



THE COVID-19 CRISIS IN KOSOVO*

31 January 2021

COVID-19 health situation – December 2020/January 2021

- While the number of new COVID-19 cases in Kosovo rose sharply in November 2020, with a weekly average of 715 new cases, the number started to significantly decline from mid-December. In January, Kosovo recorded a weekly average of 300 new cases, bringing the total number of reported cases to more than 58 000 since the beginning of the epidemic.
- Regarding measures put in place to help contain the spread of the virus, restrictions on freedom of movement remain in place across the country for people over the age of 65, who are only permitted to leave the house between 06:00-10:00 and 16:00-19:00. Weddings and religious ceremonies continue to be prohibited, while funerals may only be conducted with immediate family members. Since 23 December, controls at the borders also remain in force with both Kosovo citizens and most foreign nationals still required to present a negative PCR test when entering Kosovo, or undergo a seven-day self-isolation period following arrival.
- [On 15 January](#), regulations governing public gatherings have, however, been relaxed throughout Kosovo. The number of people permitted to gather in public spaces such as parks, squares and recreational centres has been extended from four to fifty. With Kosovo's parliamentary election scheduled for 14 February, a special mention is also made for public rallies, which must be limited to 50 persons.
- Municipalities have continued to be 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. In low and medium-risk municipalities, operating hours for businesses, shopping centres and cultural institutions have now been extended by two hours to between 05:00 and 22:00. In high-risk municipalities, a curfew remains in force but has been pushed back, now applying from 21:30 until 05:00.
- Acting Prime Minister announced that vaccinations against COVID-19 will begin in February, with health professionals, people over the age of 65 and at-risk groups being the first to receive the vaccine. Estimations are that 20 000 citizens will be vaccinated per day. Agreements were reached with Pfizer/BioNTech, COVAX, and the Austrian state to provide vaccines.

Policy reactions – December 2020/January 2021

Education

- In December, the Prime Minister announced a one-month winter break for all pupils, starting from 18 December. The first semester of the school year ended earlier than usual, and the winter break was extended from two weeks to one month, as a result of the [increase in infections in schools](#). Schools officially re-opened on 18 January.

* 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 still holding courses online, although dormitories remain open. Exams and practical laboratory work may be held in person but must respect national health guidelines.
- In January, the Ministry of Education and Science, with the support of the WHO, conducted [awareness-raising lectures](#) in four municipalities on mental health in school facilities during COVID-19.

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 Assembly of Kosovo approved the additional fiscal stimulus of EUR 200 million (or around 3% of GDP) for the Economic Recovery Programme in early December 2020. 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. The additional package foresees support for businesses affected by the crisis, proposals to subsidise wages for employees that lost their jobs and the removal of VAT on all raw materials.

Economic impact/outlook

- *Macroeconomic data:* Due to the COVID-19 outbreak, Kosovo's economy contracted by 5.6% in the first nine months of 2020 (cf. 4% in 2019). The Kosovar diaspora has strongly supported domestic consumption; workers' remittances increased by 18% compared to 2019 and stood at 13.6% of GDP. The drop in GDP was somewhat mitigated by a fall in imports of goods and services (13.5% y-o-y).
- *Fiscal data:* Kosovo has allocated roughly EUR 570 million for economic recovery efforts in 2020, and an additional EUR 200 million in support to the private sector was allocated through the Economic Recovery Programme in December. There is no effect on exchange rates as the country is unilaterally euroized. [In January-November 2020, budgetary revenue fell by 10.3% y-o-y](#) with income from direct and indirect taxes contracting by 9.5% and 10.8% y-o-y, respectively. This outcome is considerably worse than the revised budget assumption of 5.2% annual revenue contraction. The eleven-month general government deficit reached EUR 83 million (4.9% of projected annual GDP) while in 2019, over the same period, it had a surplus of EUR 243 million.
- *Budget:* The draft 2021 budget was prepared before the adoption of the additional package of EUR 200 million and does not fully take account of its fiscal implications. The full implementation of the package is thus likely to lead to a budget revision during 2021. The adopted 2021 budget foresees a deficit of 4.7% of GDP (according to the fiscal rule definition). Tax revenues are projected to increase by 7.2% y-o-y while total spending is set to decline by 6.3% y-o-y.

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

This paper is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.