



COVID-19 CRISIS RESPONSE IN SOUTH EAST EUROPEAN ECONOMIES

As of April 15th 2020

OVERVIEW

More than 16,000 people have tested positive for COVID-19 in the South East Europe ¹(SEE) region as of 14 April. As the number of coronavirus cases continues to grow rapidly in SEE, governments have been gradually announcing states of emergency, lockdowns and partial shutdowns to contain the spread of the virus. Coronavirus measures resulted in suspended flights, partial border closures, domestic travel restrictions and school shutdowns across the region. Government authorities banned large gatherings and imposed travel restrictions. Serbia and North Macedonia have cancelled their respective general elections scheduled for April.

On 22 March, a 5.3 magnitude earthquake struck Croatia close to the capital Zagreb, damaging buildings, injuring dozens of people and killing two. The pandemic also overshadowed two major developments in the region – the European Union decision to open membership talks with North Macedonia and Albania, as well as North Macedonia's formal accession to NATO.

From the economic perspective, the coronavirus pandemic has led to a notable slowdown in the SEE economies, which heavily rely on trade with and investments from the EU, particularly Germany and Italy. Unemployment in the SEE economies may rise again and labour market conditions may deteriorate further, as a significant share of the workforce lives abroad (between 20-25% of the population). Poverty rates may increase if remittances are suspended, as remittances constitute 10% of GDP in the Western Balkans. Within the domestic markets SMEs, manufacturing and tourism sectors will be among the most affected. Some SEE governments have already introduced stimulus packages, mobilising both financial aid and monetary policies, to ease the economic impact and help their citizens.

The EU has allocated funds amounting to EUR 38 million for immediate financial support for the health sector to the Western Balkans. In the short and medium term, the EU is mobilising additional EUR 374 million to support the social and economic recovery of the region.

¹ Three EU member countries and prospective OECD members: Bulgaria, Croatia and Romania and Six EU (pre-) accession countries from the Western Balkans: Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia.

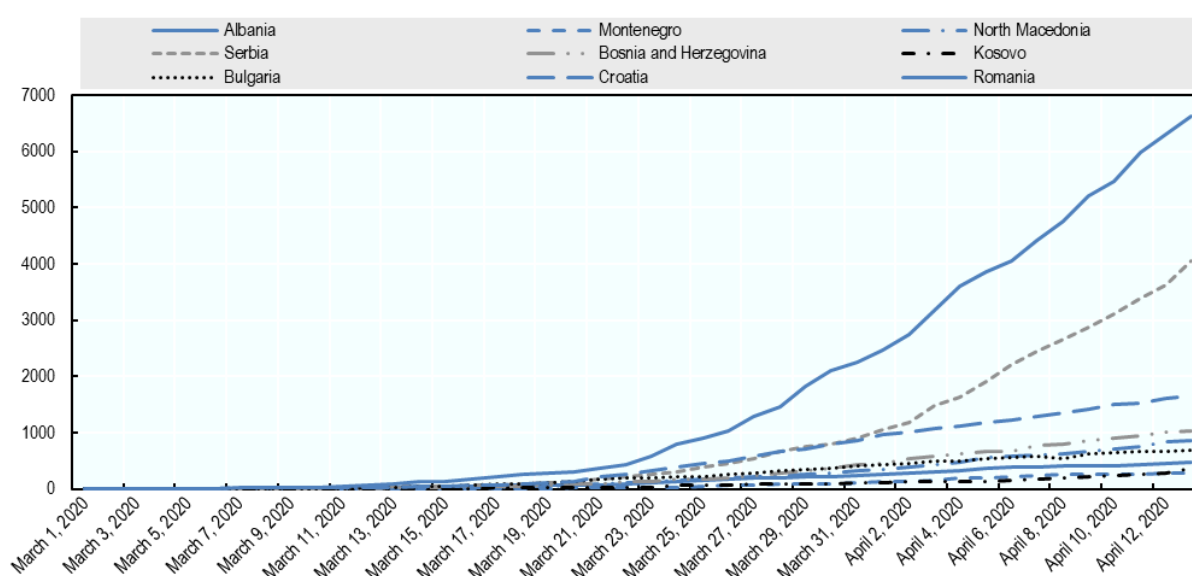
* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

COVID-19 in South East Europe and Measures to Contain the Pandemic

Outbreak and containment measures enacted by government

The COVID-19 outbreak reached South East Europe a bit later than Western and Southern Europe. The SEE economies reported their first COVID-19 cases in early March 2020 (with the exception of Romania with the first case reported on 27 February). The number of confirmed cases in the region has grown rapidly (Figure 1) with the number of reported COVID-19 cases in the region exceeding 1,000 by the end of March (World Health Organisation, 2020_[1]). Within two weeks, the number of confirmed cases grew to over 16,000 confirmed cases (7,209 in the Western Balkans and 9,278 in Bulgaria, Croatia and Romania). The fatality rate in the region stood at around 2.5%-5% as of 14 April (World Health Organisation, 2020_[1]). However, given the lack of testing and challenges in obtaining accurate statistics, the figures are indicative and not fully internationally comparable.

Figure 1. Evolution of the number of confirmed COVID-19 cases in SEE economies



Source: Ministries of Health in the South East Europe region, WHO.

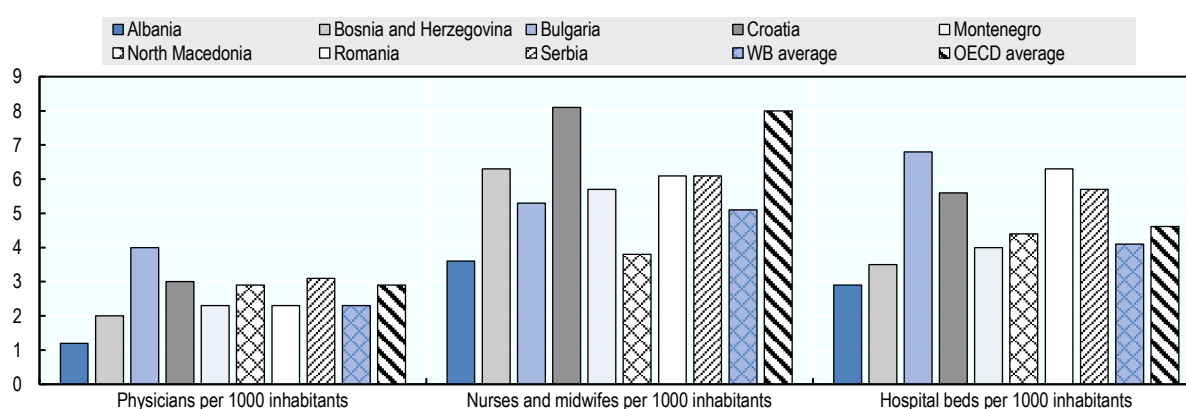
Following the outbreak of the COVID-19 pandemic, the SEE governments introduced containment measures around mid-March. Many SEE governments declared national states of emergency and implemented a number of measures promoting self-isolation. These also included border closures, travel restrictions and lockdown procedures as well as a new set of monetary and fiscal policy measures. Persons found to be in violation of the regulations can face fines and/or prison sentences. All SEE economies have closed their borders crossings to the movement of people while allowing the flow of goods and medical equipment. Save for a few exceptions, air traffic was heavily restricted with only a handful of commercial flights still operating in the region. Likewise, Albania and Montenegro suspended their sea transport services except for the transport of goods or medical gear.

Given the rapid spread of the COVID-19 and the insufficient discipline regarding self-isolation measures, many SEE governments introduced curfews, further restricted the movement of vulnerable populations, suspended cultural and sports activities and closed parks and other public recreation areas. The lockdown was further extended, leading to the closure of kindergartens, schools, universities and other education centres. Educational systems in the SEE region have started conducting classes remotely and providing, in their capacity, support to pupils and students. The lockdown also affected cafes, restaurants, and retail store, as well large-scale cultural events. Only food stores, pharmacies, post offices and banks remain open, albeit with reduced working hours. These measures have triggered a rapid expansion of e-commerce services in the SEE region as firms seek new ways to conduct business during the crisis.

Challenges to the health systems and health sector responses

The COVID-19 outbreak poses a major challenge to the fragile health systems in the SEE region, which have been suffering from low health expenditures, lack of medical equipment and insufficient, yet well-educated personnel. In particular, the number of physicians per 1000 inhabitants in the Western Balkan region was lower (2.3) than the OECD average (2.9) in 2015, with only North Macedonia and Serbia counting 2.9 in 2015 and 3.1 respectively in 2016 (Figure 2). In Bulgaria and Croatia, on the other hand, the number of physicians is higher than the OECD average, with Romania being at the Western Balkan average. Furthermore, the number of nurses and mid-wives (per 1000 people) in the Western Balkan region is significantly lower (5.1) than in the OECD countries (8.0) in 2015, whereas Croatia was the only economy to approach the OECD average (8.0) in 2015. According to the latest data available, the Western Balkan region has 4.1 hospital beds per 1000 inhabitants compared to an average of 4.6 among OECD countries, with Albania having under 3 beds per 1000 people and Bosnia and Herzegovina under 4 (Figure 2). In this regard, the situation in Bulgaria, Croatia and Romania is, however, a bit more optimistic, with all three economies recording the higher number of hospital beds than the OECD average.

