



# COVID-19 Impact in the Western Balkans

*Deep-dive in Albania and how the  
pandemic impacted the SDG's*

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## Executive Summary

The COVID-19 impact assessment on the Western Balkans countries, focusing on SDG impact, is developed through close collaboration with UNECE, UN Country Team in Albania, and INSTAT, which has provided and validated the data presented. The assessment presents the current situation of all the countries evaluated up to the 31<sup>st</sup> of January 2021, highlighting the gap created by the pandemic towards the Agenda of 2030.

This assessment is focused on three main points. Firstly, it presents to what extent did the pandemic impact the world, highlighting the indicators affected the most. Secondly, the assessment will converge into the Western Balkan countries and how COVID-19 impacted the region. Finally, this paper deep-dives into a critical analysis of how the pandemic impacted Albania, Kosovo<sup>1</sup>, North Macedonia, Serbia, and Montenegro, highlighting what indicators were impacted and to what extent.

Albania is the primary focus of this assessment, and more extensive research is conducted in analysing and evaluating how COVID-19 impacted sectors of the industry and how the Government has intervened by introducing several support packages mitigating the risk.

The country comparison provides a clear view of how each Government has reacted to mitigate the risk by providing support packages impacting macro-economic factors. There has been a significant increase in Government expenditure and debt, aiming for a smoother transition to new normality due to the pandemic.

The COVID-19 impacted all the economies throughout the Western Balkan countries, but not to the same extent. Serbia's economy has shown a better response to the pandemic compared to the other countries in this assessment. In addition to that, Kosovo is the only country to benefit from a significant increase in remittances during the pandemic.

The strict Government measures leading to a total lockdown introduced a new way of learning through digitalisation and virtual learning. However, Western Balkan countries were not prepared for such a rapid change and the vulnerable groups were the most impacted, by not being able to follow classes anymore.

Prior to the pandemic outbreak, gender equality was on the right track as per the 2030 Agenda, with fewer girls being forced into early marriage and more women entering leadership roles. However, women's wellbeing has suffered during the COVID-19 outbreak, with incidences of domestic violence increasing up to 30% in some countries and a greater demand on women for unpaid care work

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<sup>1</sup> References to Kosovo shall be understood to be in the context of Security Council Resolution 1244 (1999)

## COVID-19 – How it impacted the World

The COVID-19 outbreak introduced the world to new normality impacting significantly critical sectors such as health, education, and economy and wealth distribution, altering the roadmap towards the 2030 Agenda.

According to the LANCET Public Health, Covid-19 could harm all SDG, emphasising SDG 3 where it threatens to reverse the progress up to now on ensuring healthy lives and wellbeing for all.<sup>i</sup> Approximately 70 countries have ceased childhood vaccination programmes, and in many countries, health services for cancer screening, family planning, or non-COVID-19 diseases have been interrupted or are being neglected.<sup>ii</sup> Building up from the report, health service disruptions might cause a reverse in decades of improvements. The service gaps triggered from the pandemic possibly will affect population health for years to come.

Even though income inequality was experiencing a downward trend in some countries, a global recession initiated from the pandemic could push millions back into poverty and exacerbate inequalities. The most vulnerable groups (children, women, people with disabilities or, people living in rural areas, etc.) are experiencing a great hit by the pandemic, highlighting a drawback on SDG 10.

The Sustainable Development Goals report 2020<sup>iii</sup> affirmed that even before COVID-19 the world was off track in ending poverty, projecting a 6% of the global population would still be living in extreme poverty by 2030 as per SDG 1 objectives. As expected, the pandemic has increased the gap, causing 71 million additional people to live in extreme poverty.

Focusing on SDG 2, its objectives in ending hunger were disrupted even before the pandemic, where the population was affected by a rise in food insecurity in 2014-2018. The COVID-19 has amplified the pressure on the production industry, supply chains, and household incomes, triggering a greater impact on vulnerable groups. Access to water and sanitation, as SDG 6 objectives state, remains a major health issue. There are approximately 2.2 billion people globally who do not currently have access to clean water and sanitation. The COVID-19 has emphasised the lack of access to sanitation for billions.<sup>iv</sup>

The pandemic has also impacted the education sector, causing a fallback in completing the objectives of SDG 4 which is attaining inclusive and equitable access to education for all. Many children have been deprived of formal education by the pandemic restriction measurements, projecting more than 200 million children will be out of education by 2030.

The world was on the right track aligning with SDG 5 objectives, ensuring gender equality, with fewer girls being forced into early marriage and more women entering leadership roles.<sup>v</sup> However, women's wellbeing has suffered during the COVID-19 outbreak, with incidences of domestic violence increasing up to 30% in some countries and a greater demand on women for unpaid care work.

## COVID-19 – How it impacted the SDG



### SDG 2 – Zero Hunger

The COVID-19 has caused a temporary shutdown on food and agricultural products manufacturing, emphasising the impact on global food security, and potentially causing an increase in prices. Movement restrictions imposed, could cause missing the planting season, causing possible supply shortage, not able to meet the demand. The food distribution channels are also facing heightened challenges, especially in developing countries.



### SDG 3 – Good Health and Well-being

The World Health Organisation (WHO) reported a major shortage of health workers, mainly in low- and lower-middle-income countries - with an estimated shortfall of 18 million health workers by 2030.<sup>vi</sup> This is largely due to a critical lack of investment in education and training, a mismatch between education and employment strategies concerning health systems and population needs.

The number of health workers who have passed away because of the virus is increasing daily. There is a lack of proper personal protective equipment (PPE) due to a global supply shortage, which could have led to an increase in the contamination rate amongst front-line workers. Healthcare companies have been assisting in easing the problem by donating PPE, hospital supplies and providing support for COVID-19 testing for hospitals and medical service providers around the world. Other companies have also repurposed manufacturing processes to begin making PPE, sanitisers/ disinfectants, and ventilators.



### SDG 4 – Quality Education

Approximately 1.25 billion learners, or 72.9% of total enrolled learners, worldwide have been affected by the pandemic outbreak. Leading technology providers are partnering with Governments to ensure education and learning are continued for students. In Ireland, IBM and Cisco have joined forces to offer teachers in schools across Ireland free access to video conferencing to support the Department of Education and Skills with remote teaching across the country.

The access to digital and learning facilities in vulnerable communities is limited and school closures might lead to other potential social issues (e.g. child labour, increased dropout rates, violence against children, no access to subsidised school or meal programmes). The less educated are facing a higher risk of losing their job.



## SDG 5 – Gender Equality

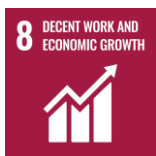
Movement restrictions during the lockdown have impacted severely women being exposed to domestic violence – given that they are confined with their abusers and have limited access to healthcare and social support services, in the event, they require urgent assistance.



## SDG 6 – Clean Water and Sanitation

Basic sanitation is crucial in preventing COVID-19 transmission. Approximately 3 billion people across the world, do not have access to adequate basic handwashing facilities at their homes. In South Africa, the Government responded by increasing access to basic sanitation needs through the provision of water tanks and stand pipes for residents living in rural areas and informal settlements. Other African countries did follow the example set by the South African Government.

However, this is only an interim solution, emphasising how crucial are the objectives of SDG 6, in planning and managing long outstanding water and sanitisation infrastructure issues.



## SDG 8 – Decent Work and Economic Growth

International Labour Organisation (ILO) anticipates the pandemic to wipe out 6.7% of working hours globally in the second quarter of 2020, the equivalent of 195 million full-time workers. Governments across the world, depending on their capacity, are responding to this new environment by offering various social protection measures, focusing on informal and low-paid workers. Migrant workers, considered as a vulnerable group, are at risk of exclusion from adequate access to healthcare services and by further border closures and travel disruptions. The pandemic has increased the difficulty of manufacturers targeting migrant workers for cheap labour in expanding their capacity to meet the production demand for essential supplies.

The roadmap towards the 2030 Agenda would be impossible without national cooperation. The pandemic has caused political tension and closing national borders with specific countries, directly affecting SDG 16 objectives in promoting peace and safety from violence and SDG 17 to strengthen international partnerships.

To conclude, the impact is real and is increasing exponentially. The pandemic has triggered a greater impact on developing countries like the Western Balkans region, which is the aim of this assessment.

## COVID-19 – How it impacted the Western Balkan region

As elsewhere in the world, in the Western Balkans, the COVID-19 pandemic has plunged countries into a deep recession. While the future forecast remains uncertain, economic activity in the region is now projected to contract by an estimated 4.8% in 2020 — 1.7 (percentage points) (p.p.) below the forecast in the spring 2020 Regular Economic Report (RER).<sup>vii</sup>

The recession is driven by a drop in both domestic and foreign demand and disruptions in supply chains, especially earlier in the year when countries around the world imposed severe containment measures and lockdowns.

The recession is expected to have a greater impact on Montenegro, Albania, and Kosovo, due to their high dependency on tourism, which has suffered a critical hit by the pandemic.

Due to their economic structure, being dependable on export services, and external and fiscal weaknesses, Montenegro, Albania, and Kosovo are expected to experience stronger shocks, with a drop in GDP of over 8 p.p. compared to previous forecasts pre-COVID-19 2020. Bosnia and Herzegovina, Serbia, and North Macedonia are expected to experience lighter recessions with declines of 3.2, 3, and 4.1% respectively, compared to pre-COVID-19 forecasts.<sup>viii</sup>

In all Western Balkan countries, as the experts reveal, the recession will emerge as a result of the decline of internal and external demand during the COVID-19 crisis.

Global and national restriction measures aiming to prevent the spread of the pandemic, from social distancing to business closures, have created disruptions on the supply side and have reduced household income and consumption. As long as travel restrictions and social distance measurements are still in place, the undesirable impact may last longer in the service sector, which has a particularly high contribution at the overall level of employment in the region accounting at 75% in Montenegro and about 50% in other countries.

On November 26<sup>th</sup> 2019, Albania was hit by a devastating earthquake, and since then has launched a reconstruction plan in building the houses which were impacted. The COVID-19 has impacted Albania's disposable income and consumption, especially the consumption of durable goods, delaying the reconstruction project.<sup>ix</sup>

As the World Bank forecasts, exports of the Western Balkans for products and services are expected to decrease. The total export growth in 2020 would range from -10.5% in North Macedonia to -37 % in Albania. Imports are also expected to slow significantly.<sup>x</sup>

In summation, COVID-19 is impacting the Western Balkans economy, diverging even more from the established roadmap of the 2030 Agenda. The SDG have all taken a hit from the pandemic but, SDG1, SDG2, SDG3, SDG4, SDG5, SDG8, SDG9, SDG10 have been the most impacted as of 31<sup>st</sup> of January.



## Albania

*First cases of coronavirus (COVID-19) in Albania were confirmed on March 9<sup>th</sup> 2020.*

*As of January 31<sup>st</sup> 2021, Albania was ranked 15<sup>th</sup> in the world with 971 active COVID-19 cases per 100 000 inhabitants. Also, 1380 people have died from the virus, representing 48 deaths per 100 000 inhabitants.<sup>1</sup>*

Albania was mildly affected in the first wave of the pandemic during the second quarter of 2020. Due to its proximity and close relationship with Italy, Albania adopted some of the strictest lockdown measures in Europe, when the first COVID-19 case was detected. The Government proclaimed a state of natural disaster until the 23<sup>rd</sup> of June.

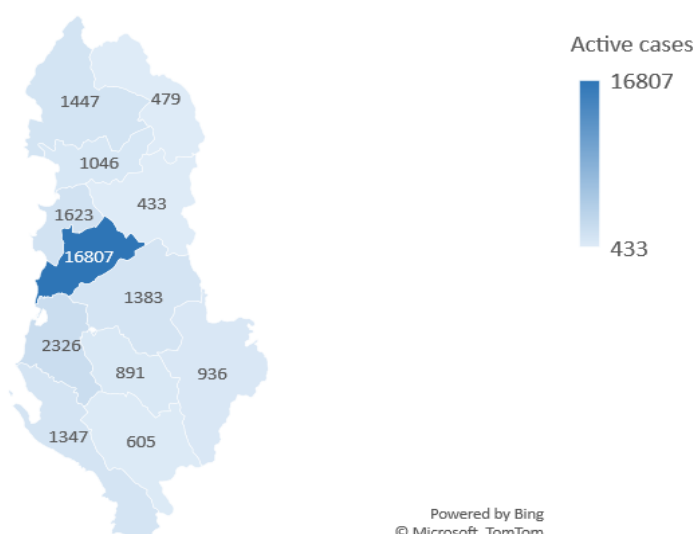
Tourist movement over the summer period in Albania and the easement of restriction measurements led to a rapid increase in the COVID-19 cases. To cope with the situation, the Government was forced to reintroduce strict restriction measurements to maintain the situation under control. While the situation was stabilising by mid-December due to the actions taken, it started deteriorating again as of January 2021. Due to the holiday season, less testing was conducted leading to lower positive cases. However, the situation changed rapidly as more tests were being performed reaching a record of 901 new cases on the 30<sup>th</sup> of January. Table 1 presents a snapshot of Albania's numbers related to the pandemic, whereas Graph 1 illustrates the distribution of active cases at the prefecture-level as of 31<sup>st</sup> of January.

**Table 1:** Albania - Situation on 31<sup>st</sup> of January 2021

Tot cases	New cases	Active cases	Tot deaths	New deaths	New cases per 100,000	Deaths per 100,000
78,127	876	29,323	1,380	11	30.5	48

Source: Ministry of Health and Social Protection

**Graph 1:** Albania - Active cases distribution by prefecture-level on 31<sup>st</sup> of January 2021



Source: Ministry of Health and Social Protection

Active cases have been increasing at a worrying rate, causing COVID 1 and COVID 2 structures to reach their maximum capacity. Patients have been transferred to COVID 3 and COVID 4 structures, and apart from Tirana, other regional hospitals have initiated the rehabilitation of patients with COVID-19.

On the 11<sup>th</sup> of November 2020, new restrictive measures were introduced by the Government for an initial duration of three weeks and later on extended until further notice. The measurements included a curfew from 22:00 – 06:00 throughout the country, except for necessary travel for work, health emergencies, or urgent needs. Businesses such as bars, restaurants were required to operate only through delivery services when past the curfew time. Remote working became mandatory for public administration (adapted to the specifics of each sector), excluding the service delivery structures, which may continue their activity while implementing security protocols. On the 17<sup>th</sup> of November, the government announced further restriction measures: prohibition of gatherings of more than 10 people outdoors and indoors, exclusion of political meetings and rallies, and interdiction of conferences, holiday ceremonies, wedding ceremonies, and events other than funeral ceremonies with family members only, until further notice.

