kosovar youth in the field of information technology. Support for groups targeted by this measure, is as follows:

1. Return to work of those who lost their jobs during the pandemic
2. Support for formalized employees
3. Support for women's employment
4. Youth guaranteed employment scheme
5. IT training and employment
6. Support for employment of people with special needs
7. Crafts grants scheme

The main objective of this measure is to strengthen the economy through the creation of new jobs, focusing especially on the empowerment of women and youth. But the measure also sought to formalize the economy, as Kosovo has a high level of informality, is estimated to be around 26-34% of the GDP.² The measure was intended to have a positive impact on this aspect by employing cash refunds to push employers towards declaring their employees. Undoubtedly, in addition to incentives to formalize the economy and empower workers and women, the measure also focused on young people and groups with special needs. Through internship schemes launched in cooperation with various institutions, hundreds of students were offered jobs for certain periods, thus helping them prepare for the labor market. Measure 1 also aimed at building the capacity of young people in the field of information technology, providing vocational training opportunities for young people interested in the field of IT.

² Hasanaj Bedri, Characteristics of Kosovo's economic growth in the last decade, Prishtina 2018, accessible at <https://bqk-kos.org/edu/wp-content/uploads/2021/02/Karakteristikat-e-Rritjes-ekonomike-te-Kosoves-Bedri-HASANAJ.pdf> (accessed June, 2022)

Implementation Level

Although this is the summary report on the monitoring of the implementation of Revival Package measures, certain measures are still being implemented, and are planned in the 2022 budget to be implemented until the end of the year. However, there are also measures that have been fully implemented, e.g. sub-measure 1.1 - Return to work of those who lost their jobs during the pandemic, subsidizing for 3 months up to 50% of the gross monthly salary of target groups. As for sub-measures 1.2 and 1.3, they were intended to provide subsidies until the end of June 2022, in order to have sufficient space for the implementation of measures to support formalized workers and women. It should be noted that these measures were designed and implemented in cooperation with the Tax Administration of Kosovo.

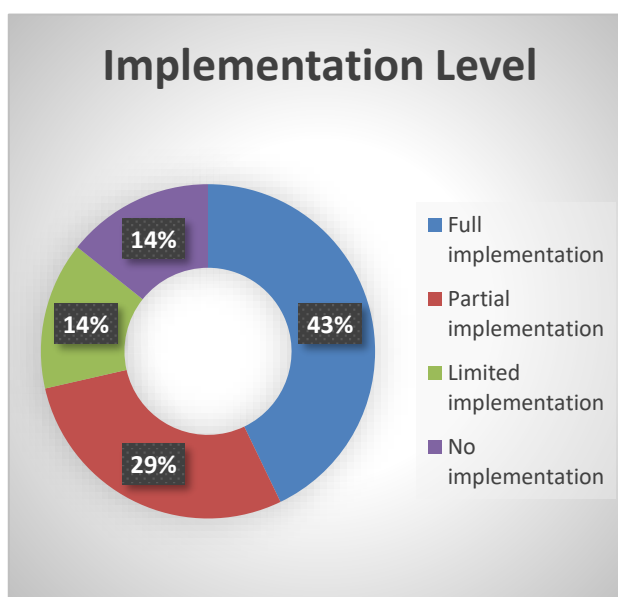


Figure 1. Implementation level of the 'Support for families' measure

To verify the subsidy from the Revival Package, the TAK has enabled an additional tool which is available to taxpayers and through which each employer can use identification numbers to verify whether employee are eligible beneficiaries or not.

Sub-measure 1.4 is fully dedicated to the youth guaranteed employment scheme. As an initial step, the measure envisages improving the quality of vocational education, increasing the number of profiles offered by the Centers for Vocational Education and their accreditation, expanding practical learning opportunities, providing vocational education for adults and recognition of prior learning. This measure has been announced for implementation since November 2021, however its implementation was delayed. Under this measure, only 1 project has been implemented so far. The project is in cooperation with the University of Prishtina. This project initially envisaged 170 beneficiaries, but due to the lack of applicants and disagreements over the terms of the contract, in the last phase a total of 63 remained (i.e., 63 people were employed in total). An essential criterion for applicants was having completed studies at the University of Prishtina in the field of social welfare. This measure aimed at hiring distinguished students of public universities, in order to train and develop them professionally.

Table 1. Data on employees broken down by municipalities (beneficiaries - B)

Municipality	B	Municipality	B	Municipality	B	Municipality	B	Municipality	B
Deçan	3	Gjilan	6	Shtime	1	Klina	1	Prizren	1
Drenas	1	Hani i Elezit	2	Suhareka	1	Lipjan	9	Rahovec	1

Ferizaj	2	Istog	4	Vushtrri	4	Malisheva	4	Skënderaj	6
Fushe Kosove	1	Podujeva	8	Kaçanik	1	Novoberda	1	Year	1
Gjakova	1	Prishtina	6	Kamenica	1	Peja	1		

Beneficiaries of this measure will complete the professional development internship at Centers for Social Work (CSW), Pensions Office, Centers for the Elderly, Disability Centers and licensed NGOs in the respective municipalities. Furthermore, under this measure, two other projects that are currently in the initial phase will be implemented with GIZ and UNICEF. Two more projects are currently being planned with GIZ and UNICEF. The second project, called “Skills for the Labor Market - Fit for Job”, is implemented through co-financing with GIZ, and aims to employ 300 young people.³ However, these projects are still in the initial stages, and there is no official data on them. But it should be noted that the implementation of this measure falls under the responsibility of the EARK.