Figure 2. Selected health sector data for the South East Europe (latest year available)



Note: No data available for Kosovo.

Source: World Bank data, <https://databank.worldbank.org/metadataglossary/health-nutrition-and-population-statistics/series#C.P>.

To prevent their health systems from being overwhelmed and reduce the rapid spread of COVID-19, the SEE governments introduced measures and dedicated specific funds to support their medical staff and protect the population.

Changes in the work hours aim to safeguard the medical staff, e.g. the shifts are fewer and longer, with smaller number of personnel working at the same time. Temporary salary increases are designed to motivate health sector employees. For example, doctors in Kosovo receive an extra EUR 300 per month, while Bulgaria is providing additional monthly payments of BGN 1000 (EUR 500) for doctors and nurses (Government of Kosovo, 2020^[2]), (Government of Bulgaria, 2020^[3]). Throughout the SEE region, medical centres have been converted to specialised COVID-19 centres, whereas concert and sport arenas and halls have become temporary field hospitals.

To decrease its dependence on imports, the region started to produce medical masks and gloves by setting up new domestic production lines. Serbia has even commenced producing respirators. Likewise, to ensure sufficient stocks of medical protection equipment, some economies also introduced bans on exports of medical gear and medications (CEFTA, 2020^[4]).

The region received immediate financial support from the EU, which has allocated EUR 38 million for the health sector (EC, 2020^[5]) while China and Russia supported the purchase of respirators. A group of Chinese doctors are also providing on-the-ground assistance to Serbian specialists to develop containment measures.

Economic impact on SEE economies and government responses

General economic slowdown

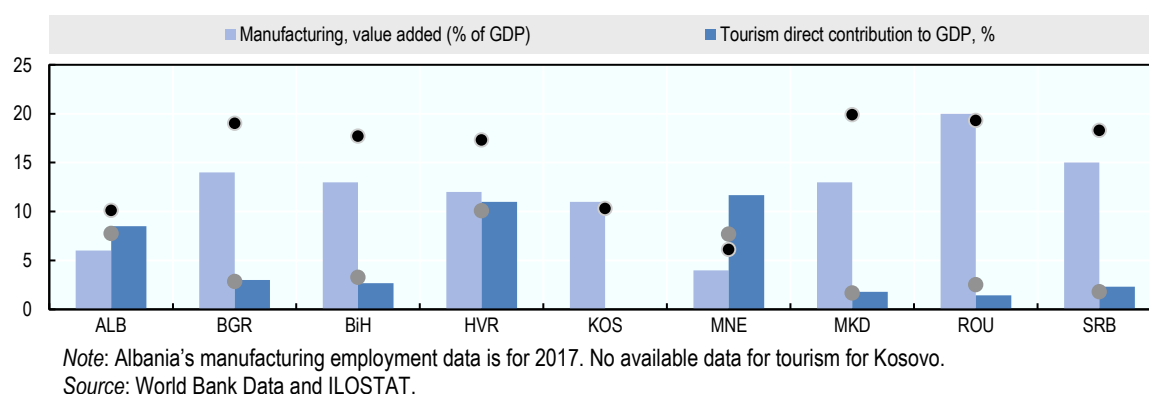
The COVID-19 pandemic and related containment measures are taking a heavy toll on the global economy and will certainly affect the SEE economies, leading to much lower economic growth or even a recession. The region's economies will be particularly affected through several channels.

First, the containment measures will unequivocally affect **domestic demand and supply**, significantly decreasing economic activity. Supportive macroeconomic policies can partially aid the recovery of demand but cannot completely offset the economic consequences of enforced shutdowns.

Second, the COVID-19 crisis has already curtailed global international travel demand and will certainly lead to a collapse in **tourism** ahead of the summer season. Albania and Montenegro will be hit particularly hard, as tourism revenues exceed 20% of GDP in both economies (EBRD, 2020^[6]). Due to the strong linkages between tourism and agriculture, the negative impact will also be strongly felt in rural areas where the majority of the poor are employed in agriculture.

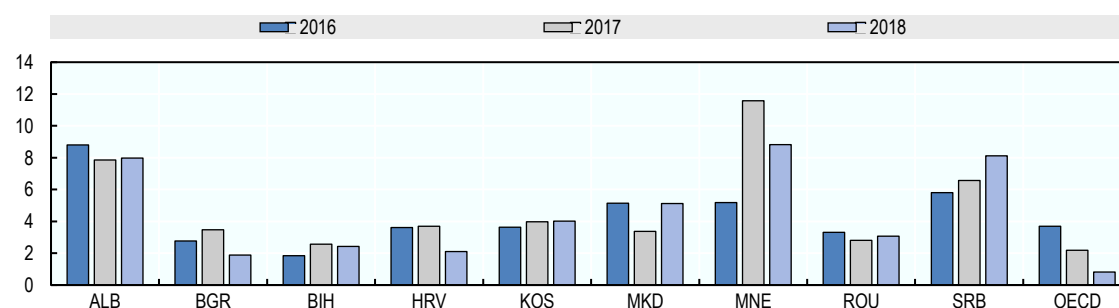
Third, **exports** across the region will fall due to depressed demand, as well as **disruptions in value chains**. Although all economies will be affected, Romania and Serbia would likely bear the greatest cost, as their manufacturing sectors are more highly integrated into global supply chains and contribute the most to their economies in terms of value-added and employment (Figure 3).

Figure 3. Contributions of tourism and manufacturing sector in South East Europe (2018)



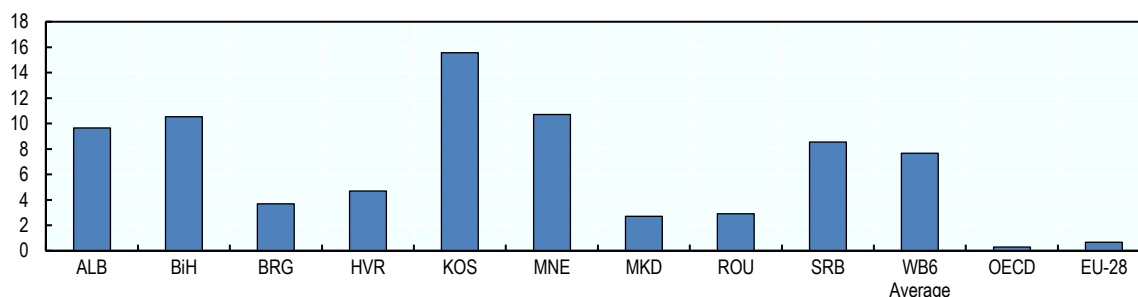
Fourth, a deceleration of both public and private **investment** can be expected, which will further inhibit economic growth. The contributions of foreign direct investment (FDI) to the Western Balkan economies have been relatively sizeable over the last years (Figure 4), providing support for economic growth, job creation and technological progress.

Figure 4. Foreign direct investment, net inflows (% of GDP)



Fifth, the Western Balkans rely heavily on the steady inflow of **remittances**, financing domestic demand and investment (see Figure 5). In Kosovo for instance, remittances account for 15% of overall GDP. In addition to the high volumes, the remittances are also quite concentrated in terms of source countries - Germany, Italy, Austria - further exacerbating the Western Balkan economies' vulnerability to the crisis' impact in these economies (OECD, 2019^[7]). Remittances are likely to diminish due to travel restrictions and an increased unemployment, linked to the anticipated economic contraction in the EU.

Figure 5. Remittances received in 2018 (% of GDP)



Source: World Bank data URL: <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS>.

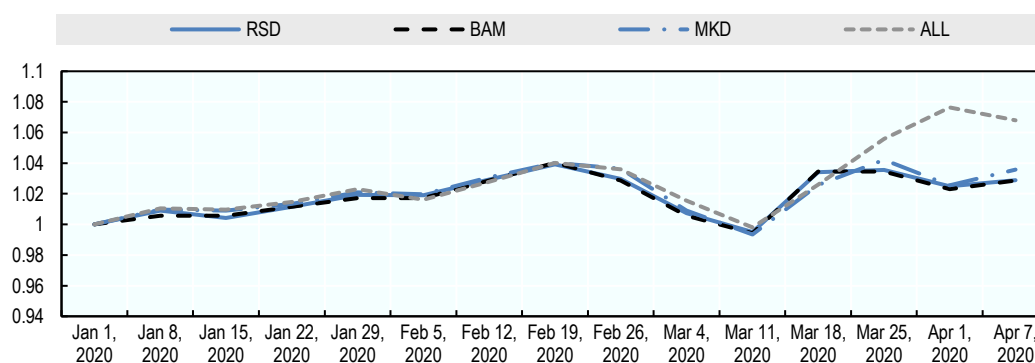
The economic slowdown will also come at a bad time for Albania and Croatia, as both economies have been recently hit by earthquakes that have taken a toll on physical infrastructure and economic activity. This will add an additional burden to their budgets, which are already stretched by efforts to counter the damaging economic effects of the coronavirus outbreak.