### Situation prior to COVID-19

In November 2019, Albania suffered the consequences of a devastating earthquake, which took a toll on physical infrastructure and economic activity, leaving a burden on the budget prior to COVID-19. Albania's economy was experiencing a constant increase in real GDP growth, however, the earthquake and draught causing a decrease in energy production triggered a decrease from 4.1% to an estimated 2.2%.<sup>xi</sup>

On the other hand, unemployment rates have been constantly declining, from 13.6% in 2017 to 11.6% in 2019. The situation regarding youth unemployment has improved (28% in 2019), as well as long-term unemployment (67.4% of all unemployment), although their high levels remain a concern. Despite this, the share of informal workers amplified, attaining 37% in 2018. This situation has led to an outflow of the youth and highly skilled from the country, with more than 1/3 of the population residing outside of the country. Net Foreign Direct Investments (FDI) have decreased, estimated at 7.6%, after reaching its peak in 2016, due to the Trans Adriatic Pipeline and the Devoll Hydropower projects.<sup>xii</sup>

### Support packages

The Government has allocated a total of ALL 45 billion (2.8% of GDP) through two support packages for the population and the private sector impacted by COVID-19, including budget spending, sovereign guarantees, and tax deferrals.

On March 19<sup>th</sup> 2020, the Government amended the 2020 budget through a normative act announcing a package of support measures of ALL 23 billion (1.3% of GDP).

Key measurements consisted of:

- Additional funding for the health sector ALL 2.5 billion

- Paying minimum salaries supporting small businesses and self-employed that were forced to close
- Allocating a fund of ALL 11 billion for companies to access in overdrafts for paying employee wages where the Government will bear the interest costs

The second package was introduced on April 15<sup>th</sup> 2020 at a total of ALL 7 billion, which includes:

- One-off transfer of ALL 40,000 to employees of small businesses affected
- Allocated a fund of ALL 15 billion to provide loans for working capital for all private companies

A total of USD 65 million was made available for the immediate needs of the most vulnerable part of the population, small businesses and for the potential unemployment increase due to the pandemic.

A fund of USD 10 million was made available as a reserve fund to the Council of Ministers for any unforeseen emergencies.

### Impact on Social Protection (SDG1, SDG2)

A recent assessment by the World Bank has discovered that extreme poverty in Albania could double in the short term, assuming self-employed people lose 100% of their income and wage employees lose 50% in affected sectors. No response measurements could lead to a further increase in poverty, from 40% (yearly average) to 44%, which is comparable to the situation in 2005 and 2012 or equivalent to an additional 115,000 – 230,000 people brought to poverty. According to an optimistic scenario from World Bank's projection, Albania's economy shrinks by 5% in 2020. The economic downturn can increase the pressure on public debt and fiscal vulnerability, impacting workers in the most affected sectors such as tourism and hospitality, manufacturing, and nonessential trade.

The pandemic has increased the gap between vulnerable groups. People suffering from a chronic health condition, HIV/AIDS and TB, people with disabilities, people with a high predisposition to develop mental health conditions, the elderly, women and victims of domestic violence, minorities, people affected by the earthquake are the ones who face the greatest risk from COVID-19. These marginalised people tend to be unemployed or depend heavily on the informal economy, including women working to provide care to others. They have inadequate access to social services, limited capacities and opportunities to cope and adapt, and limited or no access to technologies.

### Impact on Health (SDG3)

The Government restriction measurements have influenced how non-COVID-related diseases are being treated by the public health sector. Various services were put on hold except for emergency and follow-up/ treatment for certain categories of patients and the contacts of health personnel with patients were minimised.

The state budget for 2021 highlights the amplified focus on the health sector. The front-line medical staff has experienced a 40% increase in wages since the beginning of the pandemic. Moreover, the newly approved budget will cover other investments in the health sector such as reconstructions of hospitals and building new ones. The 2021 budget for health and social protection compared to the 2020 budget, is enriched by 7.5%, while only for the health sector, the budget was amplified by 8.25%<sup>xiii</sup>.

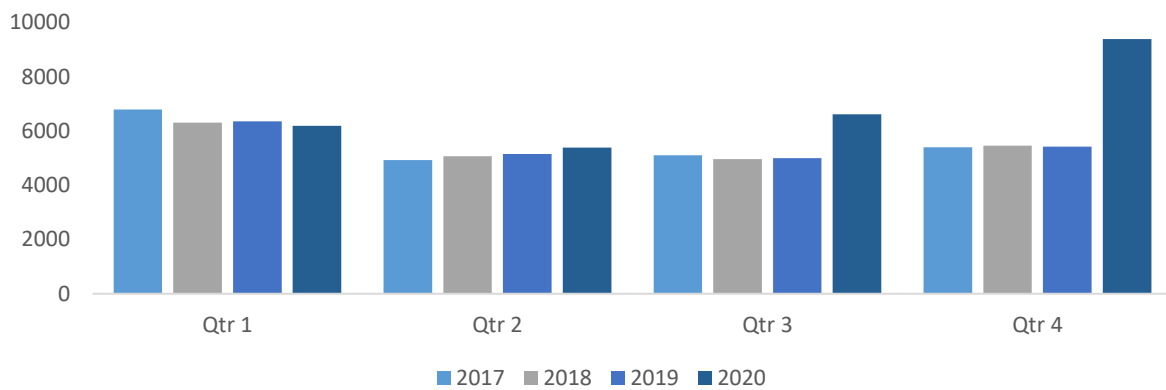
Albania's public spending on health as a share of GDP (2.97%) is one of the lowest compared to most South-Eastern European countries, and projections for 2022 show a slight decrease of 2.94%.<sup>xiv</sup> This decreasing trend might be worrisome in the future if needed to build back better and invigorate the health system. According to WHO, projections show that for 2020 - 2022 Albania will spend less than 10% on health compared to the overall public budget. The decline in the resources to primary care is concerning. The strategy for the development of primary care in Albania calls for an increased budget to 25%. The important role of primary care in the COVID-19 response and recovery is significant.

Since COVID-19 cases have been increasing rapidly, measurements were taken to ensure the availability of health workers, increasing the density and their distribution in all COVID structures. Retired health workers have decided to return to the front-line of action, providing their assistance and expertise in maintaining and stabilising the situation.

In addition to that, COVID-19 has impacted significantly the mental health and psychosocial well-being of children or adults. Particular groups are exposed to a greater risk of experiencing social and/or psychological problems. Vulnerable groups would consist of children with disabilities, children without parental care, people with pre-existing mental health problems, people that have gone through or traumatic events. As reports of the Child Helpline and the web-based counselling service [www.nukjevetem.al](http://www.nukjevetem.al) indicates the number of requests for mental health and psychosocial support and counselling has experienced a significant increase of 30% directly or indirectly linked to COVID-19. During the pandemic, as the media reports, 6 people who tested positive with COVID-19 have committed suicide, where 5 of them were hospitalized in COVID-19 structures.

The graph below illustrates the trend of total deaths from 2017 – 2020 in quarterly increments. It can be observed that the death number has followed the same trend throughout the period in consideration up to the first positive COVID-19 case in March 2020. Due to strict measurements imposed by the Government, the number of total deaths was kept at a low level. There was a sudden increase in the number of total deaths at Q3 by almost 30% compared to the previous year. In Q3 there were fewer restrictions and the summer season was approaching, suggesting an increased movement from tourists, thus increasing the chance of contact between people and being contaminated. The number of deaths increased significantly in Q4 2020, approximately 40% compared to all three previous years, which led the Government to impose more severe restrictive measurements.

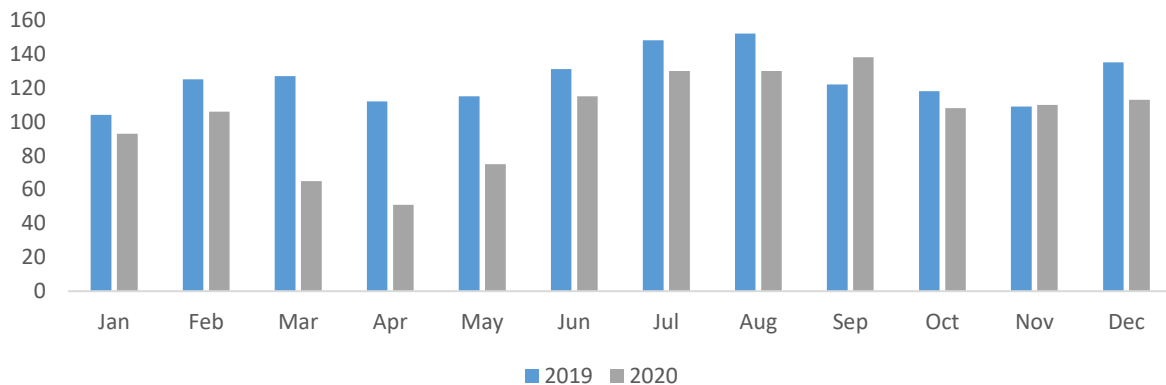
**Graph 2:** Albania - Total deaths quarterly, 2017 – 2020



*Source:* Ministry of Health and Social Protection

The number of road accidents was impacted drastically by the pandemic. Strict restriction measurements and fear of being infected, caused the number of road accidents to drop significantly for the period March-May, as illustrated below. As stated above, Q3 had fewer restrictions and the summer period, causing an increase in people movement, resulting in an increase of road accidents and in September even surpassed the previous year. For Q4 measures were reintroduced to stabilise the situation of COVID-19 cases, impacting the number of road accidents as well.

**Graph 3:** Albania - Road accidents monthly, 2019 – 2020



*Source:* General Directorate of Police (calculation by INSTAT)

### Impact on Education (SDG4)

The pandemic outbreak introduces a real threat in educating children, adolescents, and the youth. About 572,000 students from preschool to higher education were disrupted from being able of a physical presence in their schools since March 9<sup>th</sup> 2020, when the country was in quarantine. Since September 14<sup>th</sup> 2020, the school year started, following three scenarios depending on the school. Students are going back to school and i) following all classes physically, ii) alternating between one week of physical classes and one week of online classes, or finally, if the situation deteriorates, iii) they will follow online classes only. Additionally, the Ministry of Health shared instructions approved by the Technical Committee of Experts, to be followed during the school year, such as the obligation to wear masks for students in middle school or high school and other safety measures. While for the Universities, following the proposition of the Technical Committee of Experts in Albania, have remained closed and

shifted to distance learning for the academic year 2020-2021, which started on November 2<sup>nd</sup> 2020.

School closures have led to education being interrupted and caused limited social interaction. For the most vulnerable group of children, it also limits their access to essential services like information on disease prevention, water, and sanitation, measures against violence, or psychological support. At least 11,000 students have been identified as not having access to online learning, many of them living in remote and rural areas with no Internet or devices at home. Roma children and children with learning difficulties and disabilities have not been able to access online learning.

Overviewing the shocks brought by the COVID-19 pandemic, it can be concluded that the education system will suffer consequences in the short and long term. Similar to other countries, Albania's education system did not have the infrastructure and resources to overcome extended closures imposed by the pandemic.

As many experts declare, learning loss will be unavoidable and considerable, disproportionately affecting the disadvantaged, with a larger share of students likely to fall back into functional illiteracy and potentially dropping out of school altogether. Estimates suggest that the percentage of "low performers" is likely to increase approximately by 8% due to school closures from mid-March to June 2020. The pandemic will likely deepen the equity challenges for the most vulnerable students who will consequently require additional resources.

Schools, teachers, parents, and caregivers found themselves mostly unprepared neither for digital literacy support nor for guidance to online safety with the increased exposure to online risks for children.

A recent assessment on the impact of COVID-19 on the well-being of children from World Vision in Albania has found that 1 in 10 children cannot access education activities online, while this is true for 1 in 2 children with disabilities.<sup>xv</sup>

Furthermore, the national study on children's experience online carried out by UNICEF Albania during 2018 – 2019 "One Click Away" has presented that parents' digital skills are much lower than those of their children's, with parents from low socio-economic groups being most affected.

Currently, because of a lack of disaggregated data, it is unclear how many students with disabilities are receiving adequate educational support because of the pandemic. In addition to the several challenges that children with disabilities and their families were facing before the pandemic outbreak regarding lack of quality services and limited access, socio-economic challenges of their families, children who used to attend school were negatively affected by the classroom shutdown in various ways. They lost access to play/socialise with their friends, activities that are equally important for the development and learning of the child, while another barrier was that, many teachers lacked ICT skills and knowledge to continue providing quality support for these children.

Additionally, disruption in education and e-Learning might lead to an increase in the drop-out rate of children attending the school and reduce the quality of education. For socio-

economically disadvantaged children, ethnic minorities, children with special needs, and for children struggling academically in school, such changes might lead to a greater negative impact in the long term.

### Impact on Gender Equality (SDG5)

COVID-19 impacts and other natural disasters are exacerbated for women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty. Evidence shows that many women in Albania are employed informally, low-wage activities that were disrupted due to COVID-19 strict measures. This situation has a direct economic impact on women and girls and could be long-term widespread. Women engaged in care and domestic work are experiencing higher economic consequences.

The rapid gender assessment conducted by UN Women in Albania confirmed that COVID-19 could increase the gender inequalities gap, disproportionately affecting women's livelihoods. The assessment reveals, that the pandemic impacted the psychological and mental health of women at higher rates compared to men (69% vs. 57%), with a widening gap among active working women (72% vs 58%) and in rural areas. <sup>xvi</sup>

Furthermore, more frequently than men, women experience limited access to basic health services. From the rapid gender assessment was concluded that the COVID-19 outbreak would have major consequences for the wealth of women, including the depletion of their spending power. The majority of losses in income for women and men are those generated from remittances, family businesses, and farming. Women face more limitations compared to men when trying to access food (46% vs. 43%) due to market closures and the reduced opening hours of stores.

More women than men switched to home-based working, due to the Government restrictions stating that the parents with children 14 years old and younger, should work from home. More women (51%) than men (27%) worked from home instead of their usual place of work during the outbreak; increasing the proportion of time spent on unpaid domestic and care work.

Moreover, one of the most common problems of women during the pandemic, but especially during the lockdown was facing greater difficulties in accessing hygiene products and medical supplies for personal protection.