To sub-measure 1.5 ‘IT training and employment’, were allocated funds in the amount of EUR 5 million, and it can be said this measure has been implemented almost in its entirety. The measure envisages the distribution of coupons for graduates interested in professional development in the field of information technology. Also included in this measure is the financial support for girls/women students in the fields of Science, Technology, Engineering and Mathematics (STEM), in higher education institutions in Kosovo. According to official data published on the MEST website, application programs have been opened, where State Matura graduates and girls in STEM have applied and been selected according to certain criteria. **943**⁴ State Matura graduates have been selected as beneficiaries to attend IT training courses. As for the financial support provided to girls in STEM, according to the figures obtained on the MEST website, **552 girls/women in STEM**⁵ have been supported with transfers.

However, it should be mentioned that the MFLT has allocated budget funds in the amount of EUR 3.5 million for the implementation of sub-measures 1.1 - Return to work of those who lost their jobs during the pandemic; 1.2 - Support for formalized employees; 1.3 - Support for the employment of women; 1.5 - IT training and employment, without defining exactly how much money is allocated for each sub-measure. It is worth mentioning that in addition to this official data on the first cycle of distribution of funds for State Matura graduates and girls in STEM, there is still no official data on the second cycle, for which the proposed allocation of funds has been approved.

Sub-measure 1.6 is the next sub-measure through which the Ministry of Finance, Labor and Transfers seeks to integrate into the society groups of people with special needs by offering them

³ The data was obtained from the Employment Agency of the Republic of Kosovo

⁴ Decision on announcing the State Matura graduates selected to attend courses in the field of information technology, last accessed on 27.06, available at <https://spinp.agency/masht/wp-content/uploads/2022/05/vendimi-me-nr-01b-3579-per-perfitusve-te-subvencioneve-te-maturantve-per-ndekjen-e-kurseve-ne-fushen-e-ti.pdf> (accessed June, 2022)

⁵ Decision on the publication of the revised list of beneficiaries of financial support for girls/women students in STEM, available at <https://spinp.agency/masht/wp-content/uploads/2022/05/vendimi-me-nr-01b-3578-te-perfitusve-te-mbeshtetes-financiare-per-studentet-vajza-gra-ne-fushat-e-stem.pdf> (accessed June, 2022)

the opportunity to attend training for further development of their skills. This is planned to be done through on-the-job training, aiming for better employment opportunities for the trainees⁶. The sub-measure is intended to be implemented in cooperation with NGOs, which will match the trainees and the business where the training takes place. Under sub-measure 1.6, financial support during the training period, which constitutes a phase of 3 to 6 months, trainees receive EUR 170 per month, while businesses receive EUR 100 per month per person. After the training phase, the business and the trainee can enter into a regular employment relationship, which will also be subsidized by the state with EUR 270 per month per employee for the next 6 months. This sub-measure is of great importance, because it is intended to support vulnerable groups, to whom the Package design provides little support. However, and despite delays, the measure's implementation has started at the initial level, and in June 2022 the call applicants was published. As for sub-measure 1.7, it is one of the measures for which there is no data on the start of its implementation at any level.

Table 2. Implementation level for measure 1

Measure	Implementation Level	Analysis
1.1 – Return to work of those who lost their jobs during the pandemic	Full implementation	The measure has been operationalized and has been open for applications. For this measure, payments for the beneficiaries have started and all have been executed, as well as EUR 1 million in new funds have been allocated for the continuation of its implementation (This amount also includes sub-measures 1.2 and 1.3)
1.2 – Support for formalized employees	Full implementation	The measure has been operationalized and has been open for applications. Payments for the beneficiaries and their execution has started for this measure. Also, EUR 1 million in new funds for the continuation of its implementation, have been allocated. (This amount also includes sub-measures 1.1 and 1.3)
1.3 – Support for women's employment	Full implementation	The measure has been operationalized and has been open for applications. Payments for the beneficiaries and their execution has started for this

⁶Decision on setting the conditions and criteria for the implementation of sub-measure 1.6 - Support for persons with special needs within the Economic Revival Package, available at <https://mf.rks.gov.net/desk/inc/media/01415B70-161E-4B60-ADD1-35F67326A71E.pdf>, (accessed June 2022)

		measure. Also, EUR 1 million in new funds for the continuation of its implementation, have been allocated. (This amount also includes sub-measures 1.1 and 1.2)
1.4 – Youth guaranteed employment scheme	Partial implementation	The measure has been operationalized and the beneficiaries of the first project have started working. Other projects under this measure are still in the process of implementation.
1.5 – IT training and employment	Partial implementation	The measure has been operationalized and so far 5 million and 500 thousand Euros have been allocated. The application was open for State Matura graduates and girls in STEM, and the beneficiaries were 943 State Matura graduates and 552 girls/women in STEM. There is still no data on second cycle for which funds have been allocated.
1.6 – Support for employment of people with special needs	Limited implementation	The sub-measure's implementation has started and the call for application from NGOs has been opened. But the training phase has not started yet.
1.7 – Crafts grants scheme	No implementation	The measure has not yet started to be implemented and consequently has not yet been operationalized.