The volatility in the financial markets increased, resulting in capital outflows

The initial trends in **local currency exchange** demonstrate volatility in the exchange rates, signalling capital outflows and rendering international trade and investment decisions more difficult. All of the currencies in the Western Balkans have depreciated since the outset of the COVID-19 crisis; with the Albanian LEK being the worst hit (see Figure 6). The depreciation of local currencies directly affects enterprises' ability to make payments denominated in foreign currency, which is especially problematic for the Western Balkans as foreign exchange denominated loans represent 58% of all loans (excluding Kosovo and Montenegro). Serbia, where over 70% of loans are denominated or indexed to a foreign currency, is particularly susceptible to exchange rate depreciation (OECD, 2019^[8]). Until now, the Central Banks of North Macedonia and Serbia have made interventions in the foreign exchange market to smooth excessive short-term volatility.

Although Kosovo and Montenegro unilaterally adopted the Euro in 2002, they can also be affected by the euro's depreciation against the USD. In such a scenario, **debt servicing costs** for Montenegro may increase, as it starts repaying the USD denominated loans from China to finance the construction of the Bar-Boljare motorway. The Croatian HRK and the Bulgarian BGN, pegged to the Euro at a fixed rate, and the Romanian RON have slightly depreciated since January, but less than other currencies in the region.

Figure 6. Currency exchange rates in the Western Balkans (in relation to USD)



Note: RSD: Serbian dinar; BAM: Bosnian convertible marks; MKD: Macedonian dinar; ALL: Albanian lek.

Source: XE Currency Converter.

Stock market indices plunged across the world, and the region's stock markets were not spared from the effects of the crisis. Since the start of the year, all the region's existent stock markets have noted declines (Table 1). However, the shock's impact remains more contained in the Western Balkans compared to the European Union. Moreover, the **government bond spread** have increased in all the economies, signalling the increasing risks associated with bonds and lower investor confidence. The risk perception for bonds seems to be highest for Croatia and Romania, as their bond spreads have increased by around 65% since the beginning of the year.

Table 1. Variation in stock and bond markets

	Stock market index						Government bond spreads		
	Index	Jan 10, 2020	Feb 10, 2020	March 10, 2020	April 7, 2020	Δ (%) Jan 10 - April 7	Jan 1, 2020	March 31, 2020	Δ (%) Jan 1 - March 31
ALB	n/a	..	..	..	..	..	221.3	295.5	25.11%
BiH	SASX-10	803.5	778.4	758.14	733.33	-9.6%	507.6	515.1	1.46%
MNE	MNSE10	770.41	779.3	779.03	659.95	-16.7%	244.5	342.1	28.53%
MKD	MBI10	4423.33	4957.04	4739.38	4048.32	-9.3%	274.2	290.7	5.68%
SRB	BELEX15	805.4	812.78	757.33	672.38	-19.8%	175.6	187.2	6.20%
EU27	EURONE XT100	1160.14	1159.84	901.5	861.94	-34.6%	..	..	..
BGR	SOFIX	579.24	570.42	494.81	433.39	-25.18%	37.9	86.5	56.15%
HRV	CROBEX	2036.45	2023.56	1665.47	1596.93	-21.58%	85.9	244.3	64.84%
ROU	BET	9952.83	10012.30	8722.11	8020.15	-19.42%	85.4	264.3	67.69%

Note: No data available for Kosovo. No stock market data available for Albania. Spreads are for ~ 5 years (or closest available) EUR bonds. Government bond spreads are calculated mid-yield spread to worst to the benchmark bond.

Source: Stock Exchange official websites for stock market data. Bloomberg for government bond spreads.

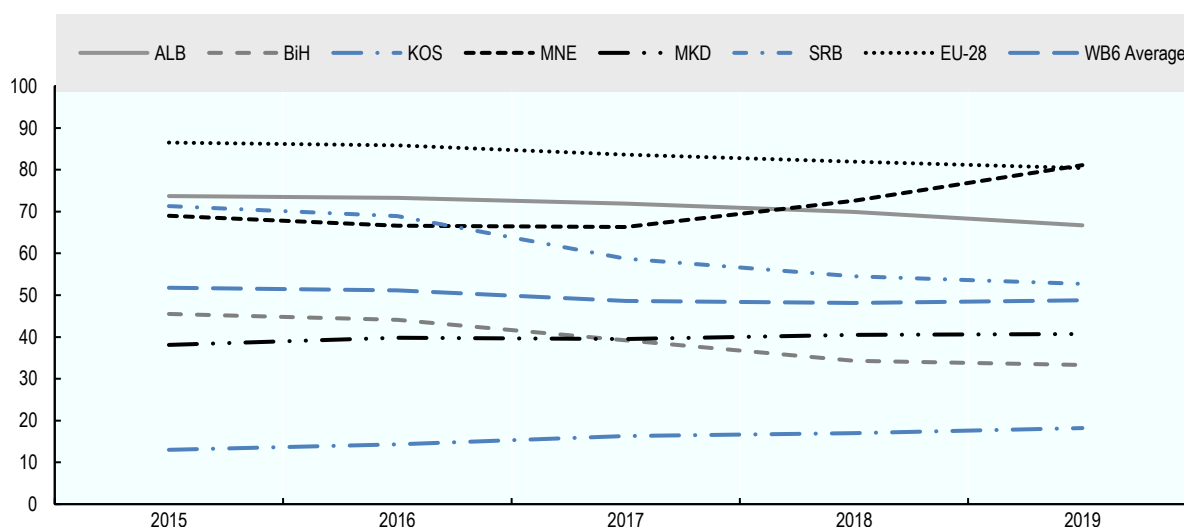
Monetary policy tools to soften the economic impact

Monetary stimulus such as policy rate cuts or asset purchases can lift confidence and support financial markets in order to offset the risk of a sizable tightening in financial conditions. In this context, the central banks across the region were quick to react with monetary policy tools. The Bank of Albania cut its key policy rate -- the weekly repo - - by 50 basis points to a new historic minimum of 0.5%. The national banks of North Macedonia, Romania, Serbia have also cut their key policy rates by 0.25% to 1.75%, and by 0.5% to 2% and 1.75% respectively. All these three central banks also provided ample liquidity to banks and non-bank financial institutions (see Annex). Access to low-cost liquidity will enable banks to facilitate implementation of policies that, in turn, ease the burden on companies and individuals facing suffering from sharp disruption. Kosovo and Montenegro, which have unilaterally adopted the Euro and abandoned independent monetary policy, cannot make full use of the usual monetary policy tools, and depend on the monetary decisions taken at the EU level.

Fiscal stimulus packages announced across the entire region

Under the circumstances of a major economic downturn, the case for fiscal stimulus is compelling, and all Western Balkan economies have announced large-scale stimulus packages (see Annex). These packages will lead to fiscal deficits and accumulation of debt. Although the Western Balkan economies have rising debt levels - most notably Montenegro - their GDP to debt ratios are still comparatively low, offering more fiscal space to implement these (see Figure 7). Nonetheless, spending will still need to carefully prioritize the most urgent needs, in order not to jeopardize debt sustainability. This is especially crucial for those economies that need to comply with the IMF loan conditions, such as Serbia, which public debt should not exceed 60% of GDP from 52.4% at the end of 2019. The ability to implement these fiscal measures will also ultimately depend on the economies' market access to lenders and the cost of servicing debt.

Figure 7. General government gross debt (% of GDP)



Source: IMF

Impact on employment and labour market in the Western Balkans

The COVID-19 pandemic will put labour markets in the Western Balkans under enormous pressure, adding to existing constraints such as high unemployment levels (especially youth unemployment), high shares of informality and sustained outflows of skilled labour. These structural weaknesses will be further aggravated by a potential new wave of bankruptcies and job losses:

- **High share of informality:** Informality in the six Western Balkan economies remains high both in the share of total output and in the number of people employed. Informal employment in 2018 stood at 37% for Albania, 19% for North Macedonia and 20% for Serbia (Vienna Institute of International Economic Studies, 2020^[9]).
- **High rates of unemployment and youth not in employment, education or training (NEET):** In 2018, the average unemployment rate of the six Western Balkan economies stood at approximately 17%. More alarmingly, approximately one fifth of young people were not in employment, education or training in 2018 (World Bank, 2020^[10]). In Kosovo, this figure was as high as 30%. As young and highly skilled individuals cannot find adequate job opportunities in their home job market, they tend to move abroad, mainly to EU, where wages and career development are more promising.
- **Lower rates of participation of women in labour market:** The gender gap in labour markets of the Western Balkans is a key challenge on women's access to economic opportunities. Women make up about 40 percent of the total employed in Western Balkan labour markets, ranging from about 44 percent in Albania to a low of 21 percent in Kosovo (World Bank, 2019^[11]). Moreover, only 27.5 per cent of business owners are women, and they hold just 14.2 per cent of the top management positions in companies (OECD, 2019^[12]).
- **Significant brain drain:** There is a constant outflow of human capital across the occupational spectrum in the Western Balkans. In 2015, the total stock of emigrants from the six Western Balkan economies, living abroad accounted for around 24% of the population (World Bank Group, 2018^[13]). In 2019, there were almost 4.6 million people living abroad from the five Western Balkan economies for which data was available (United Nations, 2019^[14]). The shares of the working-age population (20-65 years-old) is projected to decline for several decades onward. In particular, young, skilled workers seek job opportunities outside the region. In addition, many health professionals leave for Western EU countries and Switzerland.

