

SOCIO-ECONOMIC MEASURES IN THE CATERING SECTOR IN TIMES OF COVID-19 PANDEMIC

Transparency, absorption and impact of the measures and their sustainability



The project is financed
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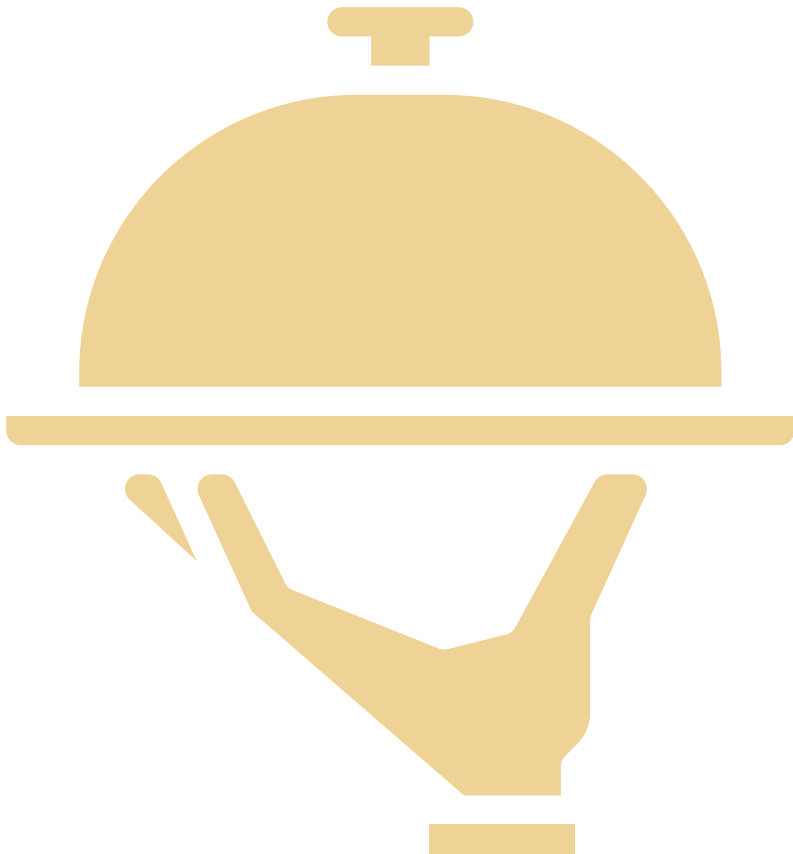


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Socio-economic Measures in the Catering Sector in Times of COVID-19 Pandemic

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Iva Mihajlovska

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ORIGINAL TITLE:

Социо-економските мерки во угостителскиот сектор во време на пандемијата КОВИД-19
Транспарентноста, искористеноста и влијанието на мерките и нивната одржливост

PUBLISHER:

Foundation Open Society – Macedonia

FOR THE PUBLISHER:

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GRAPHIC DESIGN:

Brigada Design

PROOFREADING & TRANSLATION FROM MACEDONIAN LANGUAGE:

Abakus

CIP - Каталогизација во публикација

Национална и универзитетска библиотека «Св. Климент Охридски», Скопје

640.4:[616.98:578.834:364(497.7)](047)

640.4:[616.98:578.834:330(497.7)](047)

МИHAJLOVSKA, Iva

Socio-economic measures in the catering sector in times of COVID-19 pandemic [Електронски извор] : transparency, absorption and impact of the measures and their sustainability / Iva Mihajlovska. - Skopje :