Measure 2 - Revival of Economy and Manufacturing

One of the most pronounced problems during the COVID-19 pandemic period, was the economic consequences that followed the lockdown period. The consequences had a long-term impact, and survival in the post-Covid period 19 became more difficult, especially for vulnerable social groups. Due to radical changes, the design of an ambitious plan became essential, and governments around the globe acquired a stronger role in reviving the economy. In order to reduce the economic consequences and revive the economy, recovery packages were created across the world to minimize the chain effects caused by the pandemic. The same measures were taken in Kosovo, however, they also seek to change the modalities of working and living to lead countries towards a green future. The Economic Revival Package is currently being implemented to support certain sectors that can boost, accelerate and transform the economy into a sustainable and green one. Sub-measure two aims at the 'Revival of Economy and Manufacturing', seeking to boost the local economy by improving the structure of GDP composition, mainly in the manufacturing sectors. To have a stable economy, the following measures were envisaged:

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

Implementation Level

We are already at the end of the monitoring process, and there are still sub-measures that have not been fully implemented under this measure. During this monitoring process, INDEP has noticed that some measures have been implemented intensively, while others have not yet been implemented. This measure is of great importance due to the areas it aimed to support, but to date it has not managed to fully implement the originally intended objectives.

Sub-measure 2.1 aimed to enable new investments through support for financial loans to enable new investments by manufacturing and processing businesses. This measure was intended to support the manufacturing sector of the country, namely by assisting manufacturing enterprises with investment loans which are given specifically to increase in-house human and manufacturing

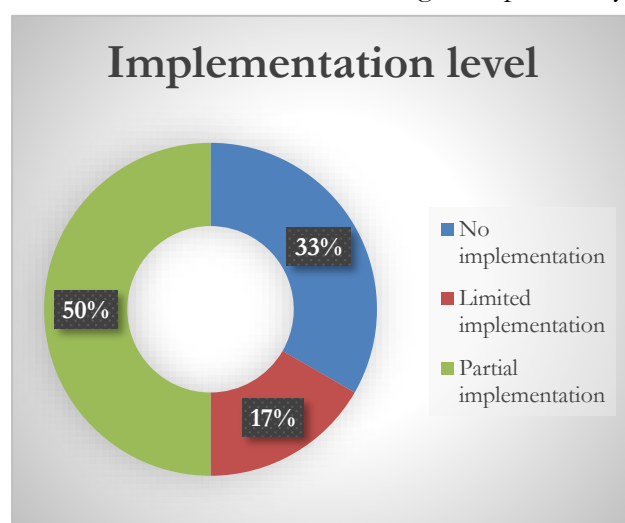


Figure 2. Implementation level of the measure 'Revival of Economy and Manufacturing'

capacities. The implementation of the sub-measure remains incomplete due to the fact that the application phase for these loans will remain open until June 2022. The implementation of this measure has been controversial and opposed by manufacturing companies. It is even considered selective, in that it supports manufacturing enterprises in restrictive time limits, not accounting for the initial period of the pandemic. This is due to the fact that such entities can be subsidized only if they have applied for such loans since October 2021.

Sub-measure 2.4 'Support for Exports' is directly related to sub-measure 2.1, because it aims at providing financial support for manufacturing enterprises, subsidizing the capacity building of managerial staff for professional certification, marketing and participation in trainings abroad on the options of finding new markets. This sub-measure was introduced by the MFLT at the same time as measure 2.1, but still remains only in the first phase of its operationalization. It is worth mentioning that in March 2022, another fund of EUR 7,149,864 was allocated for the implementation of this measure, and the Government reasoned that the allocated funds will be transferred to the respective programs

according to the list of beneficiaries selected under the “Competitiveness and Readiness for Export” project, respectively under the “Matching Grants Program”⁷.

Also, sub-measure 2.2 ‘Support to businesses for access to financing’ remains implemented at a limited extent. In addition to supporting KCGF guarantee fees with 3 million Euros⁸, the rest of the amount promised by the Package remains unimplemented. Furthermore, it should be mentioned that the Government of Kosovo has allocated 2 million and 500 thousand Euros for sub-measure 2.5 ‘Revival of countryside through agriculture and agri-tourism’⁹, but the operationalization of this sub-measure has not started yet.

Table 3. Implementation level for measure 2

Measure	Implementation Level	Analysis
2.1 – Investment loans subsidies	Limited implementation	The measure has been operationalized and the deadline for applying for subsidies has been opened.
2.2 – Support to businesses for access to financing	Partial implementation	The measure’s implementation has begun, and 3 million Euros have been allocated for its full implementation, but it remains pending.
2.3 – Investments in IT and Innovation	No implementation	The measure has not yet been operationalized and has not started to be implemented.
2.4 – Support for Exports	Partial implementation	The measure has been operationalized and the deadline for applying for subsidies has been opened. Likewise The government allocated EUR 7,149,864 to be transferred to the respective programs according to the list of beneficiaries selected by the “Matching Grants Program”
2.5 – Revival of countryside through agriculture and agri-tourism	Partial implementation	The measure’s implementation has begun and 2 million and 500 thousand Euros have been allocated.
2.6 – Recovery of HoReCa and closed businesses	No implementation	The measure has not yet been operationalized and has not started to be implemented.