In the context of the current COVID-19 crisis, another fact could gain significance:

- **Two-thirds of people with a high education level have no prior experience with teleworking.** Although individuals with a high level of education are more likely to be in occupations that can be performed via teleworking, achieving the same level of productivity for those occupations via teleworking can be challenging without prior experience. On average, only about one third of individuals aged 25 to 64 with high formal

education have at least once worked from home in 2018 and only one-fifth used the Internet for the job when working from home in the five Western Balkan economies for which data was available (Eurostat, 2019^[15]). For the EU-28, the corresponding average figures stood at 43% and 41% respectively (ibid).

COVID-19 measures to mitigate unemployment risks

The Western Balkan economies have responded to the COVID-19 crisis by taking a variety of measures intended to protect workers and prevent job loss (see Annex) centred around the following elements:

- **Reducing workers' exposure to the COVID-19 virus in the workplace:** All Western Balkan economies have taken measures to limit physical interaction, and the workplace was the first focus of those measures. Existing regulations have already been relaxed and new options for teleworking have been introduced.
- **Contributing financial support to employees' salaries** to compensate the income loss of employees caused by the halt of economic activity. However, across the Western Balkan economies the amount of support for employees unable to work due to the crisis has differed. In North Macedonia, the government committed to a monthly allowance corresponding to half of employees' average monthly net salary (over the last 24 months). Other Western Balkan governments have capped the amount of financial support.
- **Extended and simplified access to unemployment support:** Citizens who became unemployed due to the COVID-19 crisis now have quick and easy access to unemployment benefits. For example, in Albania the unemployed can exceptionally apply online and receive unemployment benefits. Bosnia and Herzegovina has ensured that all unemployed, including those normally not registered, will receive unemployment benefits.
- **Widening access to social protection systems:** Families with social assistance will receive up to double the normal amount during the crisis. Almost all Western Balkan governments have provided additional financial assistance to pensioners through a one-off payment.

Policy priorities

In the context of the pandemic, it is paramount that companies should ensure the safety of their workers by reducing their exposure to COVID-19 in the workplace and helping them deal with care needs. Financial support to firms and workers affected by the crisis is required, making sure not to leave behind vulnerable non-standard workers. The Western Balkan governments need to consider ways to ensure that citizens can access public services via digital platforms to minimise the need for in-person contact. As demand for certain public services surges due to the crisis, it is essential to ensure that digital platforms have the capacity to handle higher traffic. In particular, the Western Balkan economies should consider the following recommendations, which are based on the OECD COVID-19 policy brief on options for an immediate employment and social-policy response (OECD, 2020^[16]):

- **Further facilitate the transition towards teleworking.** To keep workers safe, it is important to encourage employers' organisations to inform their members of the benefits of telework and to offer assistance. Collaboration with technology companies to provide SMEs and the self-employed with free and rapid access to communication and sharing tools could be further developed.
- **Providing income replacement to quarantined workers who cannot work from home.** To support quarantined workers unable to work from home, regulations should be adapted to ensure that quarantined workers have access to paid sick leave and that non-standard workers in quarantine receive support. Ensure the reimbursement of employers if they provide paid sick leave to quarantined workers.
- **Helping women, workers and families with caring responsibilities.** The closure of schools and childcare facilities will compound difficulties many women face in balancing work and family. Offering public childcare options to working parents in essential services, such as health care, public utilities and emergency services is of essential need. Offering direct financial support to workers who need to take leave and giving financial subsidies to employers who provide workers with paid leave could help alleviate the burden.
- **Securing workers' jobs and the economic viability of firms.** Implement measures to secure jobs and incomes and grant firms flexibility to quickly recruit staff replacements, where necessary. Simplify procedures and provide easy access to online information for employers, promoting the uptake of online training to invest in the skills of employees during the downturn.

- **Providing income support for those losing their job or their self-employment income.** Provide easier access to benefits targeted at low-income families and consider one-off payments to affected workers. Other options include reviewing the content and/or timing of reforms restricting access to unemployment benefits that are already scheduled and helping economically insecure workers stay in their homes by suspending evictions and deferring mortgage and utility payments.
- **Tailor support to the needs of women and youth:** Women and youth will likely suffer the most from business shutdowns in a number of sectors where they are typically over-represented, such as restaurants, hotels, passenger transports, personal care services and leisure services. Moreover, women across Southeast Europe are also more vulnerable to job and income loss as result of the COVID-19 crisis, as they are more likely to have informal, part-time and precarious jobs than men due to the additional care burden they assume. This situation warrants specific support measures tailored to the needs of women and youth.
- **Providing financial support to firms affected by a drop in demand.** In particular, small businesses and the self-employed, including shops, restaurants and the cultural sector, can benefit from deferring tax and social contribution payments and setting up financial facilities to temporarily support companies' liquidity.

Impact on education in the Western Balkans

School closures due to the COVID-19 pandemic create important challenges for education systems, students and families, especially for those already facing specific structural challenges. In the six Western Balkan economies, these include low participation in early childhood education, skills mismatch, low attractiveness of the teaching profession and teachers' low participation rate in professional development activities (OECD, 2018_[17]). Those structural challenges have translated into low student performance. Students' performances for reading, mathematics, and science in most of the six Western Balkan economies are in the bottom quartile of the 2018 PISA sample (OECD, 2019_[18]). The current conditions, and notably the closure of schools and the switch to home schooling, can exacerbate additional challenges for the Western Balkan economies related to the possibility of home-based school learning. Table 2 shows the extent of those challenges, namely:

- **A high number of students do not have the necessary digital devices available to use at home for distance learning:** Approximately 27% of 15-year-old students in Albania and 9% in Serbia did not have a desktop computer available to use at home (OECD, 2019_[19]). Similarly, about 32% of 15-year-old students in Albania and 17% in Serbia did not have a portable laptop or notebook available to use at home (ibid).
- **A high number of students do not have an Internet connection available to use at home:** 14% of 15-year-old students in Albania and still about 3% in Serbia did not have an Internet connection available to use at home (ibid).
- **A largely insufficient availability of effective online learning support platforms:** On average, only one third of 15-year-old students in the six Western Balkan economies are enrolled in schools whose principal affirmed that an effective online learning support platform is available (ibid). The situation is even more severe in Kosovo and North Macedonia where less than one quarter of students are enrolled in schools with an effective online learning support platform (ibid).
- **A high number of teachers lack the necessary skills to integrate digital devices in their teaching:** On average, about one quarter of 15-year-old students in the six Western Balkan economies are enrolled in schools in which teachers do not have the necessary technical and pedagogical skills to integrate digital devices in instruction (ibid).

Table 2. Relevant PISA 2018 data on the possibility of home-based school learning in the WB6

	ALB	BIH	KOS	MNE	MKD	SRB	WB6 average	OECD average
Percentage of students who have a desktop computer available to use at home	72.9	..	..	..	..	90.8	n/a	73.5
Percentage of students who have a portable laptop or notebook available to use at home	67.9	..	..	..	..	82.7	n/a	87.5
Percentage of students who have an Internet connection available to use at home	86.0	..	..	..	..	97.3	n/a	96.5
Percentage of students in schools whose principal agreed or strongly agreed with the following statements:								
An effective online learning support platform is available	32.2	33.6	22.0	49.3	24.5	40.0	33.6	54.1
Teachers have the necessary technical and pedagogical skills to integrate digital devices in instruction	89.3	66.8	72.2	75.6	78.6	70.6	75.5	64.6
Teachers have sufficient time to prepare lessons integrating digital devices	79.8	81.7	80.4	88.4	80.4	79.5	81.7	60.9

Note: = data not available.

Source: OECD (2019), *PISA 2018 Database*, www.oecd.org/pisa/data/2018database/.