Foundation Open society – Macedonia, 2021

Начин на пристапување (URL): <https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.dijalogkoneu.mk%2F&data=04%7C01%7C%7Caffc2ee592794312e97508d96bb515bf%7C6dd6692964ee4888a65ab847baf12c47%7C0%7C0%7C637659247763386115%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLjQlIjoiV2luMzliLjBTRiI6Ikl1haWwiLCJXVCi6Mn0%3D%7C1000&psdata=oTM2Nr2cb68otcfb83T33NwOFTfhIYHOZFBGfaMAel%3D&psreserved=0.> - Превод на делото: Социо-економските мерки во угостителскиот сектор во време на пандемијата КОВИД-19 : транспарентноста, искористеноста и влијанието на мерките и нивната одржливост. - Текст во PDF формат, содржи 50 стр. - Наслов преземен од екранот. - Опис на изворот на ден 27.08.2021. - Фусноти кон текстот

ISBN 978-608-218-338-1

a) Угостителски сектор -- Ковид-19 -- Пандемија -- Социо-економски мерки

-- Македонија -- Истражувања

COBISS.MK-ID 54784261

This publication was produced with financial support of the European Union. Its contents are the sole responsibility of the author and do not necessarily reflect the view of the European Union.

The fight against COVID-19 will last for years and will necessitate a coherent systemic approach. What had started as public health crisis inevitably triggered educational and socio-economic implications in the society. Hence the need to develop reports on measures adopted to tackle the crisis caused by COVID-19 and their impact on health and education sectors and socio-economic policies at national and local level, which will not focus on one sector, but will contribute to development of comprehensive systemic solutions.

Even at times of declared state of emergency, citizens should be in the centre of crisis management actions, while adequate solutions must be designed at community level. By the nature of their work, CSOs are very close to their communities, especially to marginalized groups. In order to create the most adequate response to emerging conditions due to the pandemic, CSOs are encouraged to network their capacity and to self-mobilize within the structural dialogue at local and national level. On that account, the EU-funded project “CSO Dialogue – Platform for Structural Participation in EU Integrations” announced an open call for development of 6 reports concerning measures adopted to tackle the COVID-19 crisis and their impact on health and education sectors and socio-economic policies at national and local level. The purpose of these research papers is to identify and to assess adequacy of measures adopted by the Government of RNM during the declared state of emergency, to support researchers and civil society organizations operating at local and national level, to increase the pool of evidence-based information and to strengthen capacity of civil society organizations for participation in sector policies at times of crisis, but also to strengthen and to promote the structural dialogue between institutions and the civil society.

We believe that reliable institutions and informed, consulted and conscious citizens and civil society organizations are able to re-design the approach, to evaluate the crisis and to anticipate the recovery. Through the prism of impacts from implemented policies, this publication contributes to mitigation of consequences from the COVID-19 crisis for citizens.

The project “CSO Dialogue – Platform for Structural Participation in EU Integrations” is implemented by the Foundation Open Society – Macedonia, in partnership with the Center for Civil Communications (CCC), Eurothink – Center for European Strategies and Reactor – Research in Action, and is financially supported by the European Union.

One of the project’s overall objectives is to increase the civil society impact in the country’s accession to the EU, by means of evidence-based policy creation and development of policy briefs on key sector and reform policies within the EU accession process. For more information about the project, visit the website: www.dijalogkoneu.mk.

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1

INTRODUCTION

The health crisis related to the spread of the Coronavirus affected societies and national economies on a global level, caused inequalities between countries and within the countries themselves made the inequalities become more visible in terms of the socio-economic situation of the citizens. The impact of the crisis and the level of precautionary protection undertaken by the State polarized and aggravated the differences. Such a phenomenon was detected on different levels throughout Europe, and subsequently in the Republic of North Macedonia¹.

The first element that should be considered in this context is the central role of the State in managing the emergency in the country. This was apparent, above all, from the measures adopted for the protection of health and public order along with the short-term economic measures for protecting and stimulating consumption (especially monetary transfers) and supporting supply (safeguarding manufacturing capacity of companies and employment).