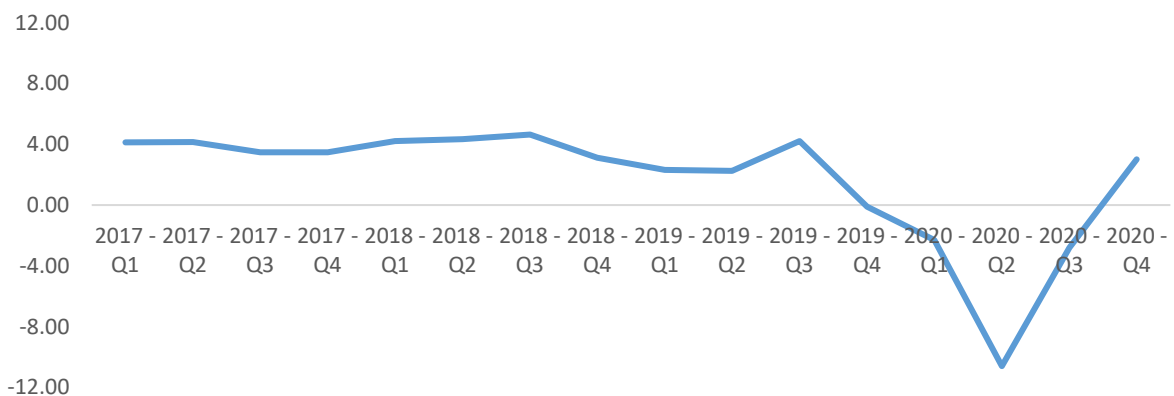
Gender-based violence increases during emergencies. The pandemic has confined survivors and witnesses of violence near their perpetrators, and such a situation can be both traumatizing and high risk. Furthermore, during the time of the lockdown, survivors of violence or those with protection orders could not readily access legal, social, or other support and services. According to UN Women Albania, in March 2020, the State Police reported 245 cases of domestic violence, of which 89 were prosecuted - 33 perpetrators were arrested and 141 protection orders were issued. The downward trend compared to February 2020, when 321 cases of domestic violence were registered, is a fact which indicates that reporting may have a lower tendency because many women were forced to remain in isolation with perpetrators of violence due to various social, cultural, economic and psychological factors.

Additionally, World Vision Albania through the COVID-19 Assessment Report concluded that during the quarantine, 48.6% of the participants in the survey, report the presence of verbal abuse and 19.9% report the presence of physical abuse. <sup>xvii</sup>

### Impact on the Economy (SDG8, SDG9)

Albania was hit by a high magnitude earthquake in November 2019 and is experiencing a pandemic outbreak since March 2020. The unexpected events led to a huge impact on GDP performance, which was experiencing a slight increase before the earthquake. The graph below illustrates that in Q4 2019, Albania experience a rapid decrease which also continued in Q1 2020 but at a much slower rate. In Q2 2020, Albania experienced one of its greatest drop in GDP linked to the pandemic outbreak, and in Q3 due to the Government support packages, it is observed that impacted the GDP positively. The Government support packages have had an outstanding result in the economy boosting the GDP growth in Q4, achieving +3% growth.

**Graph 4:** Albania - Real GDP Growth (%) quarterly, 2017 – 2020



Source: INSTAT

Aiming to mitigate the pandemic effects, the Government introduced the employment promotion program, covering reemployment costs of those who lost their jobs during the lockdown. The Government will cover the full cost of social contributions for employees in the informal sector, whereas for the formal sector, will only cover half of the wage.

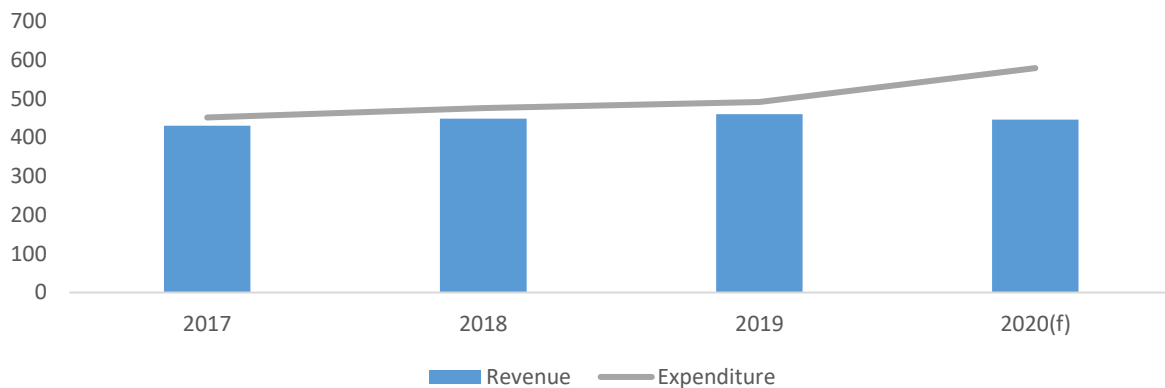
The Bank of Albania (BoA), targeting to address the liquidity bottleneck of companies and individuals, has extended a temporary suspension of requirements for loan classifications and provisioning to August 31, 2020, enabling clients to ask banks to defer loan instalments without penalties. On May 28, BoA also adopted regulations allowing banks to restructure loans within 2020 without additional provisioning or downgrades for borrowers' status (IMF). BoA suspended dividend distribution for banks until the end of 2020 to boost capital and support lending during this period. To incentivise the use of Internet banking and reduce the number of people requiring services in the bank premises, the central bank also waived the commissions for transfers in local currency. On July 17<sup>th</sup>, 2020, BoA announced it had set up a €400 million repo line with the European Central Bank (ECB). The line will remain in place until June 2021, unless an extension is decided.

The support packages introduced by the Government had a huge impact in increasing total expenditure. Due to the decrease in GDP, Government revenue experienced a drop as well.



According to the Ministry of Finance and Economy, Albania’s government revenue during the pandemic decreased approximately by 10%, illustrated in the graph below.

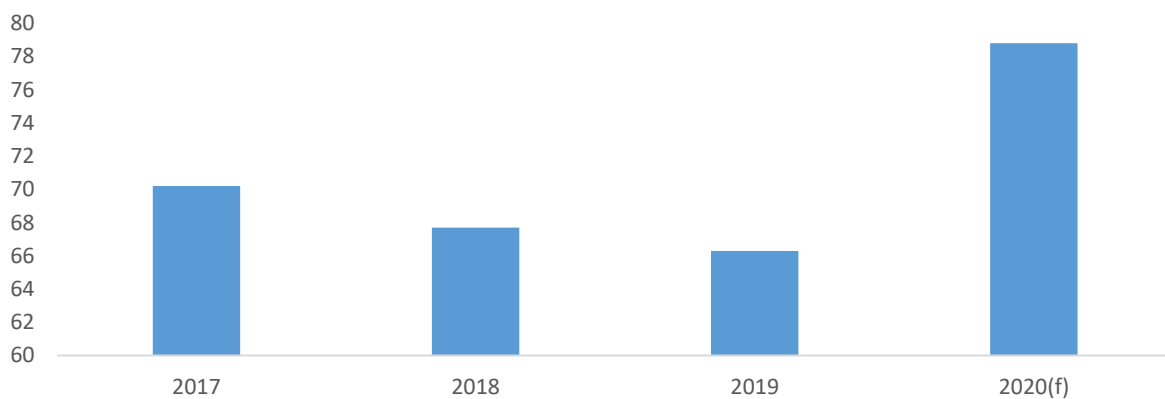
**Graph 5:** Albania - Government Revenue Vs Government Expenditure, 2017 – 2020 (ALL billions)



Source: Ministry of Finance and Economy

Albania throughout the years has shown a constant increase in Government borrowing. The support packages offered have impacted the Government debt, forecasting an increase of 12% compared to the previous year. The graph below illustrates Government debt in ALL billions compared to the percentage of GDP.

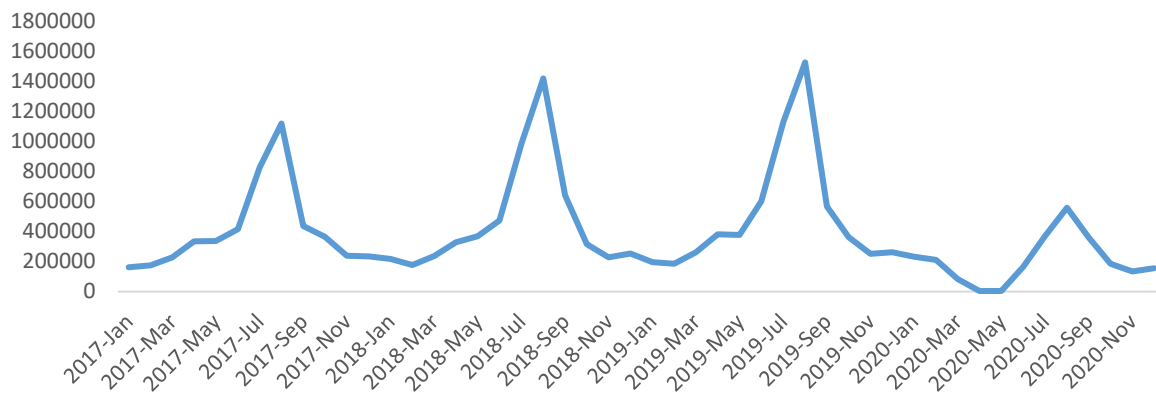
**Graph 6:** Albania - Government Debt (% of GDP), 2017 – 2020



Source: Ministry of Finance and Economy

Albania’s economy is very dependent on the tourism sector which contributes more than 20% to the GDP. In July 2020, the number of foreign tourists was decreased by 61.5% compared to last year.<sup>xviii</sup> The graph below presents a glance at the movement of people for holidays and relative visits monthly from 2017 – 2020. Albania has shown the same trend from 2017 – 2019, peaking in August, and even the peak has increased as well. However, since the pandemic outbreak, strict restrictions and the closure of international borders, have decreased the movement for holidays. At the beginning of the pandemic, the movements were almost inexistence, but as summer holidays approached and restrictions were lowered, it is observed a significant increase. Comparing August 2019 with August 2020, it is observed a drastic decrease of 33%.

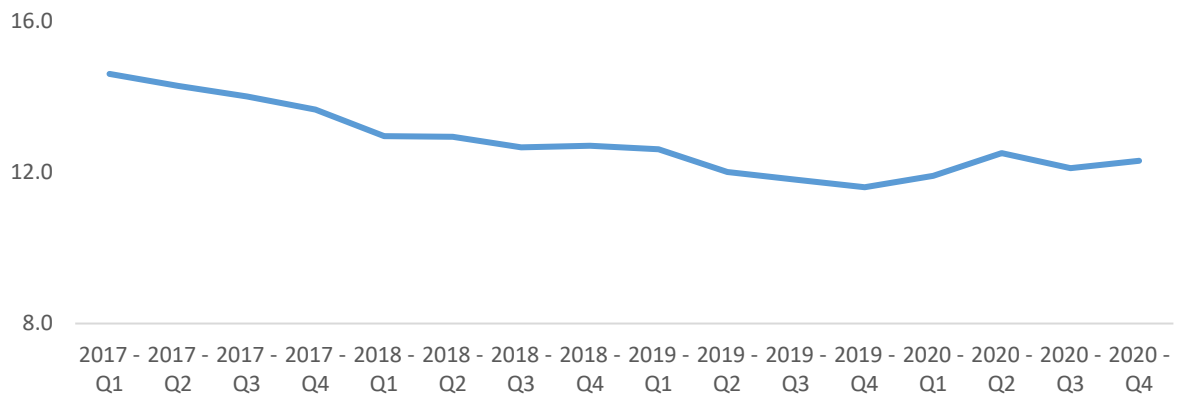
**Graph 7:** Albania - People movement (Holidays, visit relatives), 2017 – 2020



Source: Ministry of Interior

BoA at the start of the pandemic conducted an initial analysis, indicating that around 100,000 jobs are at risk due to the lockdown and social distancing policies. Building up on that, the annual unemployment rate could face an increase of 7.4% due to the impact of the pandemic and earthquake. A loss of 34 000 jobs and an increase of the unemployment rate by 0.6 p.p. y-o-y to 12.5% showed the deterioration of the labor market in Albania.<sup>xix</sup>

**Graph 8:** Albania - Unemployment rate (%), 2017 – 2020



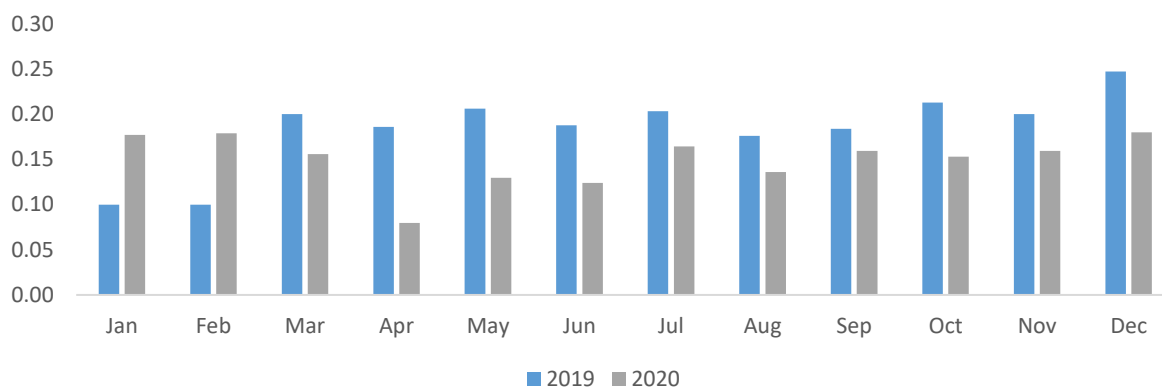
Source: Labour Force Survey

Medium, small and micro enterprises (MSME) are the most vulnerable businesses, which have been impacted on both supply and demand side. From the supply point of view, businesses have experienced a shortage in experienced labour due to an increased number of COVID-19 active cases and movement restrictions. On the demand side, MSMEs are experiencing a drop in revenue, caused by the imposition of the curfew time, affecting their ability to function, and/or caused severe liquidity shortages. An increase in the unemployment rate as presented above, can lead to less disposable income available and contribute to a decrease in consumption expenditures. The impact of the virus has a potential spill over into financial markets, with further reduced confidence and a reduction of credit. These various impacts affect both larger and smaller firms. However, the effect on MSMEs is especially severe, particularly because of higher levels of vulnerability and lower resilience related to their size.

The pandemic has impacted the transportation of the volume of freights from air, sea, and land. For air and land, the volume of freights is lower almost every month, experiencing their greatest decrease during the period of April-May. However, sea freights experienced a significant

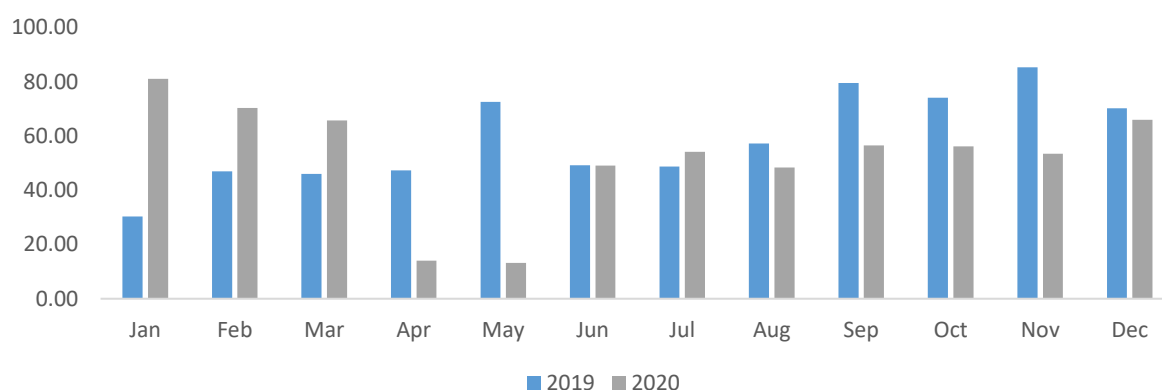
decrease in March due to uncertainties with policies in place, since then have recovered at a fast rate surpassing the volume of 2019 in October.