COVID-19 measures to continue school education

The Western Balkan economies have responded to the COVID-19 crisis by taking a variety of measures intended to ensure continued schooling of students despite the closure of schools (see Annex). While the specificities of the measures differ, the approaches taken by the Western Balkan governments have generally been centred on the following elements:

- **Distance learning:** All Western Balkan economies have begun initiatives utilising distance-learning platforms to enable students to continue to access lessons and educational material while the schools remain closed. The widespread lack of functional online learning platforms in the region has limited WB6 economies' ability to immediately transition to online platforms. Consequently, in most Western Balkan economies, distance learning is primarily offered via televised pre-recorded lessons played on major TV channels. Although few Western Balkan economies use online platforms as their primary distance learning tools, many have deployed digital libraries and databases of course material that students can use at home.
- **Access to computers and internet:** Without these necessary technologies, students -- particularly those from low-income households -- will be unable to participate in more dynamic forms of distance learning. They are therefore less able to sustain their academic growth while schools are closed. To address this issue, Serbia now requires schools to provide any students who lack home computers with printed materials or school resources such as computers or tablets. Likewise, two Western Balkan economies (Kosovo and Bosnia and Herzegovina) have collaborated with internet service providers to give students free internet connections for the duration of the COVID-19 crisis.
- **Training for teachers:** Since the onset of the crisis, only Serbia has provided teachers with comprehensive, weekly training on how to fully utilise distance-learning tools to interact with students manage assignments and coursework and continue to track students' academic progress.
- **Modified academic calendars:** Serbia has modified its academic calendar such that primary and secondary students will take Spring break at different times. This enables the targeted transmission of lessons for specific age groups, thus enabling students to access a greater degree of learning materials in a given day.
- **Support for parents:** Two of the Western Balkan economies (Serbia and North Macedonia) now provide educational materials for parents that give advice on how to help their children study, utilise distance-learning platforms, access course schedules and maintain their and their children's mental health.

Policy priorities

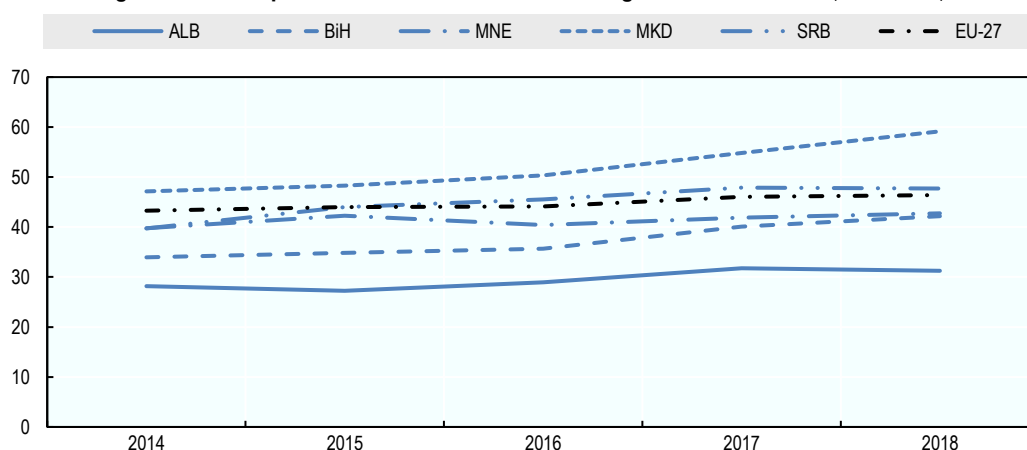
In the context of closures necessitated by the COVID-19 pandemic, the Western Balkan economies should continue to mobilise different forms of online education and education resources. Economies should use their existing online distance courses whenever possible, encourage education technology companies to make their resources freely available, diversify the modes of delivery depending on age and capacity, and encourage teacher collaboration. In addition, the following should consider the following recommendations, which are based on the OECD policy brief on education responses to COVID-19 through digital learning and online collaboration (OECD, 2020_[20]):

- **Promote remote learning:** Ensure that teachers can remotely teach their students by utilising existing online distance learning platforms or, if necessary, developing new platforms as quickly as possible to minimise the effect of the crisis on student learning outcomes.
- **Use all electronic means as appropriate:** While all Western Balkan economies are now providing televised lessons to students, it may be necessary to stream courses on multiple channels to accommodate the broad needs of all age groups. To overcome the limitations of televised lessons, Serbia has rescheduled students' Spring break so that primary and secondary students go on break at different times, enabling them to access targeted televised courses.
- **Collaborate with private educational platforms.** One difficulty with existing resources is that their massive use is not always possible simultaneously. Some private sector platforms have already made their resources and services freely available to some schools to expand economies' response capacity. Likewise, free online education platforms such as [Khan Academy](#) offer lessons on a range of subjects in a variety of languages.
- **Help students gain access to the necessary equipment for remote learning.** Public institutions and the private sector can be called on to donate equipment (computers, tablets, smartphones) and to ban fees for the instalment and subscription to internet to students that would otherwise be excluded from online and remote learning opportunities.
- **Collaborate internationally to mutualise existing online educational resources.** While economies and sometimes regions within them have different curricula, they tend to teach similar subjects and could consider translating and using foreign digital resources aligned with their curriculum. Although educational curricula may not align perfectly, the many common languages spoken among Western Balkan economies provide many opportunities to co-ordinate efforts and share online educational resources.
- **Provide teachers with digital learning opportunities.** Economies may provide or facilitate teachers with online teacher training resources on how to teach online but also with online collaborative platforms that allow them to share their resources and give and receive peer feedback.
- **Modify academic calendars as necessary.** Modified vacation schedules may enable limited distance learning capacity to be used more effectively. Depending on the success of remote learning, consider extending classes beyond the regular school year/after the lifting of the school and university closures to minimise impacts on students' future education performance and job prospects, especially for those graduating from middle school, high school or university.

Impact on trade in the Western Balkans

The negative effects of the pandemic will be uniformly felt across the world, but for smaller economies that are more integrated into the world's trade the immediate effects may be more severe. This is the case for the Western Balkans (with the exception of Albania), as they are more open to trade and have a high reliance on cross-border financial flows. This increases the region's exposure to global reduced demand and to disruptions in global supply chains (Figure 8). North Macedonia is particularly exposed in that regard, as foreign inputs represent a major share of exports. In 2018, its foreign value added in exports accounted for almost 15% as a share of GDP – the highest in the region.

Figure 8. Trade openness indicators: total trade in goods and services (in % of GDP)

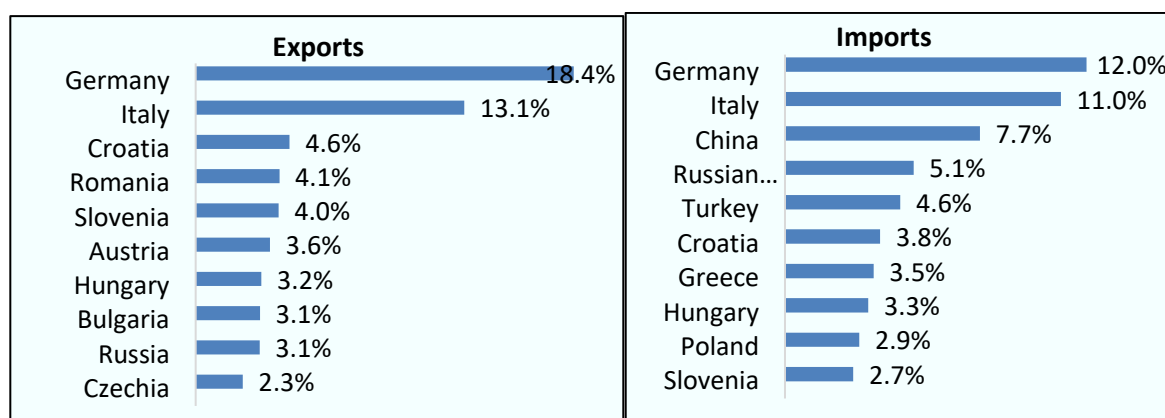


Note: No data available for Kosovo.

Source: UNCTAD statistics.

The spread of COVID-19 across the European continent precipitated a range of tough measures among EU member states, especially the closure of the EU borders to non-EU citizens. These restrictions negatively affect the industry and the trade of goods and services in the Western Balkan economies, where trade with the EU accounts for an average of 70% of imports and 80% of exports (Figure 9.).

Figure 9. Top 10 export and import destinations for WB6 (latest available, 2018)



Source: OECD report Global South East Europe: Unleashing the Transformation Potential for Growth in the Western Balkans (2019).

The situation has been further complicated by the fact that the Western Balkan economies have also introduced some restrictive – and often uncoordinated – measures for movement of people and goods. Measures, which, combined with the ones taken by the EU, are increasing the congestion at some border-crossings further slowing trade flows.

Trade with the EU, however, is more significant than intra-regional trade both in volume and value added. Thus, in light of the COVID-19 crisis, the main challenge of the Western Balkan economies is to keep all partners linked and to ensure continuous connections with the EU members to guarantee essential trade flows. Trade is further reduced by the domestic demand impacted by the loss of income and insecurity related to the confinement and shutdown.

Forced shutdowns and partial unemployment caused by the COVID-19 crisis also have consequences linked to the GVC density. The strong containment measures and the total cessation of industrial production in certain regions of China have resulted in a slowdown in the flow of certain goods, including strategic spare parts for the region's industry. The automotive industry in Serbia, for example, had to stop production for this reason.

The extent of the impact on the Balkan economies and the length of their recovery will be concomitant with the duration of the regulatory measures taken to limit the outbreak of the COVID-19. Prolonged quarantines and businesses shutdowns can lead to a substantial loss of production capacity.