⁷ Decision on setting the conditions and criteria for the partial implementation of measure 2.4, available at <https://mf.rks-gov.net/desk/inc/media/64326E76-4375-4241-8FA3-D6C1EB226CE6.pdf> (accessed June, 2022)

⁸ News, Ministry of Finance, Labor and Transfers, 11.08.2021, Prishtina, accessible at <https://mf.rks-gov.net/Page.aspx?id=1,2,1111> , (accessed June, 2022)

⁹Decision 20/50 of the Government of Kosovo, Official Gazette, 23.12.2021, Prishtina, accessible at: <https://gzk.rks-gov.net/ActsByCategoryInst.aspx?Index=3&InstID=3&CatID=30> (accessed June, 2022)

Measure 3 - Support for families

In addition to economic shocks, the Covid-19 pandemic caused long-term consequences in various dimensions. The social crises created by this pandemic led to rising inequality, unemployment, discrimination, and affected different segments of the population in different ways. As it affected especially vulnerable groups, state intervention through certain policies was seen as extremely necessary to create safeguards, in particular for the categories most at risk and most affected by the consequences of the pandemic. Kosovo's society was no exception, and given that in Kosovo social protection schemes provide no security, it was deemed necessary to provide new social protection platforms, which provide basic income security at all times. The measures taken were integrated into the ERP and provided financial support to families who have lost their head of household, unemployed new mothers, pensioners and families under social assistance. EUR 50 million were allocated to this measure, distributed in six different categories, as follows:

1. Support for families that have lost their head of household
2. Support for retirees and families on social assistance
3. Reformation of Social Assistance Scheme
4. Food vouchers for families in need
5. Payments for unemployed new mothers
6. Support for household liquidity
7. Support in overcoming the energy crisis
8. Increase state reserves

Implementation Level

Measure three is among the measures successfully implemented and as originally designed. This is because the Government has intensively implemented each of its sub-measures at some level of implementation. The measure aims to support the most vulnerable groups. Sub-measure 3.1 'Support for families who have lost their head of household', has been fully implemented, because so far financial support has been provided to families who have lost their head of household. Furthermore, this February, an additional EUR 3.5 million was allocated to some measures, including sub-measure 3.1, however the amount of funds redistributed for this measure has not been clarified. However, this measure was implemented in line with its initial design.

With regard to sub-measure 3.2 and sub-measure 3.5, it should be mentioned that beyond the allocations of funds for this measure, the scheme for unemployed new mothers has become a permanent policy, same as supplements for pensioners. Thus, these measures are considered to have been fully implemented, as well as to have been more successful than planned in their initial design. This is because the need to increase financial support for pensioners has been undisputed, because the amount of support pensioners have received before has been too small to meet the needs of this social group. Also according to the decision of the Government of April 2022¹⁰, all

¹⁰ Measures to increase support for the citizens of the Republic of Kosovo, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=57255> (accessed June, 2022)

beneficiaries of the social assistance scheme who are eligible for the benefit, have received double the value of the assistance for the month of April 2022. However, further implementation of the measure remains to be seen. Sub-measure 3.5 - payment for unemployed new mothers, has also been a necessary scheme for the empowerment of women and their position in the society, as before unemployed new mothers have not been supported in any form. As part of this measure, the gradual implementation of the program of child supplements has started, in the amount of EUR 20 for infants and EUR 10 for children, an incentive that is also very necessary for the social well-being of Kosovar families.

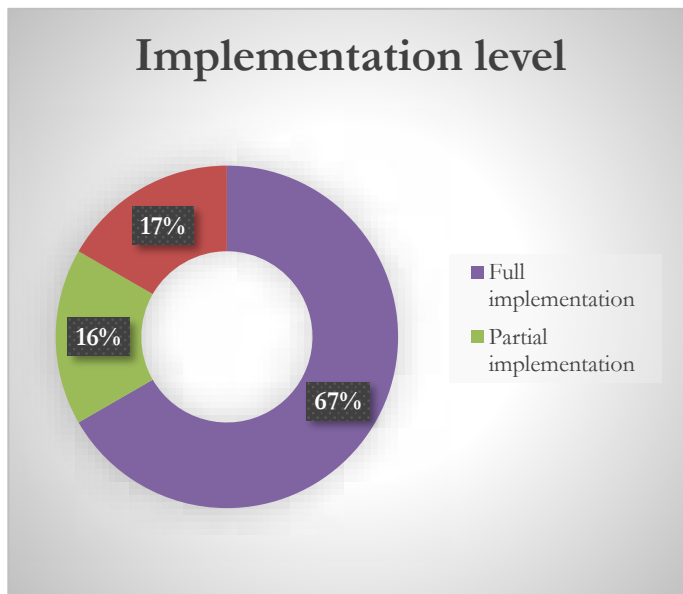


Figure 3. Implementation level of the 'Support for families' measure

Sub-measure 3.3 is still at the initial level of implementation. In December 2021, a financing agreement was signed for the 'Kosovo Social Assistance System Reform Project' between the MFLT and the World Bank¹¹. The agreement entails EUR 45 million in funding to improve the performance of the Social Assistance Scheme. However, besides the signing of the agreement, there is still no official data on concrete results to be achieved by the agreement and when the categories included in the sub-measure will begin to receive their benefits.