**Graph 9:** Albania - Freights by air monthly, 2019 – 2020 (000/ton)



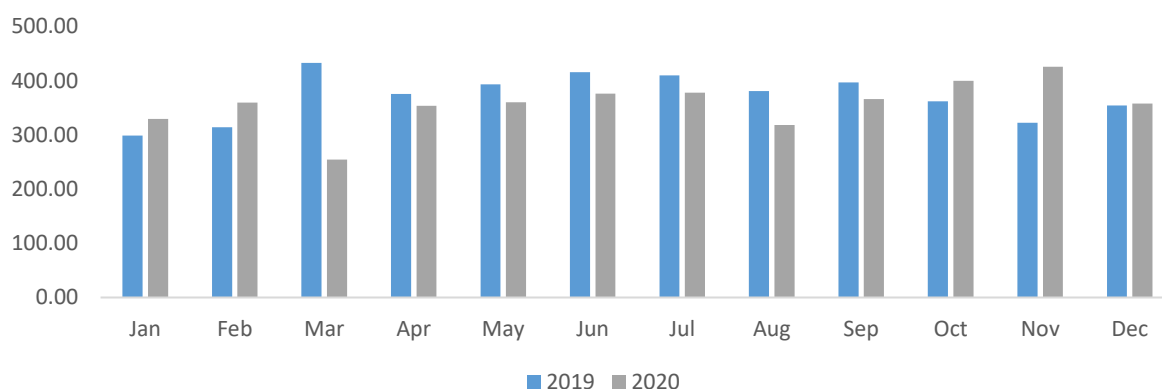
Source: Ministry of Infrastructure and Energy (calculation by INSTAT)

**Graph 10:** Albania - Freights by land monthly, 2019 – 2020 (000/ton)



Source: Ministry of Infrastructure and Energy (calculation by INSTAT)

**Graph 11:** Albania - Freights by sea monthly, 2019 – 2020 (000/ton)



Source: Ministry of Infrastructure and Energy (calculation by INSTAT)

## Impact on the Environment

The pandemic outbreak demonstrated a mixed impact on climate and the environment<sup>xx</sup>. Air pollution improved substantially during the lockdown but the positive impacts reversed immediately with the relief of the measurements. It is highly relevant to address long-term environmental challenges to achieve a sustainable environment as they are a substantial part of

the 2030 Agenda. Living conditions and environmental sustainability are highly interrelated among SDG objectives. For example, SDG 8 promotes economic growth through a greener economy, long-term sustainable consumption, and preventing environmental degradation. SDG 11 calls for more resilient and sustainable cities. Sustainable industrialisation and economic growth must go hand in hand with environmental objectives, shifting to a less intensive industry and exploiting renewable and efficient energy. SDG 12 promotes sustainable consumption and production pattern, efficient use of natural resources. The short-term positive impact on air pollution and climate of pandemic showed once a need to promote the use of renewable energy sources to meet the energy demand and keep low rates of GHGs emission, improve air quality and pollution reduction. SDG 13 calls for urgent action to combat climate change and its impacts. Indeed the impact of climate on the environment is an essential debate in developed countries and the enhancements of climate and environmental measures to benefit not only the environment but also to ensure a healthy society and well-being. Whereas, SDG 15 emphasises a more direct call to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Hence, to enhance environmental sustainability, the Albanian Government in coherence with the European legislation, in 2017 ratified the law for the promotion and production of renewable energy<sup>xxi</sup> whereas in 2020 ratified the law on climate change<sup>xxii</sup>. Referred to these laws and regulation, as Governments respond to the economic fallout from COVID-19, there is a growing demand to “build forward better”, ensuring that the money allocated on supportive packages are used to invest in a low-carbon and resilient economy, i.e. clean, green, sustainable and resilient investments. This would significantly contribute towards making progress in the fight against climate change and accelerate the transition to a sustainable environment in this crucial year for climate action, given that Albania like other countries is now preparing to submit revised national climate action plans, known as NDC, under the Paris Agreement and that the response by the Government to the pandemic will influence.

Albania is considered a biodiversity hotspot in Europe. To protect the remarkable biodiversity and valuable natural resources, the government has placed under protection about 18% of the territory, including 58 protected areas covering a range of categories under IUCN – International Union for Conservation of Nature.

As the government focuses on solving the economic crisis, sustainability and preservation should be enforced, investments in biodiversity conservation maintained, financing and implementing the management plans and budgets of protected areas given priority, and rare species and habitats should be protected. This will also increase economic gains, attract tourists, and create new business opportunities.

Travel and Tourism sector constitutes 10.3% of global GDP and creates 1 in 4 jobs, while wildlife tourism supports over 22 million jobs, contributing USD 340 billion to the world GDP. In Albania, the number of tourists in Protected Areas increased by 30% in 2019 (916,660 visitors) compared to 2018 creating a need for more investments in human and eco-friendly infrastructure as well as enforcement of environmental regulations.

## Kosovo

*First cases of coronavirus (COVID-19) in Kosovo were confirmed on March 13<sup>th</sup> 2020.*

*As of January 31<sup>st</sup> 2021, Kosovo had 325 active COVID-19 cases per 100 000 inhabitants. Also, 1498 people have died from the virus, representing 78 deaths per 100 000 inhabitants.<sup>xxii</sup>*

The pandemic forced Kosovo's Government in implementing drastic measurements to contain its spread. Kosovo was put on total lockdown, as health systems buckled, borders closed, and schools and businesses shuttered under the pressure of the crisis of COVID-19. The vulnerable groups, already living in fragile contexts already facing difficulties from economic distress and instability, suffered the utmost impact from COVID-19. Table 2 illustrates a snapshot of Kosovo's situation on 31<sup>st</sup> of January.

*Table 2:* Kosovo - Situation on 31<sup>st</sup> of January 2021

Tot cases	New cases	Active cases	Tot deaths	New deaths	New cases per 100,000	Deaths per 100,000
60,218	572	6,281	1,498	11	30	78

Source: <https://covid.observer/xk/>

### Situation prior to COVID-19

In 2019, Kosovo's GDP growth was estimated at 4%, driven by domestic consumption and service exports.<sup>xxiii</sup> Despite sustaining positive growth following the 2008 global financial crisis, in 2017 Kosovo's average GDP per capita was the second-lowest in Europe and persistent levels of unemployment remained above 30% on average between 2013 and 2018. Despite being one of the economies most open to foreign direct investment (FDI) in the region, FDI represented only 4.2% of the GDP from 2013-18 and was primarily driven by remittances from Kosovo's diaspora. Likewise, Kosovo is one of the largest per capita importers of food in Europe and remains reliant on imported inputs for industrial production. Kosovo's economic stability and food security are thus especially vulnerable to any disruptions to global supply chains.<sup>xxiv</sup>

Due to the pandemic outbreak, Kosovo's economy is forecasted to decrease from 1.6%<sup>xxv</sup> to 5.2%<sup>xxvi</sup> in 2020. Kosovo's diaspora has strongly supported domestic consumption, remitting EUR 526 million between January – July of 2020, EUR 47 million more compared to the same period in 2019.

In mid-September 2020, the Government revised the projected economic trajectory for 2020 to a decline of -6.4%. The decline is largely attributed due to a decline in service exports and fixed capital formation, which dropped by 63% and 41% respectively year on year (y-o-y).

### Support packages

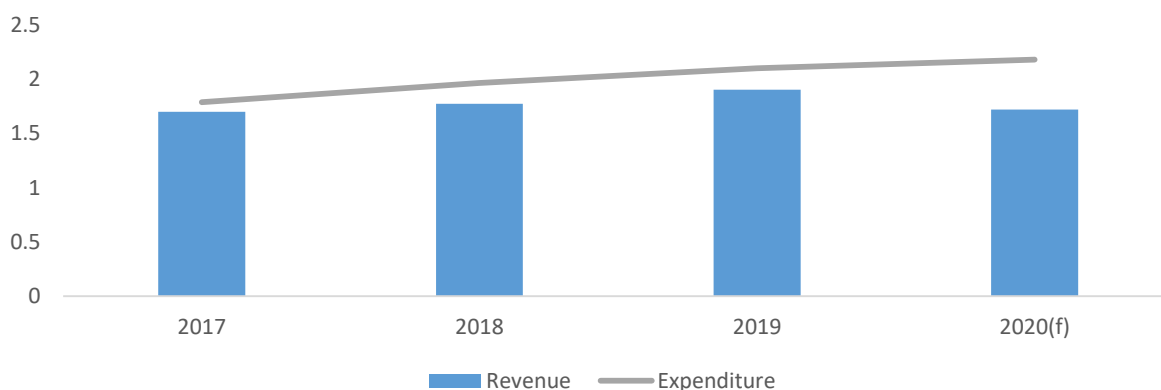
On the 11<sup>th</sup> of March, the Government allocated EUR 10 million to fund efforts in containing the pandemic spread and reinforcing the healthcare system.

On the 30<sup>th</sup> of March, the Government approved a critical emergency support package, approximately EUR 170.6 million (3% of GDP) to support individuals, businesses, and municipalities impacted by the COVID-19 crisis.

Kosovo has allocated roughly EUR 570 million for economic recovery up to date. The exchange rate has not been impacted since the country is unilaterally euroized. From January – August 2020, total public revenue fell by approximately 11.5% y-o-y while budget expenditure grew by 7% y-o-y. Public debt as a ratio to GDP is expected to grow as the result of increased social expenditure partly financed using loans from multiple IFIs and the EU. In October, the economy received EUR 50 million from the EU Macro-financial Assistance 15-year loan.

In January-December 2020, budgetary revenue dropped by 10% y-o-y due to direct and indirect taxes contracting by 9.5% and 10.8% y-o-y, respectively. The Government has allowed its citizens in withdrawing a proportion of their pension fund which has contributed to a further decrease in Government revenue. 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. The graph below illustrates how Kosovo’s Government revenue and expenditure have changed throughout the period.

**Graph 12:** Kosovo - Government Revenue Vs Government Expenditure, 2017 – 2020 (EUR billions)



Source: IMF

According to several reports, Kosovo has one of the highest poverty levels in South-Eastern Europe, with a 20.7% child poverty rate.<sup>xxvii</sup> The impacts of COVID-19 on poverty are likely to be substantial, as economic activity in Kosovo has been brought to a standstill. A significant number of people are likely to lose their jobs, especially those on fixed-term contracts, seasonal workers, and those working in the informal economy.

In Kosovo, the pandemic is exerting unprecedented pressure on economic activity and the livelihoods of people. Despite the easing of containment measures in June 2020, the economy continued to decline, as the pandemic shock continued to stifle diaspora-driven service exports, investment, and private consumption.

What is important and worth mentioning is that despite the COVID-19 crisis in Kosovo, the remittances are increasing, thus emphasising the importance of the diaspora’s role in Kosovo’s economy.

## Impact on Health (SDG3)

Kosovo's current health system might not have the capacity to serve all the new cases from COVID-19. Health care indicators in Kosovo such as the number of nurses per patient and number of beds are among the lowest in Europe. Kosovo is experiencing a severe shortage of qualified medical staff, particularly concerning the situation in primary health centres. There are also reports of unavailable drugs and services, long wait times, lack of diagnostic, lab services, and specialists. Women are at the forefront of the COVID-19 response – who frequently have performed critical work in absence of the necessary protective equipment and hygiene facilities.

The health system is predominantly tax-funded (97% comes from the general budget), but private out-of-pocket payments make up a significant share of contributions. Implementation of a recent health insurance reform has been delayed, leaving Kosovo's health system under Government management. Public health personnel is governed by civil service law and budget rigidities. These challenges imply that Kosovo's health system has limited capacity in responding to such a demand surge, although several urgent health actions have been taken since early March 2020.

Furthermore, the main concern of the health specialists is the impact of COVID-19 on the mental health of the population. While Kosovo has focused all their healthcare workforce on preventing the spread of the pandemic, essential health services and lifesaving interventions are receiving less focus.

## Impact on Social Protection (SDG1, SDG2, SDG10)

In Kosovo, 18% of the population already lives below the absolute consumption poverty line (€1.85 per day in 2017 prices), with 5.1% in extreme poverty (€1.31 per day) and inhabitants of rural areas and female-led households disproportionately impacted.<sup>xxviii</sup> The poverty headcount ratio at USD 5.50 a day lay at 21.6% in 2017. This category has little to no access to health services.

Household earnings in Kosovo are expected to decrease due to the supply and demand shocks to the economy arising from strict containment measures. A recent UN rapid assessment<sup>xxix</sup> presented that 30% of respondents reported reduced hours of paid work or job loss (mostly in the construction and hospitality sectors). Decreased incomes were reported by 53% of respondents.

Experience also suggests that, during the crisis, unemployment rates can rise at a faster rate. This is particularly difficult for Kosovo, which has low rates of participation in the workforce, to begin with. The fallout from the pandemic will have effects both on women, who have pre-existing vulnerabilities in the labour market, and men who, in real terms, will be most affected by job losses.

A World Bank analysis reports that approximately 90% of Kosovo workers in the sectors most affected by the lockdown are men (reflecting both the higher rates of employment amongst

men and the types of work men carry out compared to women) who work informally and in small firms. Most of the workers mentioned above do not have access to social insurance.

Overall, the ability of Kosovo's social protection system to respond rapidly to any sudden shocks is undermined by the lack of any unemployment insurance, the rigid and narrow targeting criteria for social assistance, and a lack of a registry of potential beneficiaries, which could assist the Government in rapidly expanding the emergency cash transfer support.

### Impact on Gender Equality (SDG5)

The vulnerable groups of women and girls, face a greater risk of being exposed to domestic violence due to increased time spent at home. According to Kosovo Police, the number of Domestic Violence reported cases in the first quarter of 2020 was 481 cases, an increase of 98 cases compared to 2019; and UN Women implementing partners have reported an increase in the number of victims looking for assistance. The UN's rapid assessment<sup>xxx</sup> indicated that 35% of respondents did not even know where to seek help in case of domestic violence. UN Women also identified an interruption of victims' access to social protection, with social workers refusing to visit shelters to provide social support or psychosocial counselling due to the pandemic.