Policy Responses

As an attempt to coordinate efforts on the regional level, Western Balkan economies have established a coordination body tasked with the exchange of all information related to trade in goods. The body consists of representatives of ministries in charge of trade and customs administration. Some of the Western Balkan economies introduced priority "green lanes" that facilitate the free flow of goods of first necessity – through the "green" priority border/common crossing points is being granted. In the wake of the COVID-19 crisis, the Permanent Secretariat of the Transport Community is monitoring the stream of traffic at the border crossings within the region. To mitigate the negative effects of this economic downturn on national levels, governments have taken budgetary measures to support their economies.

Faced with the fear of shortages or runaway price, some economies have introduced measures to regulate the costs of certain necessities (as in North Macedonia), some implemented export bans, in addition to the bans already present for strategic medical products and devices for the fight against the COVID-19 (as in Serbia).

Policy Priorities

The policy measures introduced in the Western Balkans have so far aimed to address the urgent challenges, focusing primarily on the survival of local businesses. However, other structural policy measures would be also to strengthen the industry and trade of goods and services in the region.

- The Western Balkans governments should further develop **regional co-ordination mechanisms** to monitor the crisis' impact on trade and to assess the efficiency and efficacy of different policy measures. In particular, monitor the various export bans that could potentially destabilise trade in the region. Close co-operation with the private sector, especially chambers commerce and sector associations, is also key to designing successful long-term plans and the most needed policy measures.
- The Western Balkans should also focus their regulatory efforts on **preserving the flow of goods and services** in the region and with EU Members States - within the limits of what is possible considering the health challenges. Un-impeded transport at border key points will be crucial to maintain availability of goods, in particular of essential goods such as food supplies, livestock, animal food, chemicals and vital medical supplies and equipment that the region largely imports from the EU during the time of the crisis but also goods embedded into GVCs and necessary for the local industries' production.
- Even more than in ordinary times, the jurisdictions of the region should redouble their efforts to **overcome tariff restrictions** – or associated measures such as tariff reciprocity – that are not economically justified. In particular, those imposed on basic supplies whose shortage could lead to a runaway price.
- Additional scrutiny on diversification of supply chains should be assessed in the aftermath of the COVID-19 pandemic. The region should also scale up trade flows of certain products, as companies worldwide will reevaluate their dependence to highly concentrated supply chains, which will open new markets.

Impact on SMEs in the Western Balkans

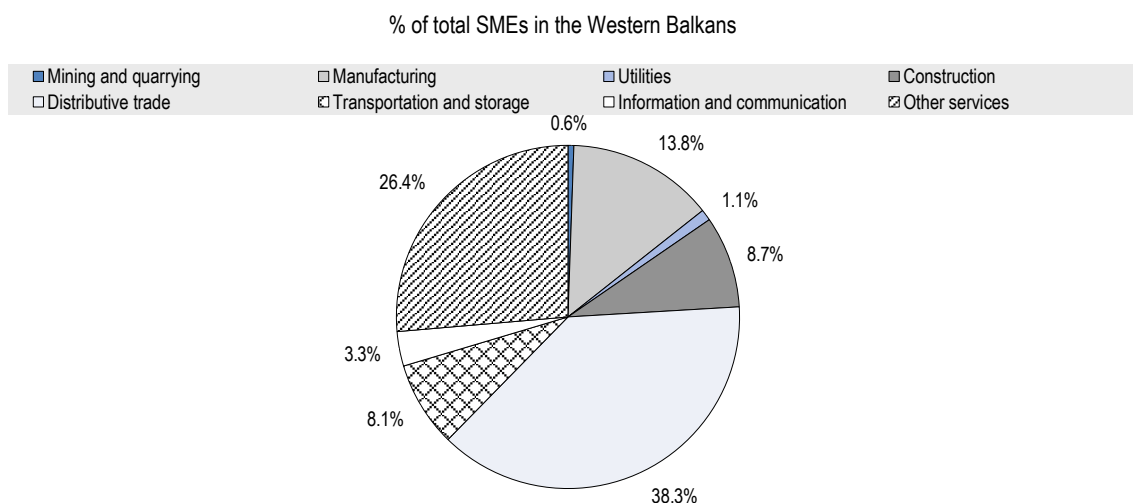
SMEs in the Western Balkans make up 99% of all firms, generate around 65% of total business sector value added and account for 73% of total business sector employment (OECD, 2019_[12]). Given their substantial contributions to the economy, providing support to the private sector will be very important to cushion the economic downturn and to preserve jobs.

Until now, there is very limited empirical evidence available on how the COVID-19 crisis has affected SMEs in South East Europe. However, based on emerging evidence from the OECD countries, it can be extrapolated that SMEs in the region will also face **severe losses in revenues** and have limited financial resources to withstand a long-lasting

crisis (OECD, 2020^[21]). Reduced customer demand will lead to **cash-flow problems**, threatening the survival of a wide swathe of SMEs.

Just under 15% of all SMEs in the Western Balkan operate in the manufacturing sector (Figure 10). Especially those operating in export-oriented sectors, such as the automotive and machinery, are likely to be severely affected by **supply-chain disruptions**. These SMEs are dependent on imported components and raw materials to produce and export the final products. Given the region's close trade links to Italy, one of the most affected countries by the COVID-19, SMEs in the Western Balkans are especially vulnerable.

Figure 10. Distribution of SMEs by sector (2017 or latest year available)



Note: Data for the agriculture, forestry and fishing sector are not available and thus not reflected in the sectoral distribution. The sector classification generally follows the NACE Rev.2 classification of productive economic activities.

Source: SME Policy Index: Western Balkans and Turkey 2019.

Policy responses

In the short term, **developing measures to address SMEs' cash-flow problems** is vital. This would prevent businesses from going bankrupt, and avoid a long-term economic depression and recession in the aftermath of COVID-19 crisis. The measures adopted by the Western Balkans are largely aligned with those taken across the OECD states to mitigate the immediate challenges faced by SMEs crisis (OECD, 2020^[21]). Some of these policy measures are summarised below:

- Financial Instruments:** providing **guarantees** on loans and introducing dedicated **working capital credit lines** can ease SMEs access to finance by allowing them to cover operational costs, such as staff salaries and rents. Several economies in the region, such as Albania, Bosnia and Herzegovina and Kosovo, already offer guarantees. In contrast, North Macedonia and Montenegro established dedicated funds for SMEs, providing credit with simplified application procedures and relaxed eligibility criteria. Serbia is the only economy in the region that provides both state guarantees and direct loans (see Table 1). As the current fiscal space in the Western Balkan economies is comparatively limited, the feasibility of large-scale **grant** and **subsidy** programmes is questionable. Nonetheless, a number of economies in the region already subsidise rent payments (Kosovo) and employee salaries (Bosnia and Herzegovina, North Macedonia and Serbia) for the period of April and May.
- Deferrals:** All economies in the region have introduced measures towards the deferral of various payments, such as **income tax, social security** or **utility** (see Table 3 for more details). Bosnia and Herzegovina, Montenegro and Serbia, implemented a temporary moratorium on debt repayments. Until now, deferral measures have been not accompanied by tax reliefs. Going forward, if the intensity of the crisis deepens, waiving tax liabilities may be another potential policy tool to be adopted by the region's policy-makers. Moreover, as deferrals do not generally differentiate between sectors, policy-makers can gradually tailor and

extend those deferrals for those SMEs most affected by the crisis. Given the tourism and transportation sectors' significant contributions to the Western Balkan economies and their susceptibility to the crisis, customised sector-specific measures may be gradually warranted. Until now, North Macedonia is the only economy in the region, which have limited the eligibility of some of support measures, including deferrals, to some sectors, such as tourism, transport and hospitality.

Table 3. Overview of Policy Responses targeted at SMEs

	Financial Instruments			Deferral options					
	Loan Guarantee	Direct lending	Grants and Subsidies	Income/corporate tax	Value Added Tax (VAT)	Social security and pension contributions	Rent/utilities/local tax	Debt Moratorium	Rent/Utilities/Local Tax
ALB	X			X			X		
BiH	X		X	X				X	X
KOS	X		X	X					X
MNE		X		X	X	X		X	
MKD		X	X						
SRB	X	X	X		X			X	

Source: The OECD prepared this table based on official sources. Given the rapid developments of events and measures, the information in the table may not be comprehensive or fully up to date.

