



Republika e Kosovës
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Qeveria - Vlada - Government

Ministria e Financave, Punës dhe Transfereve
Ministarstvo za Finansije, Rada i Transfera - Ministry of Finance, Labor and Transfers

Economic Recovery Package

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Economic Recovery Package

After putting under control of the situation with COVID-19 and providing the necessary quantities of vaccines, the Ministry of Finance, Labor and Transfers considers it necessary to start the second phase of addressing the difficulties caused by the COVID-19 pandemic. This phase of economic recovery, both in terms of the volume of intervention and the structure of the foreseen measures, is expected to have a significant impact on the stabilization of economic activity in the country, as well as on the correction of existing deformations in the structure of Gross Domestic Production (GDP) of the country.

More specifically, the economic recovery package is significantly more ambitious in listing the objectives it aims to meet throughout its implementation. The measures proposed in many cases can contribute to achieving several objectives simultaneously, but nevertheless the same can be grouped into 4 aggregate goals:

1. Employment and formalization of the economy, with primary focus on strengthening the role of women and youth in the economy;
2. Improving the structure of GDP composition by favoring certain economic sectors, especially in the field of production and improving the country's trade balance;
3. Balanced and comprehensive economic growth, taking care that it is accompanied by improvement of key welfare indicators;
4. Maintaining long-term sustainability and minimizing the country's fiscal risks, by controlling the growth of public debt in the country, and better coordination with the donor community to ensure maximum benefit to the economy and households.

The total amount of the Economic Recovery Package is 420 million euros, where funding from the budget is 190 million euros, whereas another 230 million euros are financing from borrowing.

Within the measures and actions for the economic recovery of the country is also the issuance of Diaspora Bonds, funds that will be used to finance these measures.

Measure 1. – Employment support - 50 million EUR

The first priority of our Government is employment, and we stand behind this even by policies and decisions. In view of this priority, within the Economic Recovery Package we will allocate 50 million euros for the creation of new jobs, directly supporting jobseekers.

Measure 1.1. - Return to work of those who lost their jobs during the pandemic – 10 mil EUR

We will support return to work for all those who lost their jobs during the period March 2020 - April 2021, and who are currently unemployed. For each re-employed, we will subsidize the wage for 3 months in the amount of 170 euros per month.

Measure 1.2. – Support to formalized employees – 10 mil EUR

The pandemic has shown how important it is for work to be declared and pension contributions to be paid regularly. Thus, we will support every new employee, who has not been employed in the last 3 months, and who declares to TAK. Each of them will be paid pension contributions amounted to 10% of the wage for up to 12 consecutive months.

Measure 1.3. – Women employment support – 5 mil EUR

Women are under-represented in the labor market. As long as they make up half of the population and are left out of the labor market, we cannot claim inclusive growth without the inclusion of women in the labor market. Thus, for each woman who has not been employed in the last 3 months, and who is employed, we will subsidize 50% of the wage for the first 3 months, up to a maximum of 150 euros per month. After the quarterly period, the pension contribution will be subsidized according to Measure 1.2.

Measure 1.4. – Guaranteed employment scheme on young people – 10 mil EUR

The youth in our country has been at a disadvantage in terms of employment even before the pandemic, and in the pandemic this has only deepened. In order to address this problem, we will design and launch during this year the guaranteed employment scheme for young people aged 18-24, where each young person will be guaranteed the first job, subsidized by the state at the level of minimum wage.

Measure 1.5. IT employment and training – 5 mil EUR

In order to orientate the new talents towards the IT field, we will offer coupons through which IT courses can be attended, or training in practice. Those who successfully complete the course or training will be offered employment support for the first 3 months.

Measure 1.6. – Employment support to persons with disabilities – 5 mil EUR

In order to achieve the goal of an equal state for all, we will support each employee with special skills with 50% of wage, up to a maximum of 150 euros per month. The support will be provided for the first 6 months.

Measure 1.7. – Grant scheme for crafts – 5 mil EUR

In order to address the high unemployment rate in the country as well as vocational training in crafts, we will support with self-employment grants all those who are willing to learn new skills, on which they will be certified. The value of these grants amounts to up to 3,000 euros, where the grant will cover the purchase of equipment and the establishment of the business, upon successful completion of training and certification.

Measure 2. – Production and economy recovery – 108 million EUR

As part of the global initiative to rebuild the economies better than they were, we will invest 108 million euros that will be dedicated to investments in technology and innovation, production and export, but without forgetting the support of the businesses that were hit hardest by the pandemic.

Measure 2.1. – Subsidizing investment loans – 30 mil EUR

2.1.1. In order to enable new investments, all processing and production businesses will be supported if they obtain a loan on enlarging of their capacities, subsidizing up to 20% of the principal of the loan, respectively 10% of the principal at the beginning to enable an initial grace period, as well as other 10% at the end of the loan in case investment objectives' have been met.

2.1.2. Businesses owned by women will be also supported if they do obtain loans to increase their capacities, up to 20%, regardless of the sector they do operate.

2.1.3. Businesses that have experienced declines in the income, but have maintained the number of employees, and now need liquidity to prepare for new investments, will be able to subsidize 10% of the loan principal.

Measure 2.2. – Support to businesses for access to finance – 43 mil EUR

2.2.1. In order to facilitate access to the finance, we will support the Kosovo Credit Guarantee Fund by adding capital for another 40 million euros, which will enable the guarantee of about 120 million euros in additional loans for businesses.

2.2.2. Also 3 other million euros will subsidize Fund tariffs, which will release a potential for another 86 million euros of guaranteed loan.