### Impact on Education (SDG4)

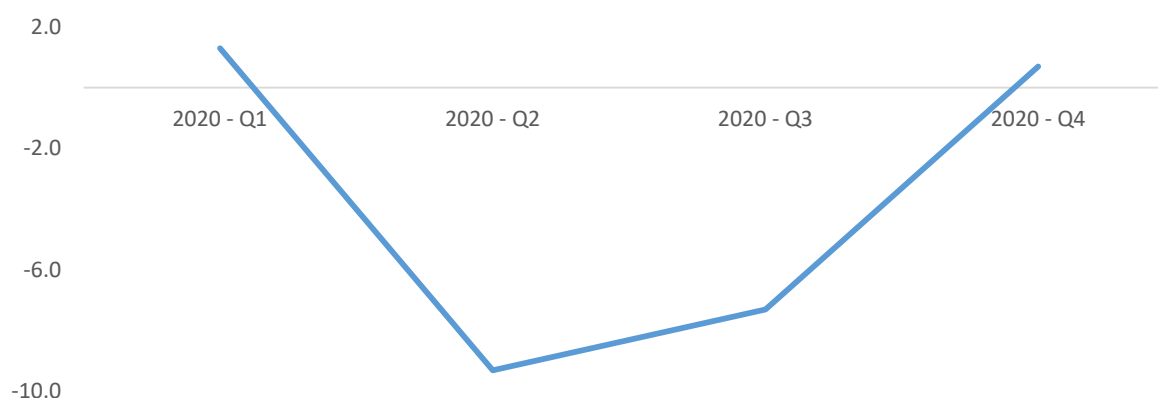
Regarding the education system, parents are also currently facing additional burdens, including home schooling. With schools closed, the Ministry of Education in Kosovo has implemented distance learning for school-age children across Kosovo. While the majority of children have been able to attend regular distance learning, about 4% of children have missed lessons due to lack of equipment or weak internet connections, affecting their right to proper education. While this situation continues, it requires further mobilisation and adaptation of all learning materials.

### Impact on the Economy (SDG8, SDG9)

The consequences of the pandemic on Kosovo's already fragile economy might be severe, as business closures have already affected employment and disposable income, impacting consumption. A recent report estimates that a two-month economic hiatus in Kosovo's hospitality sector will affect 3,683 Small Medium Enterprises (SME) directly, with a EUR 13 million loss in turnover, loss of over EUR 6 million in wages, and more than 12,000 employees without income and at risk of losing their jobs. Kosovo's GDP experienced a rocketing decrease at the start of the pandemic achieving a record low of -9.3%. The Government support packages have supported the economy by injecting money in the environment and at the end of Q4 Kosovo reached a positive GDP growth.



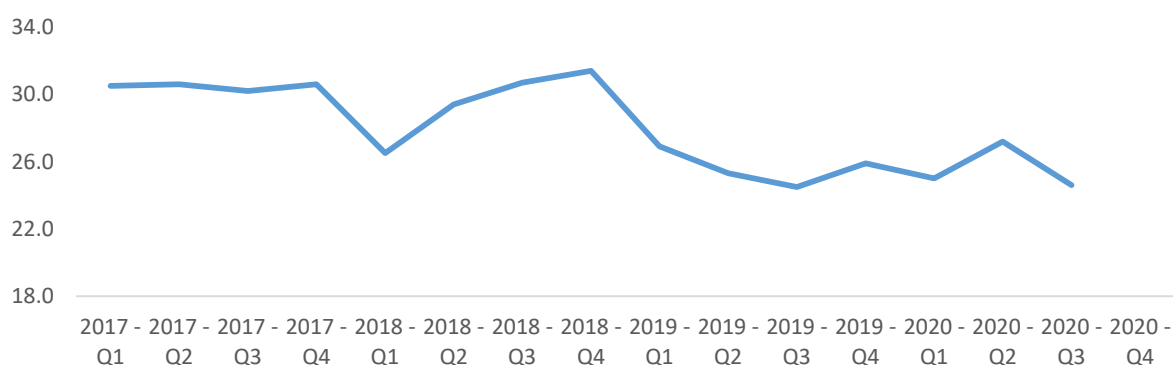
**Graph 13:** Kosovo – Real GDP Growth (%) quarterly



Source: INSTAT

The unemployment rates of Kosovo have always been high, however, it has shown a decreasing trend throughout the years. In Q2 of 2020, it is observed an increase in the unemployment rate which is mitigated due to the Government support packages in Q3 and is expected to decrease even further in Q4.

**Graph 14:** Kosovo - Unemployment rate (%), 2017 – 2020



Source: Labour Force Survey

The impact on interlinked sectors could exceed EUR 10 million.<sup>xxxii</sup> Another survey indicates that 74.5% of businesses have reported an income decrease, 47.8% could not keep employees on the payroll, and 36% had difficulties in paying taxes or fees, while 32.1% were planning on reducing their employees.<sup>xxxiii</sup> The recent UN rapid assessment <sup>xxxiii</sup> reported that 70% of responding businesses had to close or work at a lower capacity, and 1/3 of the businesses were uncertain about how much longer they could afford to operate in such a volatile environment. Beyond the demand and supply factors, SMEs are particularly vulnerable to shock because they often have limited liquidity and low financial buffers to absorb the sudden loss of revenue. In comparison with larger businesses, they cannot also adapt their operations management fast enough to respond to changes (for example through infrastructure upgrading or digital solutions) or diversify their supply chains.

Vulnerability and poverty are expected to increase significantly, impacting mostly the informal economy and those facing long-term unemployment, low salaries, or lack of alternative income.

In conclusion, the pandemic has exposed the systemic vulnerability of society to two external shocks; the health risks of COVID-19 and the economic impact of global lockdown. Fragility in both external shocks results from macro-economic growth and fiscal constraints and relatively weak public sector administration, which would undermine social protection and welfare provision. The pandemic has also exacerbated economic inequalities, manifested by the continuous rise in households seeking basic food supplies and unemployment benefits, and highlighted ongoing human rights challenges, including violence against women.

## North Macedonia

*The first confirmed case of coronavirus (COVID-19) in North Macedonia was reported on February 26<sup>th</sup> 2020.*

*As of January 31<sup>st</sup> 2021, North Macedonia was ranked 42<sup>nd</sup> in the world with 393 active COVID-19 cases per 100 000 inhabitants. Also, 2855 people have died from the virus, representing 137 deaths per 100 000 inhabitants.<sup>xxxiii</sup>*

The number of new cases in recent weeks is decreasing but remains at a critical level. After a strict lockdown in the spring followed by a gradual reopening of the economy, social-distancing restrictions were tightened again to slow down contamination. Table 3 illustrates a snapshot of North Macedonia's situation on 31<sup>st</sup> of January.

*Table 3:* North Macedonia - Situation on 31<sup>st</sup> of January 2021

Tot cases	New cases	Active cases	Tot deaths	New deaths	New cases per 100,000	Deaths per 100,000
92,693	175	8,157	2,855	7	8.4	137

Source: <https://covid.observer.mk/>

## Situation prior to COVID-19

Prior to COVID-19, the economic prospects of North Macedonia were encouraging. Economic growth was solid, and unemployment and poverty rates were experiencing a decrease in trend. The political tailwinds were also very favourable. On March 27<sup>th</sup> 2020, the country became the 30th member of NATO, thereby strengthening its political stability. Also in March 2020, the EU agreed to start accession negotiations, an important milestone in the country's independent history.

In 2019, the economy experienced an increase in real GDP of 3.2% (driven by domestic demand in investment). Even though the unemployment rate is high at 17.25%, it has shown a decreasing trend in the pre-pandemic era (average annual decrease of 1.7% since 2015). General government debt stood at 41.9% of GDP.<sup>xxxiv</sup>

## Support packages

Responding to the declaration of WHO regarding the pandemic, the Government has undertaken a series of regulatory responses, to mitigate the negative effects on the economy.

The measures were approved as of March 2020, where the Government implemented a fiscal package (0.2% of GDP) to assist businesses' liquidity problems and prevent job losses, targeting the most impacted sectors such as transportation, hotel, and restaurants for three months starting from April.

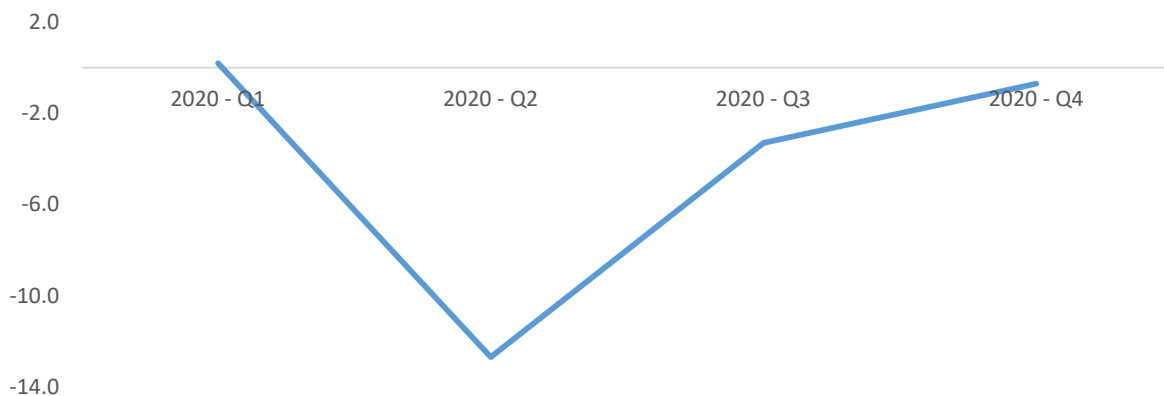
In May 2020, the Government retroactively classified the measures into three distinct packages. The first two measures focused on mitigating the impact of the health crisis on the economy and the population and were implemented between March and May 2020. The third package concerns revitalisation, economic recovery, and stimulation of consumption and industry, which began on May 17<sup>th</sup> 2020. The third package of newly implemented measures is systematised in three main pillars: the distribution of means of payment to the population to encourage the consumption of local goods and services, direct support for the economy, and aid for the agrarian sector in North Macedonia. The value of the third package is estimated to cost around EUR 355 million and will impact 733,000 users. With the third package, the total economic assistance from all of the measures taken by the Government is estimated to EUR 550 million or 5.5% of North Macedonia's GDP.

On September 27<sup>th</sup> 2020, the Government announced the launch of the 4th package aimed at mitigating the negative impact of the pandemic on the economy. This package (whose estimated cost is EUR 470 million), taken as a direct extension of the three previous ones, brought North Macedonia's aid up to EUR 1 billion. It consists of 31 measures. Also, on January 19<sup>th</sup> 2021, the government announced the launch of the 5th package of measures, which will replace the measures in the 4th package.

### Impact on the Economy (SDG1, SDG2, SDG8)

The IMF projected that North Macedonia's economy will shrink by approximately 5.5% in 2020 (vs. 3.5 % GDP growth in 2019).<sup>xxxv</sup> The National Bank of North Macedonia forecasts is slightly more optimistic with a contraction of 3.5%. According to the EU, the economic contraction reached 3.3 % y-o-y, after a 12.7% drop in Q2. The fast recovery from the fall is due to a strong rebound in investment and a less marked decrease in household consumption maintained by the various measures.

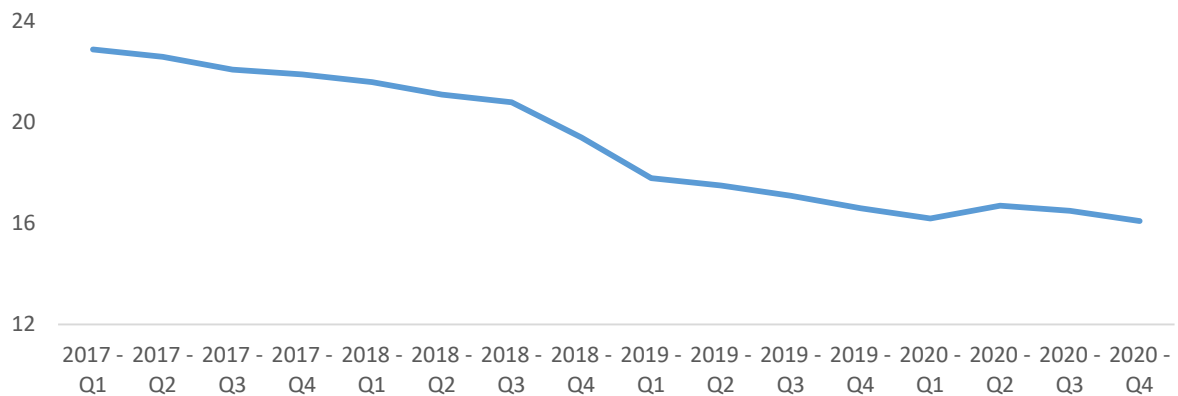
*Graph 15:* North Macedonia – Real GDP Growth (%) quarterly



Source: INSTAT

Despite a 17.25% unemployment rate in 2019, has been decreasing in recent years (average annual decrease of 1.7% since 2015).<sup>xxxvi</sup> In Q2 2020, it increased by 2.7% y-o-y. The labour force expanded, by 0.7% y-o-y, on account of a rise in the female workforce (+1.9%), however, the unemployment rate increased by 16.7%.

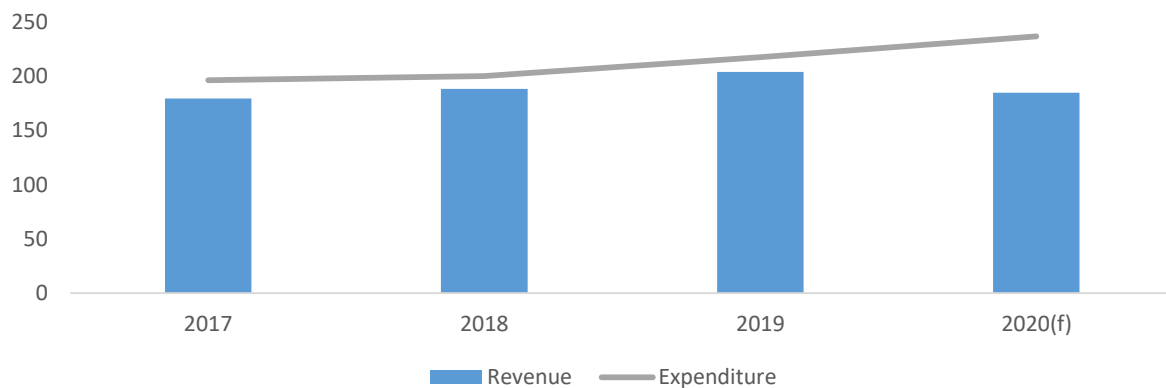
**Graph 16:** North Macedonia - Unemployment rate (%), 2017 – 2020



Source: Labour Force Survey

In 2019, government debt stood at 41.9% of GDP. In 2020, it was slightly higher at the end of the Q1 y-o-y. (+0.5%).<sup>xxxvii</sup> In Q3, the budget deficit amounts to 25.95 million denars (i.e. 3.8% of the GDP planned for 2020). In 2020, overall public debt was forecasted to represent 59.6% of GDP. Due to the support packages in place the Government revenue experienced a 10% decrease as is shown in the graph below.