The sub-measure that was implemented as originally designed, is measure 3.4 - 'Food vouchers for families in need'. Despite this, the Ministry has reopened the application for food vouchers in April. The implementation of this measure this time was done in cooperation with NGOs that provide social services, and the amounts went up to EUR 50 per food packages.¹²

Support for household liquidity was delivered through sub-measure 3.6., through which the Government subsidized 10% of consumer loans of Kosovo citizens, up to the amount of EUR 10,000. By February 2022, payments have been executed for **3,396 beneficiaries** under this measure,¹³ however, the Government has allocated funds in the amount of EUR 7,300,000.00¹⁴ for the implementation of this sub-measure and to increase support for the citizens of the Republic of Kosovo. This measure has not been fully implemented and its implementation is expected to continue with subsidies for other applicants.

¹¹ News, Ministry of Finance, Labor and Transfers, 26.10.2021, Prishtina, accessible at <https://mf.rks-gov.net/Page.aspx?id=1,2,1141> (accessed June, 2022)

¹²Public Call for Non-Governmental Organizations and Other Entities Providing Social Services to Vulnerable Social Categories through Food Packages, at [2B4DCDBE-3B9F-49CE-895E-1B1227597DBA.pdf](https://rks.gov.net/2B4DCDBE-3B9F-49CE-895E-1B1227597DBA.pdf) (rks-gov.net) (accessed June, 2022)

¹³Decision No. 19/50 of the Government of Kosovo, Official Gazette, 23.12.2020, Prishtina, accessible here <https://gzk.rks-gov.net/ActsByCategoryInst.aspx?Index=3&InstID=3&CatID=30> (accessed June, 2022)

¹⁴Decision No. 10/69 of the Government on the allocation of budget funds for measure 3.6, at [Vendim-i-mbledhjes-se-72-te-Qeverise-se-Republikes-se-Kosoves-1.pdf](https://vendim-i-mbledhjes-se-72-te-Qeverise-se-Republikes-se-Kosoves-1.pdf) (rks-gov.net) (accessed June, 2022)

During the period of implementation of the measures, the Government of Kosovo has considered necessary to approval two more sub-measures, 3.7 and 3.8. Budget funds in the amount of EUR 20 million have been allocated for the implementation of sub-measure 3.7. This sub-measure was implemented by the Ministry of Economy, which transferred this amount of money to KEK to subsidize the import of electricity. Sub-measure 3.8 on increasing state reserves, has also been fully implemented. To this measure, a total of EUR 10 million were allocated.¹⁵ These funds have been transferred to the Ministry of Industry, Entrepreneurship and Trade, which will implement this measure in coordination with the MFLT.

Table 4. Implementation level for measure 3

Measure	Implementation Level	Analysis
3.1 – Support for families that have lost their head of household	Full implementation	The measure has been operationalized and its implementation has been completed. Payments have already been executed for about 3,396 families who have lost a family member as a result of the COVID-19 pandemic. 3.5 million have also been allocated, however, the amount allocated for this measure has not been precisely defined.
3.2 – Support for retirees and families on social assistance	The measure has turned into a permanent policy	This financial support has become permanent.
3.3 – Reformation of Social Assistance Scheme	Limited implementation	An agreement has been reached with the World Bank under this sub-measure, however, the measure is still at the beginning of implementation.
3.4 – Food vouchers for families in need	Full implementation	The measure has been operationalized and the deadline for applications has already been closed. Through it, support has been provided for soup kitchens for people in need. The MTFP has signed financial support agreements with representatives of beneficiary organizations. Implementation continued in April in cooperation with NGOs.
3.5 – Payments for unemployed new mothers	The measure has turned into a permanent policy	The measure has been operationalized and the implementation of payments for beneficiaries has begun.
3.6 – Support for household liquidity	Partial implementation	The measure has been operationalized and the application phase for consumer loans has been opened. So far5,

¹⁵Decision 01/65 of the Government of Kosovo, Official Gazette, 26.02.2022, Prishtina, accessible at: <https://gzk.rks-gov.net/ActsByCategoryInst.aspx?Index=3&InstID=3&CatID=30> (accessed June, 2022)

		payments have been executed for 3,396 persons, as well as other funds in the amount of 7,300,000.00 million Euros have been allocated. The implementation of this measure is expected to continue.
3.7 – Support in overcoming the energy crisis	Full implementation	Budget funds in the amount of 20 million Euros have been allocated. This sub-measure will be implemented by the ME, which will transfer this amount of money to KEK to subsidize the import of electricity.
3.8 – Increase state reserves	Full implementation	For this measure are allocated funds of 10 million Euros. These funds have been transferred to MIET, which will implement this measure in coordination with the MFLT.

Measure 4 - Support for the public domain

The problems and challenges faced by states before the pandemic were highlighted and made even more apparent after the pandemic. Collapsed healthcare systems, extreme poverty, poor quality of education, unemployment, inequalities, immigration, are challenges that were further exacerbated during the pandemic. Recovery measures were taken in Kosovo to strengthen vital sectors. ERP measure four, or Support for the public domain, is one of the important measures, especially for the functioning of various sectors such as healthcare, education and culture. This measure aims, among other things, to enhance the quality of public services. The original design of the measure had as its main goal the strengthening of certain sectors to enhance wellbeing while helping the recovery from the pandemic and targeting long-term problems in Kosovo, such as the healthcare system, educational institutions, support for culture and others, as follows:

1. Support for Healthcare
2. Support for Education
3. Support for Culture and Sports
4. Support for Security
5. Support for the Diaspora
6. Support for Public Enterprises

Implementation Level

In the initial period of implementation of sub-measure 4.1, EUR 2.7 million were allocated for financial support of medical staff in the public sector with a 10% supplement over the regular gross salary, no less than EUR 60 for the months of August, September, and October 2021. In the December-February period, other funds of EUR 3 million were allocated for the continuation of the implementation of this measure, although there is no official data on whether these funds have been distributed and the measure has continued to be implemented in any way. Also, sub-measure 4.2, which includes financial support for education, has remained partially implemented because, apart from the decision taken to allocate the amount of EUR 4 million 110 thousand in December 2021, there is no official data on the implementation of the sub-measure. However, INDEP concludes that the funds allocated for sub-measure 4.2 have been allocated for the distribution of financial support to girls in STEM, since it was the MEST that implemented this sub-measure. However, INDEP has not been able to obtain official data on the implementation of this sub-measure.