To enable the adoption of such measures in Europe, for the first time in the history of the EU, the Pact for Stability was suspended as to overcome deficit/GDP and debt limitations thereby increasing public expenditure to boost economy. This measure went beyond the decision published beginning of March not to have costs directed towards Coronavirus for the purpose of deficit.²

The crisis already turned into a shock for the economy and the labour markets influencing not only supply (production of goods and services), but also demand (expenditure and investment). All companies, regardless of their size, encountered serious challenges, especially those in air-travel, tourist and catering industries, threatening to reduce their income, solvency, and employment in the respective sectors. Maintaining business will be especially difficult for the small and medium-sized enterprises. After banning travel, closing borders and lockdown measures, many workers could not reach their working posts or perform their duties which had a domino-effect on their

1 International Labour Organization, COVID-19 and the World of Work: Impact and Measures 2020. Access on https://www.ilo.org/wcmsp5/groups/public/-/europe/-/ro-geneva/-/sro-budapest/documents/briefingnote/wcms_744850.pdf

2 European Commission, Institutional report on Economic Development, 2020. Access on https://ec.europa.eu/info/sites/info/files/economy-finance/ip121_en.pdf

revenue, especially for the non-formal and temporal workers³.

Consumers in many economies could not afford and refused to purchase goods and services. Bearing in mind the current uncertainty and apprehension, enterprises, most probably, will postpone investments, purchase of goods and new employments. The perspectives of the economy, including the quantity and quality of employment were quickly deteriorating. Although the latest predictions significantly differ and really undermine the situation, everything pointed out to a negative impact on the global economy, at least in the first half of 2020. These discerning numbers were foretelling the global economic recession that was, by the way, announced in the first quarter of 2021⁴.

Fast and coordinated policy measures on national and global level were required, with strong multilateral leadership to limit the direct impact of COVID19 on the health of the workers and their families and to mitigate indirect economic ramifications on global level. The main priority was the protection of workers and their families from the risk of infection. The measures for the demand of protection for those facing revenue loss due to infection or reduced economic activity were key for stimulating the economy. Revenue protection also affected the willingness of workers to report potential spread of the virus, especially for low-income workers and the groups of workers that were already in an unfavourable position⁵.

The pandemic and economic crises had unproportionate impact on some segments of the population that could cause increased inequalities. Based on the experience so far, the current information related to the COVID19 pandemic and the findings from previous crises, most exposed were the people with already existing health conditions, young people faced with very high unemployment rates and insufficient employment, women from several affected sectors (such as the catering sector, healthcare etc.)⁶, precarious workers (self-employed, temporally employed, and part-time employees), because they had no access to mechanisms like paid absence or sick-leave. Seasonal workers were especially sensitive to the influence of COVID-19 since it limited access to their working posts in the country.

3 World Bank, Announcing deep recession in Western Balkans. Access on <https://www.worldbank.org/en/news/press-release/2020/10/22/recession-deepens-as-KOVID-19-pandemic-threatens-jobs-and-poverty-reduction-in-western-balkans>

4 United Nations, Economic and Social Policy Department, Economic Analysis. Access on <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2021-briefing-no-146/>

5 Short brief on the Effects of Covid on Global Economy, International Labour Organization. Access on https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/inst/documents/publication/wcms_746917.pdf

6 According to ILO estimates, 58,6% of employed women work in the catering sector worldwide, compared to 45,4% of men. Women also have less access to social protection and will carry unproportionate economic burden in case of closing down of schools or care facilities (ILO, 2018).

The Government of the Republic of North Macedonia adopted five sets of economic measures to maintain liquidity of companies and employment when dealing with the COVID-19 crisis. According to the available information, the measures were developed through a wide consultation process and substantial debate with members of the Economic Council, established exactly for that purpose. The consultations with the business community through the economic chambers and separate discussions with economic experts from the academic community, including the successful businesspersons from the real sector⁷ were additionally consulted. During the period covered in this report, the Government of the RNM published 57 economic and social measures.⁸

This study covers the impact of transparency, absorption, and effects of the adopted measures of the Government in the economy, more specifically in the catering and touristic sector. The contribution of independent stakeholders such as civic organizations, national unions and the business sector are also presented, along with the review of the relevant decrees with legal force related to the socio-economic policies.

