



THE COVID-19 CRISIS IN KOSOVO*

30 November 2020

COVID-19 health situation – November 2020

- The situation in Kosovo significantly worsened during the month of November with new COVID-19 cases rising sharply. After declining through August and September, the number of new COVID-19 cases in Kosovo has risen to a weekly average of 715 new cases from just over 300 at the beginning of the month. In November, Kosovo recorded the highest number of daily new cases and active cases since the beginning of the pandemic in March 2020. The WHO estimates that the transmission rate in Kosovo has reached 1.6, meaning that for every 100 people who have the virus, they are likely to infect another 160 individuals. Hospitals are reportedly nearing capacity and many healthcare workers have contracted the virus, further straining the economy's healthcare systems.
- An expansive set of new measures were announced on 12 November to help contain the spread of the virus. Masks remain mandatory in public spaces and all religious ceremonies are prohibited except for funeral services, which can only be attended by immediate family members. Public gatherings of more than five people are prohibited. All public transport is limited to 50% of capacity and taxis may only carry up to three members of the same household at a time. Cultural activities such as cinemas and sporting events are allowed to operate at 30% capacity while gyms and pools may operate at 40%. Vulnerable people and residents over the age of 65 are not permitted to leave their homes between 06:00-10:00 and 16:00-19:00.
- Municipalities have been designated as low, medium or high risk depending on the number of infected inhabitants (<75, 76-170, >150 infected individuals per 100 000 inhabitants respectively). Depending on their classification, municipalities face different measures including limited acceptable opening hours for businesses and restaurants, as well as a mandatory curfew between 19:00-05:00 in high-risk municipalities.

Policy reactions – November 2020

Education

- Schools reopened on 14 September under a [three-stage plan](#) that combines in-person and distance learning systems. Under stage 1 of the plan, students in preschool, grades 1, 2, 3, 6 and 10 started attending in-person courses from 14 September, whereas students in the remaining grades started classes on 21 September utilising a combination of in-person and distance learning courses. Should the epidemiological situation deteriorate in Kosovo, the Ministry of Education will stop all in-person courses and shift all teaching to distance learning platforms.
- Schools in Kosovo are currently open and holding in-person classes. However, at least [14 schools](#) have been forced to stop in-person courses due to COVID-19 outbreaks among students and teachers. Additionally, it is reported that the vast majority of schools in the capital area have seen positive COVID-19 cases.

* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

- All higher education institutions are holding courses online, although dormitories remain open. Exams and practical laboratory work may be held in person but must respect national health guidelines.

Economic Recovery

- The government has continued to implement the [Economic Recovery Programme](#), which allocated EUR 365 million in funds to support businesses, create jobs and stimulate aggregate demand. The plan includes measures designed to facilitate loan access for businesses and farms, provide targeted tax relief and rental subsidies for firms, stimulate employment by subsidising worker salaries, and incentivising capital investments.
 - Citizens will be allowed to withdraw up to 10% of their contributions to the pension trust for a period of four months.
 - The government allocated EUR 67 million to achieve its commitment to increase employment, with a specific focus on groups of workers with a lower probability of finding employment during the crisis.
 - Firms can receive subsidies covering 50% of their rental expenses and can now access professional support to help them operate effectively during the pandemic, including guidance on moving operations online, working from home and digitising key business practices.
 - The plan allocates EUR 15 million to ease the tax burden on firms to improve their short-term liquidity. Tax obligations for specific firms will be postponed or cancelled, penalties for late tax payments due to the pandemic have been removed, and the government will cover 5% of pension contributions.

Economic impact/outlook

- *Macroeconomic data:* In 2019, Kosovo's GDP grew by an estimated 4%, driven primarily by domestic consumption and service exports. Despite sustaining positive growth following the 2008 global financial crisis, Kosovo's average GDP per capita was the second lowest per capita in 2017 and unemployment remained above 30% on average between 2013 and 2018. Due to the COVID-19 outbreak, Kosovo's economy is forecasted to contract by [1.6%](#) to [5.2%](#) in 2020. The Kosovar diaspora has strongly supported domestic consumption, remitting EUR 526 million between January – July of 2020, representing EUR 47 million more than the same period in 2019.

In mid-September, the government [revised its projected economic trajectory](#) for 2020 to a decline of -6.4%. The decline is largely attributed to declining service exports and fixed capital formation, which declined by -63% and -41% respectively y-o-y.

- *Fiscal data:* Kosovo has allocated roughly EUR 570 million for economic recovery efforts in 2020 thus far. There is no effect on exchange rates as the country is unilaterally euroized. From January and August 2020, total public revenue fell by 11.5% y-o-y while budget expenditure grew by 7% y-o-y. Public debt to GDP is expected to grow as the result of increased social expenditure partly financed using loans from multiple IFIs and the EU. In October, the economy received EUR 50 million from the EU Macro-financial Assistance 15-year loan.

All previously published COVID-19 notes for Kosovo* can be accessed [here](#)

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