It should be mentioned that for sub-measure 4.3 - Support of Culture and Sports, EUR 5 million were allocated in August to the Ministry of Culture, Youth and Sports, which were planned to be invested in the protection of cultural heritage, popular sports and support of culture of youth in general. Also, in February 2022, the Government allocated EUR 100 thousand more to the MCYS to implement the Economic Revival Package.¹⁶ Although MCYS has been allocated more than EUR 5 million, there is no official data on how these measures have been implemented. However, it can be concluded that the measure has been implemented, as the MCYS has been quite active in these fields recently; this cannot be verified because there's no connection between the activities implemented by the Ministry and the Revival Package.

Sub-measure 4.4 - 'Support for Security' is a very important measure for the Republic of Kosovo. Under this measure, the MFLT has established the Security Fund, to meet the needs of the Kosovo Security Force. Thus, the MFLT has opened an official bank account to receive funding from RKS citizens and the diaspora who want to contribute to the Fund. Although it is a very important step taken for the Kosovo Security Force, the establishment of this Fund has left room for criticism and debate. This is because it has been established for more than 3 months now, and the amount of donations accumulated in the Fund is not yet known to the public.

¹⁶Allocation of funds for sub-measure 4.3, at [62nd Meeting of the Government of Kosovo - Office of the Prime Minister of Kosovo \(rks-gov.net\)](#) (accessed June, 2022)

‘Support for the Diaspora’ or sub-measure 4.5 aimed at alleviating the financial burden on emigrants due to the limitation of the implementation of the Green Card in Kosovo. Through the Kosovo Security Bureau, which was the implementing authority, the Government has initially reduced the costs of border insurance policies for emigrants returning to Kosovo. But from January 2022, the citizens of Kosovo who have foreign license plates, pay the full insurance policy at the counters of the KIB, but they are all entitled to reimbursement by applying on the e-Kosovo platform¹⁷.

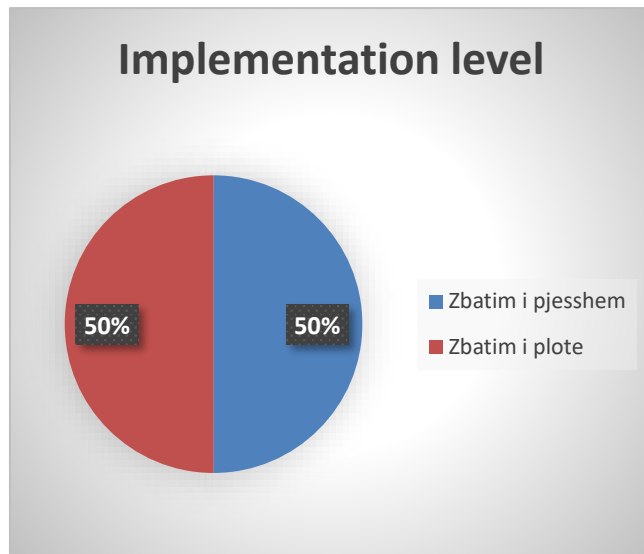


Figure 4. Implementation level of the ‘Support for public domain’ measure

Implementation has also started for ‘Support for Public Enterprises’, the last sub-measure of measure 4. Funds in the amount of EUR 10 million and 860 thousand have been allocated by the Government of Kosovo to financially support public enterprises.¹⁸ The implementation of the measure in question benefits central and local public enterprises that have financial difficulties, as a result of facing the pandemic. Public enterprises will have the opportunity to borrow interest-free, in order to cover operating expenses and financial obligations. Support was provided to companies such as Trepça Sh.A and Telekom Sh.A., which were at risk of losing their operation license in case of default on their financial obligations. Furthermore, in May, the MFLT and public enterprises: Post of Kosovo, Infrakos, Trainkos, RWC Prishtina and Telecom of Kosovo, signed the sub-loan agreements in the total value of about EUR 5 million¹⁹.