This study was developed with the support of the Foundation Open Society – Macedonia within the framework of the project “Dialogue with Civic Organizations – Platform for Structural Participation in EU Integration” funded by the European Union. Hopefully, it will contribute to finding appropriate solutions for overcoming the health and socio-economic crisis caused by the COVID-19 pandemic.

2

LIMITATIONS OF THE ANALYSIS

Impact assessment of socio-economic measures on the catering and touristic sector was performed in a period when caterers were working limited hours (lockdown from 9 pm). Many of the caterers interviewed by the research team agreed and shared their experience, although some of them refused. Nevertheless, the research team deemed that the information acquired depicted the actual impact of the socio-economic measures of the Government on the catering and touristic sector.

Due to work obligations, some of the interviewed actors (such as the national unions and economic chambers), sent information in written form to the research team.

7 Government of the Republic of North Macedonia. Access on <https://vlada.mk/ekonomski-merki-covid19>

8 Government of the Republic of North Macedonia. Access on <https://vlada.mk/ekonomski-merki-covid19>

A challenge was to gather information from the public institutions. Incomplete late replies and redirecting freedom of information submissions треба да биде answers, late replies and redirecting free access to public information submissions to other institutions postponed the analysis for a certain period. Redirecting and delaying requested answers as well as lack of comprehensive answers with precise data was yet another challenge. It was impossible to find out the number of companies that reduced or sustained the number of employees.

Such a situation – although already identified by several international and national organizations – was partly due to the rotating system of work of public institutions as well as the absence of an integrated electronic system for monitoring data of competent institutions.

The limitations, yet again, stressed the strong influence of COVID-19 pandemic on the overall operation of public institutions on both central and local level.

3

METHODOLOGY

The purpose of this research is to identify and assess the appropriateness of measures adopted by the Government of the RNM during the state of emergency in COVID-19 pandemic conditions on the catering and touristic sector.

The findings of the research aimed to increase the quantity of information, improve the capacity of the civic organizations to participate in monitoring socio-economic policies in crisis conditions caused by the COVID-19 virus and to strengthen and promote structural dialogue between institutions and the civic sector.

Special focus within the framework of the research was given to the transparency of measures adopted for the catering-touristic sector, as well as the relevance of the adopted measures and their effect. The research team measured the level of participation of civic organizations, unions, and the business sector in the development of socio-economic policies in crisis conditions.

Methodological tools used for the purpose of this research were the following:

1. Review of measures adopted by the Government of RNM during COVID-19 pandemic and their influence on socio-economic policies,

2. Submissions for public information from the Ministry of Labour and Social Policy, Ministry of Economy, Employment Agency and the Public Revenue Office regarding the number of citizens and companies covered by socio-economic measures,
3. In-depth interviews with representatives from the civil society and the business community,
4. In-depth interviews with owners of catering-touristic facilities in three regions in the RNM: Polog, Southeast and Southwest Regions.

Subsidizing payroll contributions of employees³⁸ in the sectors tourism, transport, catering and other stricken enterprises for the months April, May, and June 2020 up to 50% of the average salary paid out in 2019 can be used provided the enterprise did not reduce the number of employees below the *треба да биде* Subsidizing payroll contributions of employees³⁸ in the sectors tourism, transport, catering and other stricken enterprises for the months April, May, and June 2020 up to 50% of the average salary paid out in 2019 can be used, if the provided enterprise did not reduce the number of employees below the

Tool	Number of conducted interviews	Target group
In-depth interview	2	Civic organizations
	1	National Union
	1	Union of Economic Chambers
	9	Owners of catering and touristic facilities (Southeast, Polog and Southwest Regions)

Target group guides were developed for conducting in-depth interviews. The guides consisted of open-ended questions for targeted participants in the research to answer. Data was gathered in the period 01.02.2021 – 31.03.2021.