Policy Priorities

The policy measures introduced by the Western Balkans have so far aimed to address the urgent challenges faced by SMEs, focusing primarily on their survival. However, other structural policy measures would be also needed to further strengthen the resilience of SMEs and support their growth. Some priorities with a view to ensuring a comprehensive and sustainable policy response to SMEs' competitiveness are elaborated below:

- Establish governance mechanisms to ensure a whole-of-government approach:** The Western Balkan governments could set up co-ordination mechanisms to better monitor the crisis' impact on SMEs and to assess the efficiency and efficacy of different policy measures. SME Development agencies across the region are well-positioned to assume a leading role in such mechanisms, as they design and implement most of the support schemes for SMEs. Close co-operation with the private sector, especially chambers commerce and sector associations, is also key to creating successful long-term plans and the most needed policy measures for SMEs.
- Step-up the efforts on digital transformation in SMEs:** In the wake of COVID-19 crisis, digital solutions became critical for SMEs to mitigate the crisis' negative effects and business disruptions. Therefore, the Western Balkans are encouraged to intensify SME digitalisation support that would promote the adoption of teleworking practices and ICT technologies among SMEs. These would help SMEs manage remote working, digital payment options, and protect their business with increased cybersecurity. Supporting adoption of digital technologies and practices will not only help SMEs overcome the immediate challenges caused by COVID-19, but they will also enable SMEs strengthen their post-crisis competitiveness.
- Support SMEs to diversify their markets, by encouraging uptake of e-commerce:** As the percentage of SMEs selling on line is already below 10% in several economies across the region, the governments can enhance their support in helping SMEs build an online presence using e-commerce or digital marketing (OECD, 2019_[12]). The pandemic crisis offers a valuable opportunity as many SMEs are forced to diversify their customer base and to enter new markets. Therefore, it is timely to change perspectives on e-commerce by offering more information to SMEs on the benefits to their business of harnessing e-commerce's potential. A simple centralised website with readily accessible and relevant information on e-commerce could help SMEs better navigate and engage in the digital landscape and understand the regulations and support that

apply to them. Moreover, co-financing mechanisms can be introduced, easing SMEs access to e-commerce sites and portals.

- **Embed the green agenda into new support initiatives:** As the public support to enterprises proliferate in the Western Balkans, the region's policy-makers can capitalise on their increased influence to transform the SME sector with a view to driving its transition to a low-carbon economy. The government can tie the eligibility for grants, subsidies and soft loans to increased environmental performance and to the introduction of green business models.
- **Continue enhancing insolvency regimes:** Despite all the policy measures to mitigate the crisis impact, Western Balkan economies can still expect a jump in bankruptcy proceedings once the state-of-emergencies across the region are lifted. This will then undoubtedly put a lot of pressure on bankruptcy courts, causing further delays in resolving insolvency. Further efforts will be needed to reduce the time and cost of bankruptcy by simplifying proceedings and increasing the use of out-of-court settlement systems (OECD, 2019_[12])

Annex - Summary social and economic measures implemented in the SEE region

Table A. 1. OECD prospective members / EU member countries

Measures	Bulgaria	Croatia	Romania
State support package	The government's priority is to increase funding for the health sector response. The biggest measures to assist the private sector are the salary subsidy for workers whose jobs are under threat and programmes put in place to ensure firm liquidity. Government pays 60% of salaries for employees facing being laid off.	On 17 March, the government announced a support package worth around HRK 30 billion (EUR 1.3 billion). Measures include purchasing surplus output of threatened businesses in agriculture and industry, authorized delays in tax payments, support to employment, the health sector and tourism industry.	A stimulus package amounting to around 2% of GDP has been announced on March 18. The payment deadlines for local taxes (cars, building, and land) have been postponed to end of June. Interest and penalties on due and outstanding fiscal obligations are suspended. New measures are expected to be announced soon.
Financial support measures	The Bulgarian National Bank has introduced measures of BGN 9.3 billion (Eur 4.7 billion) to strengthen the resilience of the banking system. Bank vacancy for credits taken before the crisis.	On 20 March, the Croatian National Bank (CNB) adjusted its regulatory framework and monitoring activities to support liquidity of commercial banks. On 23 March, it lowered its mandatory reserve requirement by HRK 10.5 billion (EUR 1.3 billion). The CNB also purchased government bonds and sold foreign exchange to maintain exchange rate stability.	The National Bank of Romania announced a package of measures on March 20. It includes a cut in the policy rate by 0.50 pp (to 2%), a cut in the lending facility rate by 1 pp (to 2.5%) while the deposit facility rate is maintained at 1.5%. It also includes the provision of liquidity to credit institutions through repo transactions and the purchase of government securities. Credit institutions are allowed to temporarily reduce or suspend loan amortisation payments without applying the regulatory provisions on the level of indebtedness, the loan-to-value limit, and the maximum maturity of consumer credit. Loan payments can be suspended for 9 months for individuals and firms affected by the outbreak.
Business support policies	Liquidity support to firms is planned. Salary subsidy for workers whose jobs are under threat. Corporate income tax returns for 2019 have been delayed by three months	The government exempts companies from the payment of income tax and contributions with a revenue threshold of HRK 7.5 m. (93% of businesses), who lost 50% of revenue.	New measures were announced on March 26, including tax deductions on the corporate income tax and temporary VAT exemptions on imported medical and sanitary devices to prevent, limit and combat COVID-19.
Social support measures	Self-employed people will receive interest free loans (750 euros/month with five years grace period).	The government subsidizes the salaries of workers who cannot come to work due to the epidemic with a sum of HRK 4000 (EUR 524) per worker, in order to maintain employment.	Employees temporarily laid off in firms affected by the outbreak will receive at least 75% of their gross salary (up to 75% of the average gross wage). RON 4 billion have been allocated which could cover 1 million employees according to official estimates. Paid leave will be granted to parents in response to the temporary closure of schools when working from home is not possible.
Health support measures	.Additional payment of BGN 1000 a month (Eur 500) for doctors and nurses. New mobile application <i>Virusafe</i> launched to collect and centralise public health data.	Interventional procurement of essential health supplies (masks, medicinal alcohol, respirators), as part of the overall government support package.	The budgets of the Ministry of Health and the Ministry of Internal Affairs increased by RON 392 million and RON 100 million respectively. The Ministry of Finance will grant a loan of RON 1.15 billion for the emergency purchase of equipment. A mobile hospital has been built near Bucharest to accommodate potential patients. The Ministry of Defence launched a recruitment campaign of medical staff.
Credit support measures	Liquidity support to firms announced. An increase of BGN 700 m. is provided to the BDB's capital, which includes BDB portfolio guarantees in the amount of BGN 500 m. (EUR 255 m.), to provide them to commercial banks to allow them to give more flexible conditions for business loans and BGN 200 m. (EUR 102 m.) for guaranteeing non-interest consumer loans up to BGN 1500 (EUR 765) for employees who have gone on unpaid leave.	Introduction of a stand-still on enforced debt collection by creditors. Other measures to support liquidity mentioned above.	The State guarantee scheme has been expanded and subsidised interest rates for small and microenterprises will be temporarily allocated. SMEs obtaining an emergency certificate can benefit from an extension of the payment deadlines for utilities services (electricity, natural gas, water, telephone and internet services) and rents. Penalties related to delays in the execution of public contracts have been suspended.

Table A. 2. OECD partners / Western Balkan economies / EU (pre-) accession region

Measures	Albania	Bosnia and Herzegovina	Kosovo*	North Macedonia	Montenegro	Serbia
EU support package	EUR 4 million of immediate support for the health sector and EUR 46.7 million of support for the social and economic recovery	EUR 7 million for immediate support to the health sector and EUR 73.5 million of support for the social and economic recovery.	EUR 5 million for immediate support to the health sector and EUR 63 million of support for the social and economic recovery.	EUR 4 million of immediate support for the health sector and EUR 62 million of support for the social and economic recovery.	EUR 3 million of immediate support for the health sector and EUR 50 million of support for the social and economic recovery.	EUR 15 million of immediate support for the health sector and EUR 78.4 million of support for the social and economic recovery.
State support package	As of 20 March, the government put in action a plan to address the financing needs of those directly affected, including: USD 10 million, as a reserve fund to the Council of Ministers for any unforeseen emergency.	FBiH Development Bank established a Guarantee Fund with initial reserves of up to BAM 80 million (~EUR 40 million). As of 7 April, FBiH also approved the allocation for a total of BAM 7 million (~EUR 3.5 million) to the Federal Civil Protection Administration and the Federal Civil Protection Headquarters.	A large-scale emergency fiscal package was approved on 30 March outlining measures supporting individuals, firms and municipalities affected by the crisis.	MKD opened a "solid COVID-19 fund" to collect donations from the civil society. The government implemented a fiscal package (0.2% of GDP) to help address firms' liquidity problems and protect jobs, targeted to affected sectors such as transport, hotel and restaurants for three months starting in April.	Creation of a new Investment and Development Fund of Montenegro credit line designed to improve the liquidity of self-employees, micro, small, medium and large companies up to a maximum amount of 3 million EUR per user. By a simplified procedure, without approval fee and with an interest rate of only 1.5%.	As of 1 April, the government has announced EUR 5.1 billion (11 percent of the national Gross Domestic Product) financial package to support the economy. As of 25 March, the government has announced the investment of RSD 24 billion (EUR 200 million) in infrastructure projects.
Financial support measures	The government will permanently erase late payment interests for active debtors who are current energy consumers, family or small business, with a financial effect of up to USD 150 million.	Deadlines in FBiH for Corporate and annual income tax returns, Contribution Specifications, and statements in the Federation are postponed until 30 April. The deadline for filing annual tax returns in RS is extended to 30 April. Price controls were instated on 2 April that regulate margin limits for specific good and products, and penalties for retailers.	Social welfare recipients will receive double payments for Apr-May (7.65m EUR total budget)	<i>Support to salaries and firm liquidities:</i> MKD initiated support on salaries by subsidizing contributions to employees of companies, for the months of April, May and June of 2020. The support takes different forms according to the sector of activity.	Deferral of loan repayment at the request of the individual or business with all banks, micro-credit institutions and the Investment and Development Fund of Montenegro for a period of 90 days.	Three-month deferment of labour taxes and social security contributions for all private companies, to be repaid in 24 instalments starting from 2021 (RSD 140 billion). Deferment corporate income tax advance payment during the second quarter of 2020.