Table 5. Number of border insurance policies during 2020-2021

Invoicing according to the Memorandum of Cooperation No. 611/20 of 30.07.2020 (2020)						
No.	Date	Description	No. of Policies Sold (Measure 4.5)	Invoiced	Paid	Unpaid
1	15-Sep-20	August	12,279	€ 159,627.00	€ 159,627.00	€ -
2	15-Sep-20	August	3,179	€ 41,327.00	€ -	€ 41,327.00
3	6-Oct-20	September	7,252	€ 94,276.00	€ 94,276.00	€ -
4	6-Oct-20	September	2,967	€ 38,571.00	€ -	€ 38,571.00
7	18-Nov-20	October	13,658	€ 177,554.00	€ 177,554.00	€ -

¹⁷ The data was obtained from the Kosovo Insurance Bureau

¹⁸ Decision No. 01/53 of the Government of Kosovo, Official Gazette, 31.12.2021, Prishtina, accessible here <https://gzk.rks-gov.net/ActsByCategoryInst.aspx?Index=3&InstID=3&CatID=30> (accessed in June, 2022)

¹⁹ News from the MFLT at <https://mf.rks-gov.net/page.aspx?id=1,2,1190> (accessed June, 2022)

8	18-Nov-20	October	3,951	€ 51,363.00	€ -	€ 51,363.00
10	11-Dec-20	November	4,804	€ 62,452.00	€ 62,452.00	€ -
11	11-Dec-20	November	2,693	€ 35,009.00	€ -	€ 35,009.00
13	9-Feb-21	December	28,638	€ 372,294.00	€ 372,294.00	€ -
14	9-Feb-21	December	9,742	€ 126,646.00	€ -	€ 126,646.00
Total			89,163	€ 1,159,118.99	€ 866,202.99	€ 292,916.00

Invoicing according to the Memorandum of Cooperation No. 708/21 of 24.06.2021 (2021)						
No.	Date	Description	No. of Policies Sold (Measure 4.5)	Invoiced	Paid	Unpaid
1	6-Aug-21	July	101,466	€ 1,319,058.00	€ 1,319,058.00	€ -
2	6-Aug-21	July	12,943	€ 168,259.00	€ -	€ 168,259.00
4	6-Sep-21	August	64,345	€ 836,485.00	€ 836,485.00	€ -
5	6-Sep-21	August	7,561	€ 98,293.00	€ -	€ 98,293.00
7	30-Sep-21	September	10,866	€ 141,258.00	€ 141,258.00	€ -
8	30-Sep-21	September	1,602	€ 20,826.00	€ -	€ 20,826.00
10	30-Oct-21	October	14,596	€ 189,748.00	€ 189,748.00	€ -
11	30-Oct-21	October	1,848	€ 24,024.00	€ -	€ 24,024.00
13	30-Nov-21	November	8,646	€ 112,398.00	€ 112,398.00	€ -
14	30-Nov-21	November	1,276	€ 16,588.00	€ -	€ 16,588.00
15	10-Jan-22	December	43,756	€ 568,828.00	€ 568,828.00	€ -
16	10-Jan-22	December	7,590	€ 98,670.00	€ -	€ 98,670.00
Total			276,495	3,594,435.00	3,167,774.99	426,660.00²⁰

Table 6. Implementation level for measure 4

Measure	Implementation Level	Analysis
4.1 – Support for Healthcare	Partial implementation	Initially, 2.7 million were allocated to support medical staff in the public sector, and these funds were allocated in 2021. EUR 3 million were allocated later for the continuation of the implementation of this measure.
4.2 – Support for Education	Partial implementation	EUR 4 million and 110 thousand have been allocated for financial support for education.

²⁰ Official data obtained from the Kosovo Insurance Bureau

4.3 – Support for Culture and Sports	Full implementation	EUR 5 million have been allocated for this measure in support of cultural and sports activities.
4.4 – Support for Security	Partial implementation	The MFLT has established the Security Fund, to which Kosovo citizens and diaspora have made donations through their bank account, but the amount collected from donations is still unknown.
4.5 – Support for the Diaspora	Full implementation	5 million Euros have been allocated for this measure in support of the Diaspora From the beginning of 2022, all payments for border insurance policies for emigrants with foreign license plates, are subsidized.
4.6 – Support for Public Enterprises	Full implementation	10 million and 860 thousand Euros have been allocated for financial support for education.

Measure 5 - Investments in infrastructure an environment

Governments of different countries have tried to use economic packages to address climate change, among other challenges related to building back better during the post-pandemic period. Many countries have seen the integration of green principles in the reconstruction of the economy not only as a challenge, but also as an opportunity to transform our habitat into a sustainable and environmentally friendly one. Of course, building back better does not only mean addressing climate change but also combating the negative social and economic impacts of the COVID-19 pandemic. For this reason, the packages designed for economic recovery have integrated these three components of vital importance in the times we are living.

Kosovo has also addressed the challenge of climate change in the design of the Economic Recovery Package by integrating measure 5 - investments in infrastructure and environment. To this measure have been allocated EUR 100 million for implementation, and is entirely dedicated to investments and strategic projects related to green recovery and environmental protection. However, despite being a measure of tremendous importance, very little has been done in this regard.

INDEP, throughout the monitoring process of the implementation of the ERP, has analyzed the design and implementation of the Package, however, it has observed no progress towards the fulfillment of the objectives set in the original design of the Package. Although the measure contains enormous investments, such as in the filters of TPP Kosova B and other projects that improve the lives of citizens and air quality in general in Kosovo, there is still nothing concrete in

this regard. It is worth mentioning that the Prishtina-Durrës railway project was presented, and a co-financing agreement was signed between the Ministry of Environment, Spatial Planning and Infrastructure of the Republic of Kosovo and the Ministry of Infrastructure and Energy of the Republic of Albania for the feasibility study and draft-idea for the Durrës - Prishtina railway²¹. Despite this agreement, there are no tangible results from the implementation of this measure. INDEP considers this a disturbing fact, as the implementation of the measure is inactive over a 1-year period and there is a deep imbalance between the implementation of the measures. Furthermore, given the funds allocated and the importance of the measure, as well as the planning to build back based on green principles, the minimum level of implementation of this measure is extremely worrying.