Relevant additional literature related to the catering sector and COVID-19 crisis, as well as data from reports of relevant organizations and institutions, both national and international were used as secondary sources for the study.

Parallel with the national impact assessment of the socio-economic measures of the Government on the sector, a local field research was conducted looking into the impact the measures made on the catering business in the Skopje region. The local research was a case-study and presented the real impact of measures and the manner in which caterers dealt with the Covid-19 crisis in the first 10 months of the pandemic.

4

INITIAL SITUATION: IMPACT AND EFFECT

The first Coronavirus case in North Macedonia was registered 26th February 2020⁹. Two weeks after that, the borders were closed, shutting down of the airports was announced, all public events were banned, and the education system was closed down which can be seen as the first governmental response to the pandemic directed towards preventing the spread of the virus. Until then, nine positive cases in the country were confirmed¹⁰.

The outburst of the virus and the initial governmental response happened at the time when the country was ruled by a provisional/technical government with a sole mandate to organize fair and democratic elections scheduled for 12th April 2020. That meant that the country did not have an operational Parliament. Until mid-March, it became clear that the Government must respond to COVID-19. At the time, it was inevitable to proclaim state of emergency, which was done by the President of North Macedonia, 18th March 2020¹¹. From a legal viewpoint, that meant that the Government had a mandate to adopt decrees with legal force that eventually secured effective rapid reactions (since the procedures for adopting laws in the Parliament last much longer).

The initial response of the Government and civil society on the COVID-19 situation was mainly directed towards health and saving lives. The undertaken measures – monitoring infections, treatment, self-isolation, limited movement, and physical distance – gradually produced results. Until the beginning of May, the attention was gradually directed towards managing the transition, softening the restrictive measures and mid-term and long-term recovery as was the case with other countries in Europe and the region.

Nevertheless, new infections increased during the summer and the country

9 The Government of the Republic of North Macedonia. The patient with Coronavirus is in good condition, under medical control, while the rest of the passengers within the vehicle are isolated. Access on <https://vlada.mk/node/20330>

10 Ministry of Health. 9 new Coronavirus cases registered in the country – total of 85 diagnosed patients. 21.03.2020 Access <http://zdravstvo.gov.mk/sostojbata-do-12-00-chasot-registrirani-9-novi-sluchai-na-koronavirus-vo-zemjata-vkupno-85-dijagnostirani-pacienti>

11 Government of the Republic of North Macedonia. Decree with legal force adopted for issues related to elections of members of Parliament of the Republic of North Macedonia, 15th July 2020. Access on <https://vlada.mk/node/21766>

counted 17,977 cases towards the end of September 2020¹². In the beginning of October, a significant surge of new cases was observed and that imposed new measures as an attempt to prevent the spread, such as mandatory wearing masks outdoors, and banning the work of retailers overnight. The lockdown measure was also reviewed.

With the first COVID-19 wave, the sectors that implied a great deal of contacts, such as bars, coffee shops, restaurants and betting places were closed by means of a governmental decision until the beginning of May¹³. Therefore, tourism, catering and trade were the sectors that were hit the most from the crisis. Although the borders were closed, the corridors for international trade were quickly established but trade was significantly hampered. The companies that were part of international chains were especially seriously stricken. Consumers amplified the consumption of necessary goods increased and the possibilities to accumulate stocks was limited while the consumption of unnecessary goods decreased, and the savings increased as a precaution.