Measures	Albania	Bosnia and Herzegovina	Kosovo*	North Macedonia	Montenegro	Serbia
Business support policies	<p>The government will reschedule the profit tax deadline to the second half of 2020 for all businesses with a turnover between USD 20 to 140 thousand.</p> <p>Postponement of balance sheet submission up to 1 June 2020 for businesses submitting balance sheets to NBCs online or directly.</p> <p>USD 100 million, through the instrument of a sovereign guarantee, for companies that have difficulties in paying employee salaries.</p>	<p>Businesses in FBiH are entitled to subsidies in the amount of BAM 245 (~EUR 120) per month, per employee. The obligation to make advanced payments on corporate income tax for businesses and self-employers is abolished. Lease amounts are decreased by 50% for business premises managed by the FBiH Office of Joint Affairs.</p> <p>Corporate income tax liabilities in RS are postponed until 30 June. All borrowers from the Investment and Development Bank of RS are granted 3 month repayment moratorium. The Ministry of Agriculture has also allocated BAM 2.2 million (~EUR 1.1 million) in loans to encourage agricultural output for small producers.</p>	<p>Eligible firms will receive 170 EUR per month per employee for March and April (41m EUR total budget) 50% subsidy for SMEs rent for Apr-May (12m EUR total budget) Interest free borrowing for public enterprises (20m EUR total budget) Credit guarantees up to 10k EUR for micro-enterprises and self-employed individuals Ministry of Agriculture, Forestry and Rural Development allocated 5m EUR for grants and subsidies to increase agricultural production 260 EUR award to firms that hire new employees on >1 year contract during the crisis</p>	<p>The government issued various decisions supporting the tourism sector in conjunction with the creation of the Tourism Fund, which is currently valued at a total of 74 million dinars (EUR 1.2 million).</p> <p>Bankruptcy Debtors will not be subject to bankruptcy proceedings for the duration of the state of emergency.</p>	<p>Deferral of the payment of personal income tax and social security contributions as well as other tax liability (free of interest charge or any other sanctions for late payment).</p>	<p>Monthly salary for all SMEs employees and entrepreneurs for a period of three months (RSD 97 billion) and similar support but 50 percent of the net minimum wage for employees in large private sector companies and for employees who are currently not working (RSD 4 billion).</p>
Social support measures	<p>USD 65 million for the most immediate needs for the most disadvantaged part of the population, for small businesses and for the potential unemployment due to the virus.</p> <p>The unemployed jobseekers who were receiving unemployment benefits before March 10 will be</p>	<p>FBiH will cover minimal salary contributions to all employees in the real sector (from March until one month after the end of the state of emergency), while in the RS, in addition to the full salary contributions (March) and minimal salary contributions (April for now), the taxes will also</p>	<p>Monthly payment of 130€ from Apr-Jun to individuals who lose their job due to COVID-19</p> <p>Kosovo is giving workers at pharmacies, grocery shops and bakeries an extra EUR 100.</p> <p>The amount for social assistance</p>	<p>MKD will pay a monthly allowance of 50% of the average monthly net salary for the last 24 months to employees who lost their job due to COVID-19.</p> <p>For unemployed or part of the informal economy citizens, MKD will provide fast access to the social protection system for April and May. They will receive an average of 7,000 (EUR113) dinars per household. (20,000</p>	<p>One-off financial support in the amount of EUR 50 to beneficiaries of material assistance and beneficiaries of pension and disability insurance who receive the minimum pension.</p> <p>During the shut-down of schools and kindergartens,</p>	<p>One-off financial assistance to all pensioners and temporary benefit beneficiaries (RSD 7 billion).</p> <p>Universal cash transfer of EUR 100 to each citizen over 18 years old (about RSD 70 billion).</p> <p>Simplified procedure for paid leave longer than 45 days during the state of emergency.</p>

Measures	Albania	Bosnia and Herzegovina	Kosovo*	North Macedonia	Montenegro	Serbia
	<p>able to process their demands online, and citizens that were unemployed after March 10 will be able to exceptionally apply online and receive unemployment benefits.</p> <p>Families with social assistance will receive double of the normal amount.</p> <p>2.3% increase of pensions reaching a total of USD 21 million.</p>	<p>be covered by the government for those subjects who are the most affected by the crisis (merchants, caterers, small entrepreneurs).</p> <p>In the RS, annual income tax liability for 2019 (due for payment on 31 March 2020) is temporarily delayed until 30 June 2020.</p>	<p>doubled and those who receive social assistance under EUR 100 will receive an additional EUR 30.</p> <p>Budgetary increase of 5m EUR for the Ministry of Culture, Youth and Sports to support cultural and sports activities affected by the crisis</p> <p>The government will cover pension contributions for Apr-May.</p> <p>Deferral of public utilities until the end of April</p> <p>Extended deadline for tax declarations until end of April.</p>	<p>households are targeted)</p> <p>The payment of rent for social housing and the payment of rent will be postponed for all users</p>	<p>one parent of a child not older than 11 years of age is entitled to a paid leave from work, with the exception of healthcare employees, and employees in certain state institutions</p> <p>Sick leave was allowed to be extended to 30 April 2020 by GPs (normally, a committee is required for this long extension).</p>	
Health support measures	<p>USD 25 million for the fight against the virus, made available to the Ministry of Health for medical equipment and materials or support of medical staff.</p> <p>Ban of export of drugs and medical devices except special authorisation provided by the Minister of Health.</p>	<p>EUR 7 million of immediate support for the health sector is reserved by the EU (EUR 2 million already received from the EU and UNDP for immediate medical needs of BiH, i.e. purchase of 80 respirators, testing kits and personal protective equipment).</p>	<p>EUR 6 million additional budget allocation for the Health Ministry</p> <p>Vital personnel such as doctors, police and firefighters receive extra 300 EUR per month (15m EUR total budget)</p>	<p>The government has requisitioned all the masks available from private companies to redistribute them to medical personnel.</p> <p>Ban of export of medical devices and material needed for tackling COVID-19 crisis, unless authorised by Ministry of Health.</p>		<p>10 % wage increase for public healthcare sector (RSD 13 billion, which is equal EUR 110 million) and increased healthcare spending in the amount of RSD 12 billion (EUR 100 million).</p>
Educational Support Measures	<p>Albania has developed a range of televised courses for primary and secondary students that are aired on national TV channels.</p>	<p>FBiH has partnered with UNICEF to provide free digital distance learning tools for students as well as training materials for teachers. These</p>	<p>The government is currently developing an online learning platform that can be used by students unable to attend school due to the</p>	<p>The government has developed an online learning portal where students can access recorded classes, live lessons and play-based learning activities: http://eduino.gov.mk/.</p> <p>Likewise, in partnership with UNICEF, the</p>	<p>The government developed the #UciDoma (learn from home) initiative to provide students with distance learning and online courses due to school</p>	<p>Nearly 1000 hours of lessons for early education, primary, secondary and vocational students were recorded and are televised daily on a number of national TV channels.</p>

Measures	Albania	Bosnia and Herzegovina	Kosovo*	North Macedonia	Montenegro	Serbia
	Distance learning is also available via online platforms such as google classroom, zoom and edmodo, and is organised at the school level.	materials constitute an informal curriculum and are largely available in English rather than the official languages of the economy. RS has taken steps to provide all students with free internet access and home computers. Distance learning is provided via an e-teaching portal while 2000 virtual classrooms have been established on Onedrive.	COVID-19 crisis. At the moment, learning materials are shared via online learning platforms such as moodle but recorded courses will be televised on TV channels. Likewise, the government is currently working with internet service providers to provide all students with free internet access so that they can participate in online distance learning activities.	government has established an online database of free picture books, worksheets and teaching materials in multiple languages available to all parents and teachers. Finally, the government has an online library with materials specifically designed for pre-school and early primary school aged children in Macedonian, Albanian, Turkish and Bosnian.	closures related to the COVID-19 crisis. The initiative provides students distance learning materials via a number of mediums, including over 300 online courses and televised lessons in a number of subjects on three national TV channels. All courses will also be made available on a dedicated YouTube channel.	Schools are required to provide any students who lack home computers with printed materials or school resources such as computers or tablets. Weekly trainings are available to help teachers develop skills related to distance teaching. A centralised portal provides information on the televised class schedule and links to pre-recorded video content.

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