Diaspora Bonds

Another goal of the Revival Package was to create a fund for investments from the diaspora; its implementation was initiated despite the low interest of Diaspora Albanians to invest. In total, Diaspora Bonds raised EUR 10.43 million, out of EUR 20 million worth of emitted Bonds to channel remittances into investments in the country. However, it cannot be said that this measure has fulfilled its purpose, because apart from the lukewarm explanation that these investments would be employed for the revival of the country's economy, nothing concrete and clear was determined about where these funds would be invested.

One-off support in the amount of 100 Euros

In addition to the measures which were initially designed and implemented during 2021 and 2022, during this process other ad-hoc measures were adopted and implemented. One of them is the support in the amount of EUR 100 for private sector workers eligible for the benefit, and the qualification criterion was that the value of the primary salary did not exceed the amount of EUR 1,000. Beneficiaries of this measure were also public sector employees, who also receive a primary salary of up to EUR 1,000. The third group supported with a one-off payment of EUR 100, were all active and full-time students enrolled in public and private universities²².

Beneficiaries from the private sector
336.000 ²³

Conclusions

The Economic Revival package is one of the most important packages, while accounting for the highest value of financial resources allocated for its implementation. The package had a total of

²¹Agreement on feasibility study and draft idea on the connection Durrës - Prishtina railway, accessible at <https://kryeministri.rks-gov.net/u-mbajt-mbledhja-e-tete-e-perbashket-e-qeverise-se-kosoves-dhe-qeverise-se-shqiperise/> (accessed June, 2022)

²² Decision on one-off support of EUR 100, accessible at <https://gzk.rks-gov.net/ActDetail.aspx?ActID=57255> (accessed, June 2022)

²³ Official data obtained from the TAK

EUR 420 million allocated for implementation, in a drive to boost the recovery and economic revival of Kosovo in the post-pandemic period. In addition to the economic dimension, the ERP has integrated the social and environmental dimension as a pillar, in which it was necessary to intervene, considering the challenges we face over this period. The Revival Package aims at economic recovery, formalization of the economy, and creating new opportunities for specific social groups such as youth, increasing the Gross Domestic Product by supporting manufacturing sectors, and overall economic growth. This package was also aimed at enhancing social wellbeing by empowering women and their financial position, pensioners and groups of people with special needs.

INDEP has monitored the process of designing and implementing the measures of the Revival Package, and in conclusion it can be stated that up to this stage most of the measures are in the initial stages or have been implemented to some extent, with the exception of specific measures. It is worth noting that during the process of drafting the assistance measures of the Revival Package, the Government, as the main entity responsible for the Package, has not held public consultations, which are considered necessary in cases when such an initiative takes shape. Consultations with citizens, civil society and other independent institutions, are considered very necessary in such cases, as this project is of great importance to citizens and is quite costly. Involvement of third parties in any Government initiative is considered vital and necessary to increase accountability and transparency. Given that the digital platform for public consultation exists and is very functional, the failure to use it in cases when projects are approved and implemented on such a large scale, is considered an omission and deep negligence on the part of the Government.

During the process of monitoring of the design and implementation of the measures of the Revival Package, it was noticed that the planning of the Package lacked quantified data criteria and expectations, as well as measurable objectives. In general, this is due to the fact that no disaggregated economic and social data are published on a periodic basis in Kosovo, however, objectives and measurement indicators that should be based on well-thought-out and planned action plans covering the entire implementation process. Meanwhile, during this process, apart from the fact that there was no coherent implementation of the measures, in the absence of coherent and parallel execution of the measures, certain measures were prioritized and intensively implemented, while others were not implemented at all, or were implemented to a limited extent. This has led to the absence of objective interpretation based on quantified data, and has resulted in subjective interpretation by implementing institutions. Of course, there were institutions that provided statistical data, but this was not the case with all institutions.

Regarding the implementation of measures since the period when the operationalization of measures began in July 2021 until June 2022, 10 measures were fully implemented, 9 were partially implemented, 3 to a limited extent, and 3 measures remain unimplemented. Measure 5 is excluded from the implementation level measurement, because during this 1-year period from July to June, the sub-measures to be implemented under this measure haven't even been introduced. However, a project was introduced last month, is still in its inception stage, thus its implementation is considered limited.

Finally, in terms of the implementation of measures, there are measures that have been translated into policies, which has been welcomed and considered positive, given the long-standing need of specific social groups for coherent financial support. One of them is the 'Unemployed New Mothers Scheme', which will be supported with funding in the future. We can say that the vast majority of measures have been implemented, starting from measure one to four, the exception is measure 5, to which large amounts of financial resources have been allocated to design important plans, however, its implementation is limited. The Package is also seen as non-inclusive, as it discriminates against certain social groups and does not financially cover social segments in any form. Furthermore, considering that few measures are designed to result in green recovery, little has been done on the environmental dimension of the package, and it cannot be said that a transition to a greener future has been made or started. But, in general we can conclude that the level of implementation up to this period is good, with most of the measures applied and implemented at different levels, however the implementation of the Revival Package has not yet been completed and there are measures that are designed and budgeted to be implemented until the end of 2022 and beyond. INDEP considers that although the Package has not been implemented in full yet, and there are measures whose implementation has stalled, it has generally assisted Kosovo's socio-economic recovery in the post-pandemic period.



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