**Graph 17:** North Macedonia - Government Revenue Vs Government Expenditure, 2017 – 2020 (National currency billions)



Source: IMF

UNDP conducted an analysis aiming to measure the Socioeconomic assessment of COVID-19, concluding that North Macedonia is facing a more severe economic crisis compared to the financial crises of 2007 – 2009.

### Impact on Tourism (SDG9)

The tourism and hospitality industry was severely impacted during the lockdown. The unprecedented fall in the number of tourists in March 2020 of 67.3 % (compared to March 2019) and the number of nights spent 62.8% painted a grim picture for the tourist, hospitality, and entertainment industry. It also affected the overall figures for Q1 2020, given the decrease

in the number of tourists in the first three months was down by 18.3% and of the number of nights spent by 19.7%.

### Impact on Gender Equality (SDG5)

As highlighted in several reports from various countries, health and economic crises impacted women the hardest. While women are overrepresented in fighting the pandemic, they also suffer more severely from the ongoing social-economic crisis. Sectors that are impacted the most — restaurants, the travel sector, and the textile industry — have a high female employment ratio. Therefore, more women are more likely to lose their jobs. Women constitute the majority of employees in education, health care, and social protection. They also comprise the majority in the textile industry at 24%, where the vast majority (87%) receive a salary below average.<sup>xxxviii</sup>

Recent country estimates indicate that women in North Macedonia perform 72.5% of unpaid work at home and childcare, which significantly affects their ability and time to perform paid work, pursue career development or greater participation in public life, volunteer, or take part in other activities of interest.<sup>xxxix</sup>

With COVID-19, it is highlighted that besides the health sector, several other activities stood out as being essential for daily functioning. These included industries concerning the production and sale of food products, pharmacies, shops and supermarkets, financial services, and hygiene maintenance. Unlike the general recommendations for employers on working remotely where possible, in these activities, the need for a physical presence did not change, thereby increasing the risk of contamination, and imposing more difficult working conditions and responsibilities. These jobs in North Macedonia are predominantly occupied by women (30% of the employed women versus 16% the employed men). Women comprise the largest percentage of employees in health care, accounting for 74% of the total.<sup>xl</sup>

## Serbia

*The first confirmed case of coronavirus (COVID-19) in Serbia was reported on March 6<sup>th</sup> 2020.*

*As of January 31<sup>st</sup> 2021, Serbia was ranked 1<sup>st</sup> in the world with 5122 active COVID-19 cases per 100 000 inhabitants. Also, 4020 people have died from the virus, representing 59 deaths per 100 000 inhabitants.<sup>xl</sup>*

The government declared a national state of emergency on March 15<sup>th</sup> 2020 and adopted several containment measures. These included closing borders, prohibiting the movement of citizens during the weekends and between 5 pm and 5 am during weekdays (total ban for senior citizens), suspension of public transport and all activities in parks and public areas intended for recreation and sports, closing education centers and shopping malls (except grocery stores and pharmacies). Table 4 illustrates a snapshot of Serbia's situation on the 31<sup>st</sup> of January.

**Table 4:** Serbia - Situation on 31<sup>st</sup> of January 2021

Tot cases	New cases	Active cases	Tot deaths	New deaths	New cases per 100,000	Deaths per 100,000
395,263	1,366	391,243	4,020	20	20	59

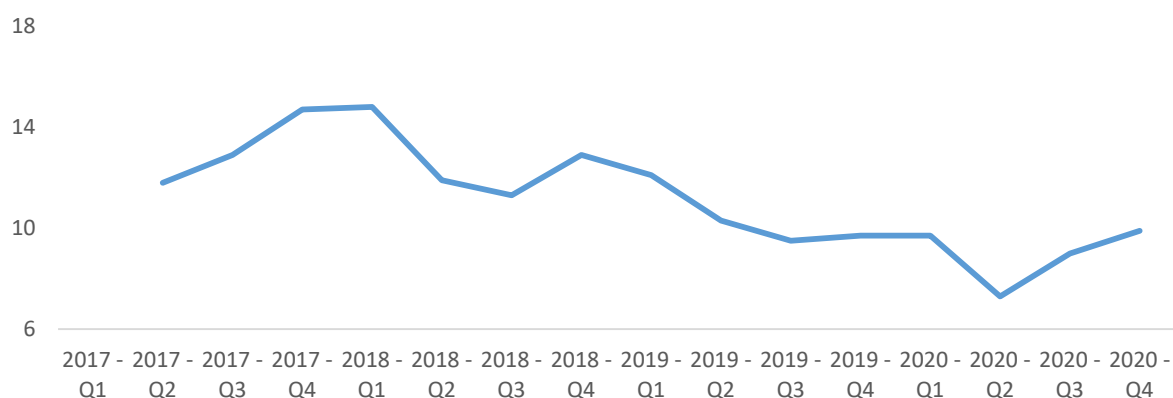
Source: <https://covid.observer/xk/>

## Situation prior to COVID-19

Serbia was in a moderate position prior to the COVID-19 outbreak. In 2019, the economy experienced real GDP growth of 3.2%. Unemployment was at its lowest level in the last decade, at 10.9%. General government debt stood at 52.1% of GDP.

Given the small size of the Serbian economy, the scope of policy actions undertaken has been considerable, targeting the vulnerable groups affected by the containment measures. In December 2019, the government projected a 4.0% growth for 2020. However, it is expected that the pandemic will lead to a notable slowdown in the economy, which strongly relies on trade with and investments from the EU (esp. Germany and Italy). Within the domestic market’s SMEs, manufacturing, transport, logistics, and tourism sectors will be amongst the most impacted. Unemployment rates could increase and labour market conditions may deteriorate, given that a notable share of the workforce lives abroad (around 10% of the population).

**Graph 18:** Serbia - Unemployment rate (%), 2017 – 2020

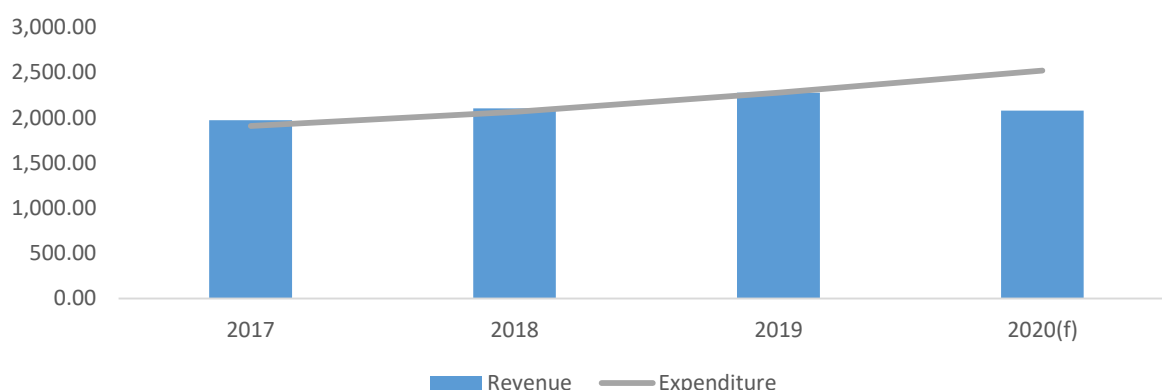


Source: Labour Force Survey

## Support packages

The Government has implemented comprehensive packages (monetary, fiscal, and banking), aiming to mitigate the negative economic impact of the pandemic. The measurements implemented impacted the Government by increasing the public deficit (illustrated in the graph below) and the public debt to 55.6% of the national GDP.

**Graph 19:** Serbia - Government Revenue Vs Government Expenditure, 2017 – 2020 (National currency billions)



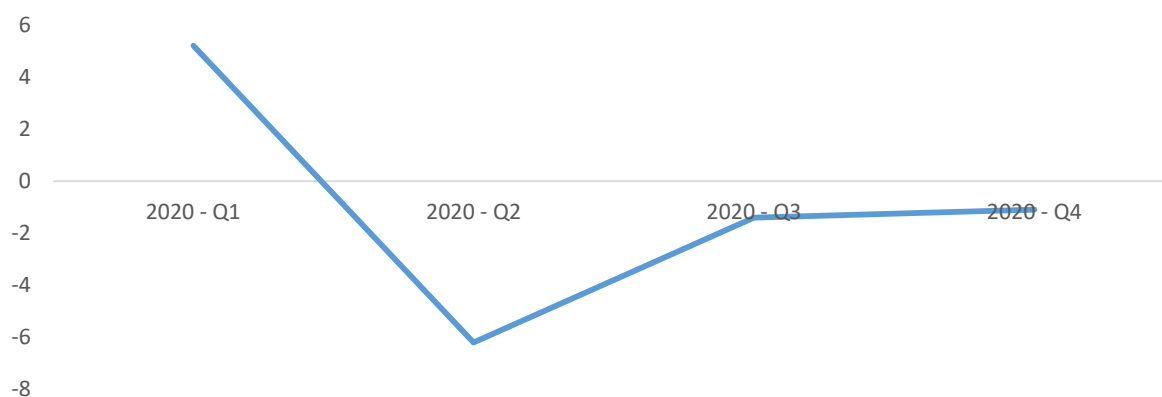
Source: IMF

On April 1<sup>st</sup>, the Minister of Finance and the President of the Chamber of Commerce of Serbia announced a EUR 5.1 billion (11% of the national GDP) financial package to support the economy. The government also announced that it will invest RSD 24 billion (EUR 200 million) in infrastructure projects in a bid to mitigate the risks of the coronavirus crisis on the country’s economic growth.

### Impact on the Economy (SDG1, SDG8, SDG9)

According to the State Statistical Office (SORS), in the second quarter of 2020, the national GDP decreased by 6.2%.<sup>xli</sup>

**Graph 20:** Serbia - Real GDP Growth (%) quarterly



Source: SORS

The negative effects of the pandemic have been reflected by a decrease in economic activities including, manufacturing, transportation, and tourism (most impacted industries). According to the SORS, in April 2020, overall industrial production dropped by 17.6% and manufacturing by 20%. The total value of foreign trade decreased substantially by 28.2% in April and 26.4% in May. In early 2020, the foreign remittances declined significantly by 9.4%<sup>xlii</sup> and according to the National Bank of Serbia, by EUR 800 million from January to May (decreased by 23.8% compared to the same period last year). Foreign Direct Investments was also lower than in 2019 (EUR 3.6 billion in 2019).<sup>xliii</sup>

The marked liquidity shock to businesses was buffered primarily by businesses’ financial reserves (63% sustained the crisis this way),<sup>xliiv</sup> while the government’s fiscal measures to

protect businesses were also generally well-received. In addition to the jobs lost this far, the jobs that remain are still subject to a significant drop in productivity due to adjusted working norms and a high loss in the overall number of working hours being contributed to the economy (estimated at a loss of 510,000 full-time equivalent (FTE) work hours in the second quarter of 2020 alone).<sup>xlv</sup> While the economy showed solid resilience, the negative impacts were felt in certain industries, such as in hospitality, culture and entertainment, transport, and automotive industries. Workers in the informal economy and small and medium-sized farms, both of which did not have access to government assistance, were also severely hit.

The updated IMF projections indicate a temporary decrease in GDP, by 1.5% in 2020 and a rebound to 5% in 2021 (vs. 4.2% in 2019).<sup>xlvi</sup> The European Commission has projected (4th quarter 2020) a drop in the Serbian GDP of 1.8% in 2020, followed by an increase by 4.8% in 2021 and 3.8% in 2022.<sup>xlvii</sup> The European Commission's forecast for the unemployment rate was at 9.3% in 2020 and 9.6% in 2021.<sup>xlviii</sup> According to the World Bank projections (fall 2020), the GDP would fall by 3% in 2020. For 2021, the World Bank forecasts a more moderate growth of 2.9%.<sup>xlix</sup>

In January – November 2020, the budget recorded a deficit of RSD 353.2 billion (6.4% of the annual GDP projected by the Ministry of Finance), as compared with a 0.8% of GDP surplus in the same period of 2019 as illustrated above in Graph 17.

Furthermore, in November, government debt stood at 55.6% of the estimated full-year GDP, up from 48.9% at end of 2019.

In addition to that, the Government undertook measures supporting the health sector, with a 10% wage increase for the public healthcare sector to RSD 13 billion (EUR 110 million) and increased healthcare spending to about RSD 12 billion (EUR 100 million). Moreover, the Minister of Health announced that in April 2020, more than 2,500 health workers (doctors and nurses) have been employed. In early November, the authorities announced that public-sector health workers will receive one-off assistance of RSD 10,000 by the end of the year (estimated cost of about 0.02 percent of GDP).

### Impact on Health (SDG3)

Serbia's health system, as in many other countries, was not prepared to face the pandemic outbreak, and was introduced to two key challenges:

1. Insufficient capacity of the public health system to identify, isolate, test, and treat all cases of COVID-19 that emerged, and to trace and quarantine applicable contacts of those infected
2. Insufficient capacity to dual-track efforts and provide regular health services while at the same time aggressively treating and addressing COVID-19 as an overarching national health crisis.

Additionally, all non-essential health procedures (including diagnostic or treatment, as well as elective surgeries) were temporarily suspended during the State of Emergency and are being gradually reintroduced as macro-health conditions are improved. Patients turned away from



such diagnostic and treatment services during this time were particularly affected, as they were prevented from using public healthcare services and had to turn to private health services, which ultimately further increased the burden on private households for “out-of-pocket payments” and expenses (non-reimbursable payments directly incurred by the patient). During this time approximately 27% of women and 19.9% of men experienced difficulties in accessing health services.<sup>l</sup> These barriers were even more pronounced among young people, 54% of whom confirmed that they had restricted access to health services due to the crisis.<sup>li</sup> Mortality on a y-o-y basis did not increase during March 2020, April 2020, and May 2020 (during this period the number of deaths was, in total, 3% lower than the same period Y-o-Y (SORS, 2020). During June 2020 and July 2020, the overall number of deaths from all causes was 14.2% higher compared to the same period y-o-y.

### Impact on Social Protection (SDG1, SDG2, SDG4, SDG5)

Achieving the 2030 Agenda on social protection might be more than ambitious as only 29% of people worldwide currently have the access to comprehensive social protection (ILO, 2017). Serbia, with its system designed to ensure equitable access to social protection services for all citizens to protect them against poverty and risk to livelihood as well as support their well-being, nominally qualifies as an early achiever in the social protection realm. However, Serbia’s experience with COVID-19 has highlighted problems in the existing system, challenging its capabilities to truly protect intended beneficiaries.

COVID-19 impacted greatly the functioning of the social welfare system, including access to services for vulnerable groups and disruption in access to learning. Serbia’s projected fall in GDP will have a negative impact on the already strained social protection budget in the country. Depending on the trajectory of the crisis, 125,000 to 327,000 citizens of Serbia could become newly poor, impacting the roadmap to SDG1 (No Poverty).<sup>lii</sup> The adequacy and coverage of welfare state expenditures, currently accounting for around 25% of GDP, will have to be revisited, as the initial wave of the crisis has revealed some weaknesses in governmental support schemes.

