

Responding to the Coronavirus Crisis

Update on Kosovo (13/11/20)



European Bank
for Reconstruction and Development

EBRD Policy Comparator

| Financial Sector | | | Direct support to firms | | | | | Payment holidays | | | Temporary controls | | Support to individuals | | | | | Increased social benefits | | | Health | External Assistance |
|---------------------|---------------------|--------------------------|-------------------------|----------------------------------|----------------|------------|-------------------------------|------------------|------|-----------|--------------------|---------|------------------------|---------------|------------|-----------------------|---------------------|---------------------------|--------------|---------------------|---------------------------|---------------------|
| Policy rate reduced | Liquidity increased | Prudential req. loosened | Wage subsidies | Tax/ social sec. contr. deferred | Loan subsidies | Guarantees | Inspections/ audits suspended | Loans | Rent | Utilities | Prices | Exports | Universal transfers | Self-employed | Pensioners | Low income households | Enhanced sick leave | Enhanced unemp. benefits | Public works | Additional spending | (available or negotiated) | |
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Economic channels of disruption

Services, investment, lockdown measures

- Exports of services (accounting for around one quarter of GDP and consisting mostly of travel services related to the country's large diaspora) to be hit hard due to travel restrictions
- Construction, transport and accommodation and food services to record a severe fall in output
- Lockdown and containment measures (including occasional curfew and closure of schools and non-essential businesses) also to affect negatively economic growth

Key crisis impact indicators

| | |
|---------------------------------------|------------------|
| EBRD GDP growth outlook | 2020: -5.0% |
| (Sept 2020) | 2021: 4.0% |
| Decline in exports of services | 35% year-on-year |
| (Jan-June 2020) | |
| Fall in investment | 28% year-on-year |
| (Jan-June 2020) | |
| Fall in manufacturing output | 17% year-on-year |
| (Q2 2020) | |

Crisis response measures to date

Support for healthcare, workers and businesses

- In April, the government has approved an emergency relief package to support affected sectors (liquidity provision, wage subsidies, tax deferrals), boost health expenditures and assist socially vulnerable people
- In June, the government adopted 2020-23 economic recovery programme, facilitating access to finance, reducing tax burden, and supporting employment in agriculture, and public enterprises; followed by the implementation plan in August 2020
- Provision of subsidies as well as interest-free loans to publicly-owned enterprises (with maturity period until the end of 2020)

Key crisis response indicators

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|---|-----------------------------|
| Emergency relief package | EUR 179.6 million |
| Plan for implementation of the economic recovery programme | EUR 365 million |
| Loan restructuring for up to one year (for those applying) | Until end-September 2020 |
| | EC MFA: EUR 100 million |
| Committed external assistance | IMF's RFI: EUR 51.6 million |
| | WB: EUR 46 million |

Key short-term priorities

Provide support to vulnerable households plus support for SMEs and essential SOEs