Measure 2.3. – IT and innovation investments – 10 mil EUR

7 million euros are dedicated for investment in digitalization and innovation, supporting small and medium-sized businesses towards the transition to the digital era. Also, 3 million euros will be invested in the Innovation and Training Park in Prizren (ITP Prizren) to create an important hub for the development of the IT sector. These investments will mobilize another 4 million euros in grants from donors.

Measure 2.4. – Support to export – 10 mil EUR

This measure will support manufacturing and exporting businesses in increasing quality and obtaining the necessary certifications. Assistance in product design and marketing will also be part of the support. Participation in fairs abroad will also be supported.

Measure 2.5. – Village recovery through agriculture and agro-tourism – 10 mil EUR

Support for agricultural products must be conducted even beyond production. Through this measure will be invested in the creation of infrastructure and preconditions for the development of agritourism in our villages. This includes support for investments that will enable the conversion of village houses into guesthouses that can receive guests.

Measure 2.6. – Recovery of hospitality and closed businesses – 5 mil EUR

This measure will support businesses that have suffered the most during the pandemic, and due to the closure have failed to fill their obligations to state institutions and banks.

Measure 3. – Support to family – 50 million EUR

In order to create an equal society and to increase the well-being of citizens, we will allocate 50 million euros for vulnerable groups of the society. The support which aims to facilitate the burden these groups had as a result of the pandemic.

Measure 3.1. – Support to the families who have lost their head of family – 4 mil EUR

This measure will support by a monetary amount all the families that have lost their head of the family by COVID-19, knowing that that for many families the loss of most loved ones might have indicated even the loss of the only source of incomes.

Measure 3.2. – Support to pensioners and families with social assistance – 17 mil EUR

Allowances for pensioners will be paid, so no pensioner won't be under 100 euros, and we'll also support the families who receives social assistance by 30 % over the regular level. Allowances will be applied until the end of fiscal year.

Measure 3.3. – Reformation of the Social Scheme Assistance – 12 mil EUR

The pandemic has shown that the current system is not properly designed and leaves out of the scheme many families in need. In cooperation with the World Bank, we will begin a reform of the social assistance scheme, with the aim of expanding it to include more families in need. The total amount of the project is expected to be around 47 million euros.

Measure 3.4. – Food coupons for families in need – 4 mil EUR

For 6 consecutive months, in cooperation with UNDP and EU funding, 7,500 most needy families will be served a food coupon amounted to 60-70 euro, depending on the size of the family. The support will be expanded even for another 3000 families from non-majority communities, with the IOM support.

Measure 3.5. – Payments for jobless women after childbirth – 3 mil EUR

This year we'll commence with the support scheme for jobless women after childbirth. Within this scheme, all women after childbirth who doesn't work, will benefit a support at the level of minimal wage for 6 consecutive months.

Measure 3.6. – Support to family liquidity – 10 mil EUR

In order to address the family liquidity, we'll subsidize consumption loans up to 3000 euros. This will enable families to close balances of credit cards that have very high interests, and at same time to prepare for autumn having necessary liquidity on covering seasonal expenditures.

Measure 4. – Support to public sector – 112 million EUR

Increase of the quality of public services consequently further improvement of citizens' welfare, it's one of the key priorities of our government. Thus, we'll allocate 112 million euros for quality services on health, education, culture and sport.

Measure 4.1. – Support to health – 53 mil EUR

For the fight against the COVID-19 Pandemic are dedicated 40 million euros, which includes the purchase of vaccines and other expenses related to pandemic management. The pandemic has caused a heavy burden on the health system, so another 8 million euros are dedicated for the purchase of essential medicaments. To cover the cost for the new specialists, an additional 5 million euros are dedicated over the initial budget.

Measure 4.2. – Support to education – 9 mil EUR

This measure will cover the gap created in the own source revenues of public universities during the pandemic, will enable the purchase of textbooks for students, and will provide 1 million euros in scholarships for students studying science, technology, engineering and mathematics.

Measure 4.3. – Support to culture and sport - 5 mil EUR

By this measure we will take care to enliven the country by organizing and supporting cultural events and projects, which highlights young artists and create opportunities for their promotion. There will be the same support for sports, enabling the organization of tournaments and other sporting events.

Measure 4.4. – Support to safety – 10 mil EUR

In order to advance the KSF towards a modern army that enables the fulfillment of its mission, payment for the purchase of military equipment and tools will be supported.

Measure 4.5. – Support to diaspora – 5 mil EUR

It is our commitment to facilitate all the barriers to our diaspora, which have given and continue to give so much to the country. Thus, we will cover the reduced cost of the border policy for all migrants coming to Kosovo, until we finally resolve the issue of the Green Card.

Measure 4.6. – Support to public enterprises – 30 mil EUR

Aware of the difficult financial situation of most public enterprises, we will draft a plan for their recovery. With this measure, we will enable lending to public enterprises in order to enable the implementation of the recovery plan.

Measure 5. – Investment in infrastructure and environment – 100 million EUR

From the total budget on capital investments, about 100 million euros are dedicated to investments in strategic projects related mainly to road and railway infrastructure, as well as investments in environmental protection.

Within the environment we are negotiating with international financial institutions for other investments in the field of efficiency and electricity, and we are researching other funding opportunities from grants and donors. Also, in this aspect there are other investments that are being made that are out of budget, such as the case with the investment in the filters of PP Kosova B, an investment that amounts about 90 million euros, where most of it is a grant from IPA funds of EU. This will significantly improve the air quality and life of the inhabitants in the surrounding municipalities.