The lockdown policy and physical distancing restrictions negatively affected the provision of other general and community-based social services for many vulnerable groups across Serbia and challenged the effectiveness of social welfare programs. Children and the youth were not recognised as a group particularly at risk, but as potential virus transmitters who could (sometimes unwittingly) spread COVID-19 at a faster rate among those they interacted with.

Furthermore, SDG4 (Quality Education) was highly affected also in Serbia. Kindergartens, schools, and universities were closed early in the crisis to try and prevent the spread of COVID-19. The entire education system switched to remote teaching and learning, affecting over 1.2 million children and young people across the country.

Also, the number of reported cases of domestic violence decreased during the State of Emergency, while psycho-social support to women in situations of violence provided through emergency helplines increased by 30% compared to the pre-COVID-19 period,<sup>liii</sup> thus having an impact on SDG 5 (Gender Equality).

The stimulus and social protection measures introduced by the Government consisted of a combination of cash and in-kind assistance, but many groups who needed assistance most directly found themselves left out of or under-included in benefits programs, such as families with children, residents of substandard housing settlements (primarily Roma populations), the homeless or those at risk of homelessness, and those who do not possess personal identification and travel documents. Social services were already insufficiently available across all municipalities before COVID-19 and many of them were halted entirely with the pandemic outbreak. As the report presents, systematic gender gaps in accessing social services were observed, with women more frequently reporting difficulties in accessing benefits and services. Within the limited fiscal and budgetary space, stakeholders will need to rely on both existing and new, innovative methods and tools to ensure that those who are at the greatest risk of poverty and social exclusion do not fall behind even more so in the shadow of COVID-19. Furthermore, 50% of households with children experienced a decrease in their income during the crisis, in parallel with increasing unplanned expenditures, at times accounting for a quarter of these households' monthly incomes.<sup>liv</sup>

### Impact on the Environment (SDG13)

Restrictions and other suppression measures enacted to curtail the pandemic resulted in short-term environmental gains, such as a fall in air pollution and a fall in greenhouse gas emissions. However, there were also numerous adverse effects to the environment and Serbia's progress on environmental issues. Reduced overall public spending as a result of budgetary reallocations has negatively affected highly needed investments in environmental protection projects, including wastewater treatment, waste management, and maintenance of protected areas.

Researchers state that investments in renewable energy received a blow when favorable tariffs were removed during this period, with the result being that companies needed to compete with fossil fuels on the market, negatively impacting biomass rates in particular. The Government support measurements aiming to boost the businesses during this crisis completely omitted the environmental criteria, forgoing an important opportunity to support Serbia's transformation towards a greener economy. The EU is about to legally mandate its transition to net-zero emission goals by 2050, decoupling growth from resource use and leaving no one behind in this process. This EU "Green Deal," whose goals are aligned with Agenda 2030, will likely impact Serbia regardless of the pace of its progress towards full EU membership. Serbia's recovery from COVID-19, if tailored to support a greener less resource-intensive, and less polluting economy, might assist Serbia is becoming more competitive in the global market and more resilient to future shocks and crises. In turn, the regional goals of decarbonisation and decoupling of growth from resource use and energy intensity could sustainably improve air quality and reduce greenhouse gas emissions in Serbia over the long run.

## Montenegro

*The first confirmed COVID-19 case in Montenegro was reported on March 17<sup>th</sup>, 2020.*

*As of January 31<sup>st</sup> 2021, Montenegro was ranked 11<sup>th</sup> in the world with 1177 active COVID-19 cases per 100 000 inhabitants. Also, 805 people have died from the virus, representing 128 deaths per 100 000 inhabitants.<sup>liv</sup>*

On May 25<sup>th</sup>, the Prime Minister announced that Montenegro was the first coronavirus-free country in Europe. In mid-June, the virus returned and the Government declared an epidemic in the entire country on July 22<sup>nd</sup>. Unified epidemiological measures have been reintroduced throughout the country in late November. Current measures in place include a nationwide curfew from 10 pm to 5 am, restricted hours of retail and hospitality facilities, a ban on mass gatherings and gatherings in residential buildings. Table 4 illustrates a snapshot of Montenegro's situation on 31<sup>st</sup> of January.

*Table 5: Montenegro - Situation on 31<sup>st</sup> of January 2021*

Tot cases	New cases	Active cases	Tot deaths	New deaths	New cases per 100,000	Deaths per 100,000
61,959	457	7,327	805	3	72.7	128

Source: <https://covid.observer.xk/>

### Situation prior to COVID-19

In 2019, Montenegro's GDP growth was estimated at 3.1%, driven by household consumption, and boosted by strong tourism performance.<sup>lv</sup> The economy has great dependency on the tourism sector, which employs 15% of the workforce and provides 20% of its gross value added.<sup>lvi</sup> Montenegro has a high unemployment rate of 15.1% but it has been on a constant decrease since 2015. Consumer inflation has been low for several years; in 2019, it averaged only 0.5%. The net foreign direct investment inflows increased up to 7.2% of GDP in 2019, covering less than half of the current account deficit, however, the debt level remains one of the highest in the Western Balkan region.<sup>lvii</sup>

The gross debt level of Montenegro rose from 66% of GDP in 2017 to 80% in 2019, Montenegro's trade deficit is structural, resulting from a narrow domestic production base and a high import dependence for investment and consumption goods, therefore spending will still need to be carefully prioritised to cover the most urgent needs, in order not to jeopardize debt sustainability.

As a result of economic slowdown and implemented fiscal measures, the Government estimates the budget deficit to reach 7.3% of GDP in 2020, while some projections suggest a record high deficit of 10%.<sup>lviii</sup> Government debt increased from 76.5% of GDP in 2019 to 87.3% of GDP in 2020.<sup>lix</sup> On December 18<sup>th</sup> 2020, the Government of Montenegro decided to forego setting a budget until March, when a realistic budget could be prepared, and to use temporary financing in the meantime.

### Support packages

The Government announced several measures, including the delay of tax payments and contributions to earning; the creations of a new Investment Development Fund (IRF) credit line to improve the liquidity of entrepreneurs; the deferral of lease payments for state-owned real estate; and advance payments to contractors for capital projects.

Furthermore, the Government offered one-off financial assistance to low-income pensioners and social welfare beneficiaries in the amount of EUR 50 (EUR 1 million has been allocated for this).

On April 9<sup>th</sup> 2020, the Government announced a package of measurements, including subsidies in April and May, of 70% of the minimum wage for employees in sectors that are closed due to the pandemic, employees who are unable to work due to childcare for children aged under 11, or people who have to be self-isolated and quarantined; and a subsidy of 50% of the minimum wage for employees in sectors at risk due to the pandemic-related lockdown.

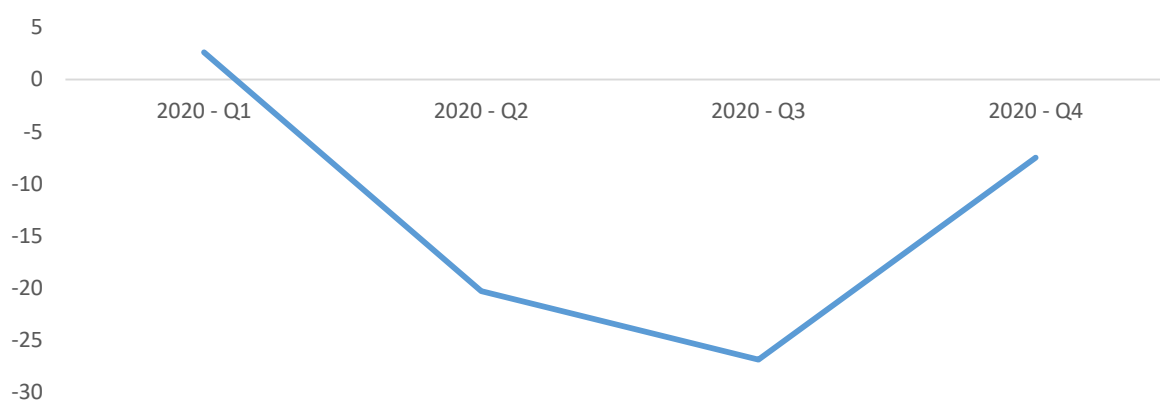
In July 2020, the Government has also announced several additional measures which will span across a period of 4 years and amount to 1.2 billion EUR, including salary incentives for affected industries (100% of gross minimum salary reimbursement for COVID-19 prohibited services, 70% for hospitality services), low-interest rate loans, incentives for financing loan interest, etc.<sup>lx</sup>

The Montenegrin Government announced a fourth economic package on January 28<sup>th</sup> 2021 of EUR 163 million, which is expected to cover 100,000 citizens.<sup>lxi</sup> Measures include (i) wage subsidies (with an expanded list of eligible sectors); (ii) one-off support to the vulnerable population; (iii) tax deferrals; (iv) support for new employment; (v) one-off support for firms to implement e-fiscalisation; (vi) domestic travel vouchers for health and education workers; and additional measures for the tourism, catering, and agriculture and fisheries sectors. The measures are aimed at maintaining employment levels, improving liquidity, increasing the number of tourists, the stability of agriculture, as well as supporting the vulnerable population.

### Impact on the Economy (SDG8)

Montenegro experienced a sharp fall in GDP (between 12% - 14.9%), largely driven by losses in the tourism sector, accounting for a decrease of 79.2% in foreign tourist arrivals as of January 2021.<sup>lxii</sup> Montenegro's economy experienced a much sharper decrease due to the pandemic than expected, decreasing up to 27%. The sharp decrease can be explained due to the strong dependency on tourism and the closure of international borders. Various projections for 2021 expect the annual GDP growth to reach between 5.5% and 6.1%.<sup>lxiii</sup> The economy experienced an annual inflation rate of -0.1% for 2020 while the projected annual inflation rate for 2021 is set at 0.7%.

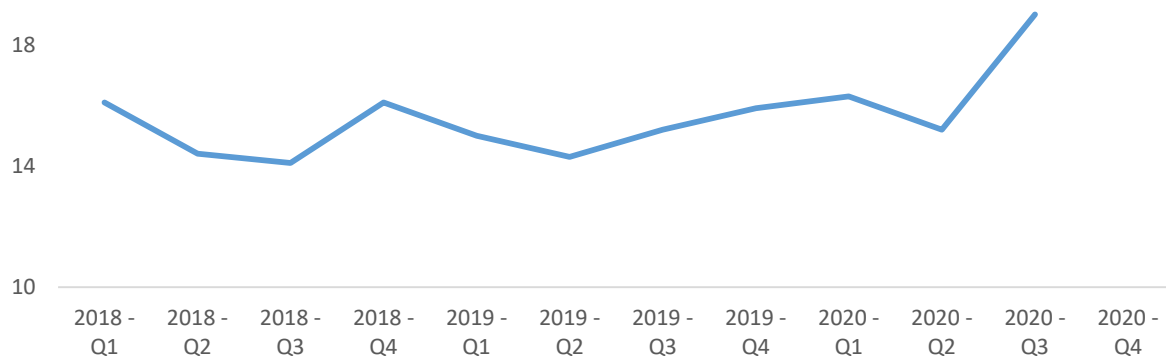
**Graph 21:** Montenegro - Real GDP Growth (%) quarterly



Source: INSTAT

Registered unemployment in December 2020 increased by 13.4% compared to the same period in 2019.<sup>lxiv</sup> The total employment for the same period dropped by 13.2% compared to 2019, with the largest decrease of 37.9% recorded in the administrative and support services sector.

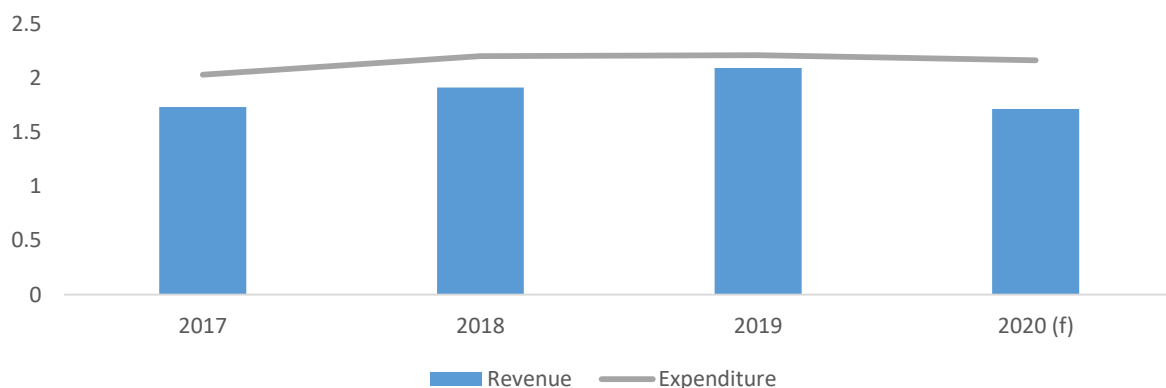
**Graph 22:** Montenegro - Unemployment rate (%), 2017 – 2020



Source: Labour Force Survey

As a result of declining tax revenues, largely due to the collapse of the tourism sector, the central government registered a cash deficit of 8.5% of GDP from January to November, compared to the revised budget plan’s deficit of 7.3% of GDP for the whole year (illustrate in the graph below). Revenues in nearly all categories, except for corporate tax income, were lower compared to the same period of 2019, while capital expenditure fell by 30.6% y-o-y, remaining 9.8% above the plan.<sup>lxv</sup> On December 9<sup>th</sup> 2020, the government issued a EUR 750 million seven-year Eurobond with an interest rate of 2.87% to help the government cover 2021 financing needs (estimated at EUR 520 million).

**Graph 23:** Montenegro - Government Revenue Vs Government Expenditure, 2017 – 2020 (National currency billions)



Source: IMF

Furthermore, World Bank projections indicate that COVID-19 could increase the poverty rate in Montenegro by an estimated 1.5–3 p.p., depending on the crisis duration. Between 9,000 to 20,000 citizens could fall into poverty due to the economic shock. More than 80% of Montenegrins, who because of the COVID-19 crisis could become poor, currently do not have any social protection support.

## Impact on Social Protection (SDG1, SDG2, SDG10)

The income of families that have people with disabilities has been significantly reduced due to the pandemic, potentially indicating a high dependency on additional sources of income on top of social benefits. The Rapid Social Impact Assessment (RSIA)<sup>lxvi</sup> also revealed that the Roma and Egyptian community is especially vulnerable to shocks - the majority of respondents' income had been either completely lost or substantially reduced. Food is among the key urgent needs, followed by hygiene products, medicines, clothing, and accommodation. The limited capacities of the social welfare sector have caused challenges to respond adequately to the crisis and provide essential services to the most vulnerable. Elderly people have not only been exposed to greater health risks but have also faced challenges in supporting themselves during isolation.

## Impact on Education (SDG4)

Over 118,000 children and young people have been directly impacted by school closures. Education services were interrupted for one week after which distance learning (#UciDoma – Learn at Home) was rolled out through broadcasting of video materials on TV and YouTube, and a new web portal [www.ucidoma.me](http://www.ucidoma.me). While continuity of education was maintained, the distance learning system was not accessible to all children. School closures thus put advancements made in access to education and learning at risk, especially for the poorest and most marginalized children and young people. This was confirmed by the April data from the RSIA, which highlighted that a significant percentage of households with children and adolescents of school age did not have computers/laptops (21%) or tablets (51%) connected to the internet that can be used for distance learning. Children serving a correctional measure in the 'Ljubovic' Centre for Children and Young People' are facing challenges in continuing their education as there is limited equipment for online learning. As a result of the UN system response some gaps were closed and RSIA data from June showed that a large majority of children (97%) took part in distance learning.

## Impact on Gender Equality (SDG5)

As a result of lockdown measures, many women and children faced an increased risk of domestic violence. The Women's Safe House in Podgorica received an increased number of calls of 46% in comparison with the same period last year (March 16th till June 1st, 2020).<sup>lxvii</sup> Accommodation in shelters was provided for 60% more victims of gender-based violence than in the same period last year. The national SOS helpline has also registered an increase in demand for their services during COVID by 18% with the observed significant increase of calls after the lockdown measures were eased, when the National SOS helpline had 32.5% more calls (May 2020). NGOs working with child victims or witnesses of violence report an increase in such incidents, as well as a change in their nature, as psychological violence including arguments between spouses/partners and between parents and children, particularly adolescents, have become more prominent. With divorced couples, child visitation rights have become a concern, while relatives and friends seem to be pressuring women not to report violence. NGOs and members of the LGBTI community have also reported incidents of

violence and abuse, in particular of those who due to loss of income had to return to their original homes that are homo- or transphobic.

### Impact on Food / Nutrition (SDG2)

Although the retail sector faced challenges during the lockdown, the supply chains in the country remained intact and the capacity to supply essential agri-food items has remained satisfactory. However, the crisis has shown that primary producers of agricultural products remain extremely vulnerable to demand shocks caused by the national curfew and closure of the hospitality sector. The reduced purchasing power of the most vulnerable households (due to loss of employment, cuts in wages, and increase in prices) may have direct effects on the quality of nutrition by selecting cheaper and inferior food. Such a decrease in diet quality will have a significant impact especially for children, who are, according to relevant studies, often having issues with obesity. For many vulnerable families, food supplies through front-line organizations such as the Red Cross were the only way to sustain their livelihoods during the lockdown.

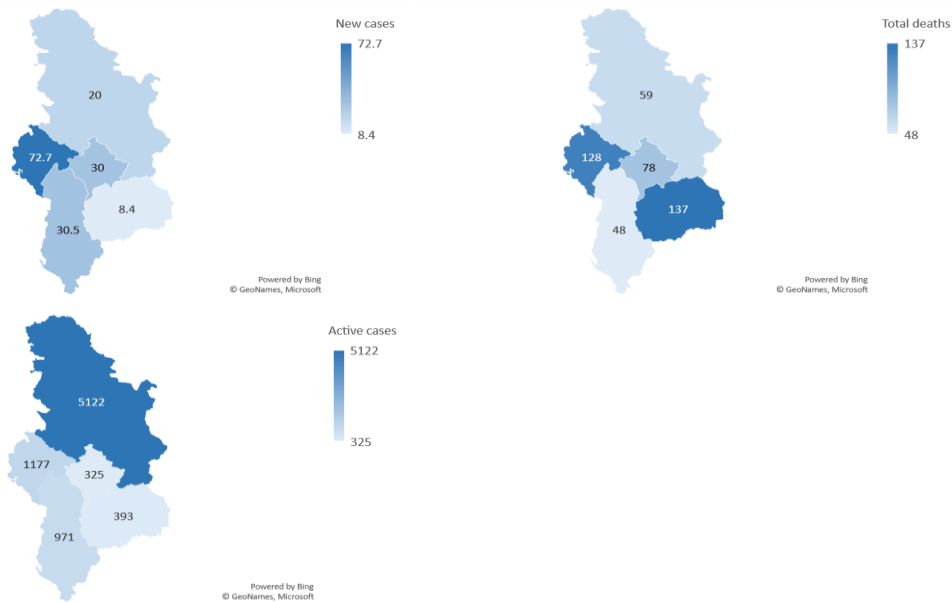
### Western Balkan region main outcomes

The COVID-19 outbreak forced the countries to reorganise their annual budgets increasing significantly the budget regarding the health sector. Western Balkan health system was not prepared to face the pandemic outbreak. Albania has the lowest public spending on health as a share of GDP (2.97%) compared to most South-Eastern European countries. Projections from WHO indicate that for 2020 - 2022 Albania will spend less than 10% on health compared to the overall public budget.

Health care indicators in Kosovo such as the number of nurses per patient and number of beds are among the lowest in Europe. Governments to maintain and stabilise the situation are incentivising health workers by increasing their payments and offering benefits and have asked any volunteers from students to retired doctors to join the mission. COVID-19 structures have been established in a record time to increase the capacity of patients being treated.

The three graphs below illustrate the current situation as of 31st of January 2021 for New cases, Total deaths, and Active cases per 100,000 population for the Western Balkan countries. It is observed Albania has the lowest death per 100,000 and rates almost at the bottom in new cases. Serbia has a record-high number of active cases and North Macedonia has the highest death rate.

**Graph 24:** Western Balkan - Situation as of 31<sup>st</sup> of January per 100,000 population

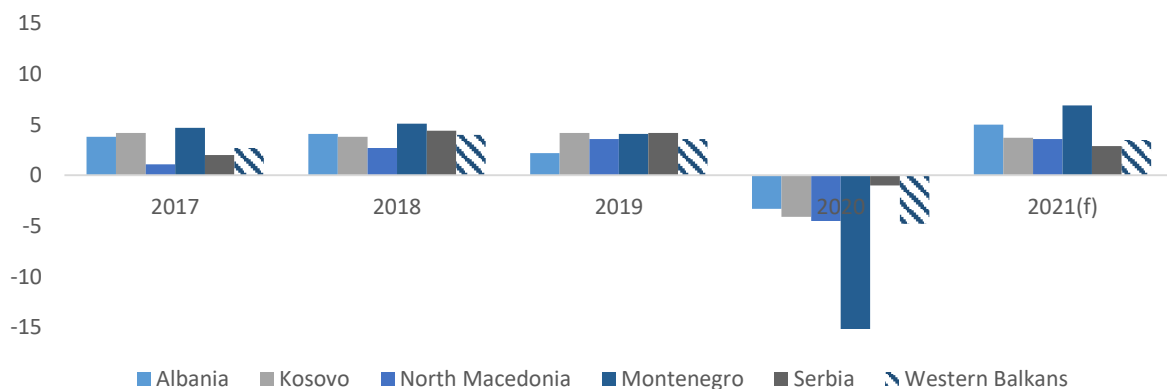


Source: WHO

COVID-19 has diverted all the attention of the health sector to patients who have been contaminated and has left few or no resources on patients being treated for other diseases. This situation has caused that many patients have been deprived of health care aids, resulting in deterioration of their health situation. Since all the public health institutions are for treating COVID-19 patients, many people are obliged to move to the private sector to seek the required attention, which for the vulnerable groups hardly can be reached. The number of deaths from non-COVID-19 health issues has increased slightly due to the negligence of other diseases.

The disruptive effects of the COVID-19 crisis on the Western Balkan economies subsided somewhat in the third quarter of 2020 when the region’s GDP fell by 4.8% y-o-y.

**Graph 25:** Western Balkan - Real GDP Growth (%) yearly, 2017 – 2021



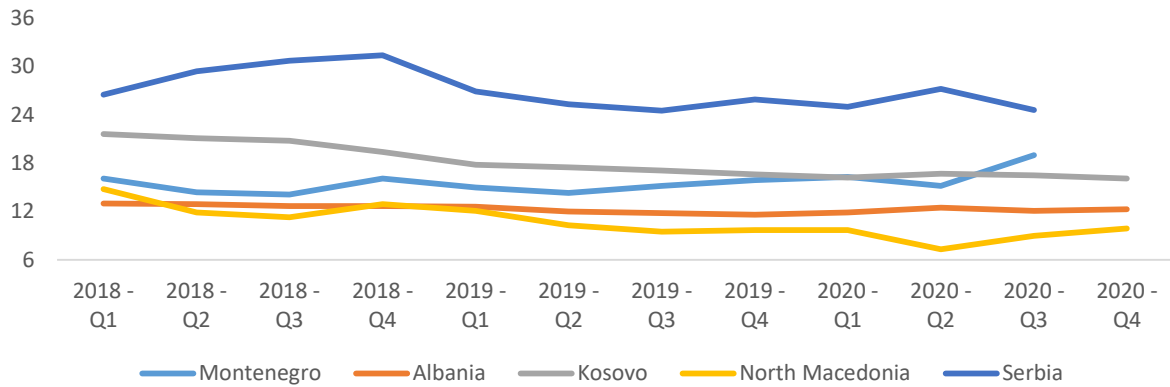
Source: World Bank

The region’s current account deficit further increased to 7.2% of GDP in the four quarters to September, the highest level since the second quarter of 2013, as a result of continued strong losses in services exports, such as tourism, as well as, in some cases, decreasing remittances



inflows. However, despite the COVID-19 crisis in Kosovo, the remittances are increasing, emphasising the importance of the diaspora's role in Kosovo's economy. The fall in employment continued in the third quarter, albeit at a slower pace than in the previous three months. Unemployment rates, in general, did not decline strongly thanks to job support measures but also due to decreased labour market participation.

*Graph 26:* Western Balkan - Unemployment rate (%), 2017 – 2020



*Source:* Labour Force Survey

The support packages issued by the Governments with the sole purpose to mitigate the risk from the pandemic have increased Government expenditure significantly. Due to the crisis, business not operating fully, the Government has not been able to generate revenue to the previous year's levels thus increasing the public deficit. Macro-economic factors such as GDP and the unemployment rate suffered a drastic decrease at the start of the pandemic. Support packages implementation has amended further GDP decrease and has even decreased unemployment rate. World Bank has forecasted that Montenegro has been the most impacted due to its high dependency on Tourism, and Serbia has been the least impacted. As the forecast continues, Montenegro is expected to experience the largest increase in the GDP after the post-COVID situation. Along with a fall in GDP, this led to substantial increases in the public debt-to-GDP ratio in all countries compared to end-2019.

The pandemic has shown the world how unprepared we are to sudden changes emphasising the gap between developed and developing countries.

## Conclusions

The pandemic outbreak introduced the world to new normality by changing the environment drastically. The continuity of increasing infected cases with the COVID-19 forced Governments all around the world to impose stricter restrictions. The lockdown and restrictive measures imposed by Governments led to extensive changes to economic, social, and environmental features. The assessments endeavours to convey how the pandemic affected the evolution of SDGs in general and specifically focuses on sectors of health, economy, education, gender equity, environment, and how the Governments of Western Balkans countries reacted to respond to the COVID-19 threats.

Globalisation and intersectoral connectivity inevitably impacted the evolution of SDGs but among all the SDG1, SDG2, SDG3, SDG4, SDG5, SDG8, SDG9, SDG10 have been impacted the most. Following that, the assessment indicates that the pandemic drastically impacted the daily life of citizens leaving and habits along with health, social and economic conditions.

Relying upon countries' national and international data provision is realized that all inspected countries in similar fashion experienced akin effects. The decision of the lockdown and restricted hours of citizen movements inevitably affected the economic sector of each country illustrated by decreasing percentage rates of GDP. Furthermore, national institutes of statistics showed an increase in unemployment rates, decrease of household income, increase of poverty rate, an increase of Governments financial burden obliged to provide supporting economic packages to support citizens that lost their jobs and avoid the collapse mostly to medium and small micro-enterprises. All these implications, slowdown countries' economies and exposed a lack of economic growth prospects.

In the case of Albania, the already difficult situation experienced to address economic struggles of the November 2019 devastating earthquake, the pandemic exposed and made even more complicated not only economic and social problem but also exposed the fragility of the healthcare systems.

The development of the vaccine showed signs of hope of taking the pandemic under control. However, the World Data Forum shows that up to 31 January 2021 a small percentage of the population to a few Balkan countries started the vaccination process (Albania and Serbia). Hence the severity and longevity of the pandemic and the slow process of citizens vaccinations, besides economic impediments, are further challenging the already existing social problems on gender inequality, mental illness, and domestic violence.

The pandemic outbreak exacerbated existing inequalities for women and girls across every sphere from health and the economy to security and social protection. Gender equality has been affected during the pandemic, especially with incidences of domestic violence increasing in Western Balkan countries, and they are confined with their abusers and have limited access to healthcare and social support services, in the event, they require urgent assistance.

Also, the pandemic exposed the education systems to an unprecedented challenge. The sudden closure of schools and related educational institutions has disrupted their operationally forcing them to operate online. Countries unprepared with sufficient resources to adapt rapidly to these changes leaving many children with no access to education. It is expected that the dropout rate will increase and vulnerable groups such as children with disabilities or living in the rural areas will be the most impacted. Kosovo has shown the highest poverty levels in South-Eastern Europe, with a 20.7% child poverty rate. The increase in the poverty rate is directly correlated with the ability of children being able to afford the technology to achieve distance learning.

The technological development of remote learning systems has become essential. The study shows that adaptation to distance learning was a major challenge to each country due to difficult adaptation to students and teachers to digitalization activities and unequal technological development and information dissimilation was associated with unequal education accession opportunities and capabilities. For example, countryside education encountered larger

difficulties to perform their educational tasks due to lack of technological devices to schools and scholars capability to own technological facilitation tools to access educations activities by putting adequate education at risk. And these problems become even more evident to vulnerable groups and disabilities because it is unclear how many students with disabilities are receiving satisfactory educational support because of the pandemic. These challenges unveiled the need for the improvement of intelligent distance working facilitation tools and the provision of more attention to the most vulnerable groups and peoples in poverty to halt the likely increasing inequalities and the poverty rates.

The Sustainable Development Goals report 2020 affirmed that even before COVID-19 the world was off track in ending poverty, projecting a 6% of the global population would still be living in extreme poverty by 2030 as per SDG 1 objectives. As expected, the pandemic has increased the gap, causing 71 million additional people to live in extreme poverty.

The roadmap towards the 2030 Agenda would be impossible without national cooperation. The pandemic has caused political tension and closing national borders with specific countries, directly affecting SDG 16 objectives in promoting peace and safety from violence and SDG 17 to strengthen international partnerships.

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