To respond to the consequences from the spread of COVID-19, the Government announced 4 sets of economic measures - 19th March, 31st March, 17th May and 27th September 2020¹⁴. They consisted of a number of measures roughly classified as: income-saving measures, company-support measures, and other measures. Income-saving measures was the key measure for payment of financial support to workers in companies that went through revenue decrease over 30% per annum in April and May 2020 in the value of 14,500 MKD per workers (minimum net salary), which was initially distributed for April and May and after that expanded to June 2020¹⁵. Other measures from this set included: subsidizing social security contributions up to 50% for the most hit sectors¹⁶, relaxing criteria for minimum income (key policy for social welfare)¹⁷, relaxing criteria for receiving unemployment benefit¹⁸ and one-off financial support of

12 Government of the Republic of North Macedonia. New 194 Covid-19 cases registered – total number of diagnosed cases is 17,977, 158 patients are recovered – 2 persons deceased. Access on <https://vlada.mk/node/22676>

13 Government of the Republic of North Macedonia. Decision on measures for preventing the spread of Coronavirus COVID-19 thereby all measures acquire legal grounds for implementation. Access on <https://vlada.mk/node/20489>

14 Government of the Republic of North Macedonia, from 6th governmental session: Fourth set of economic measures adopted to revive the economy in COVID-19 conditions, 28.09.2020. Access on <https://vlada.mk/node/22632>

15 Ministry for Labour and Social Policy, Decree with legal force on the application of the Law on Minimum Wage in the Republic of North Macedonia in times of emergency. Official Gazette No.: 88/20. Access on <https://mtsp.gov.mk/content/pdf/dokumenti/2020/1.pdf>

16 Decree with legal force for subsidizing mandatory social contributions during state of emergency, Official Gazette of the RNM, No.: 92/2020 and 116/2020

17 Bajraktar and Shkrijelj: Guaranteed minimum wage is paid regularly, entry into social security system made easier for the most vulnerable, 06.05.2020. Access on <https://vlada.mk/node/21308>

18 MLSP: Monetary reimbursement for job termination according to years of experience through the Employment Agency. Information on measure No.: 4. Access on https://www.mtsp.gov.mk/covid-19-ns_article-mtsp-paricen-nadomestok-za-prekin-na-raboten-odnos-soglasno-rabotniot-staz-preku-agencijata-za-vrabo.nspx

low-paid workers, unemployed and students¹⁹.

Company support measures include postponed tax payments, two schemes of low-interest loans from the Development Bank, State aid for purchasing equipment, State collateral (which were not distributed yet), grants for the worst-off companies in tourism and catering etc. Policy measures focus on two direct goals: healthcare measures and economic support of demand and supply.

Not only do these measures protect the enterprises and workers from direct loss of jobs and income, but they help in preventing shocks in the supply-chain (for example, loss of workers in the production capacities) and shocks in the demand side (for example, inhibiting supply with workers and their families) that can cause prolonged economic recession. Due to the fact that the crisis developed quickly, monitoring direct and indirect effects from all interventions was key to ensure that the policy-measures were relevant and will remain so.

Confidence-building through trust and dialogue was key for successful measures and policies. In times of increased social tension and lack of confidence in the institutions, social dialogue mechanisms needed to be revived thereby creating strong basis for strengthening the commitment of employers and employees for acting together with the Government.

5

MEASURE REVIEW: DECREES WITH LEGAL FORCE IMPORTANT FOR SOCIO-ECONOMIC AREA IN TIMES OF COVID-19 PANDEMIC

Economic measures were focused on securing minimum living standard of households and companies hit by the crisis, above all to protect jobs and support vulnerable enterprises. This was key to prevent increased inequalities, most probably, caused by the pandemic.

The Government introduced several key measures to directly save income. First, it expanded the scope of the Guaranteed Minimum Aid (GMA) by slackening the criteria for entering the social protection system - overcoming

¹⁹ Decree with legal force for financing support of citizens and low-income employees, young persons, and healthcare workers by issuing a domestic paying card for purchasing national goods and services in times of emergency, Official Gazette of the RNM No.: 137/2020. Access <https://www.slvesnik.com.mk/issues/9f80e42f7ba941e69fc6593116e26eb8.pdf>

the threshold would be estimated based on realized income from previous month instead of the previous three months. This made it easier to qualify for Guaranteed Minimum Aid for a specific household. The Government loosened the ownership criteria making the household that owned a house, a car older than 5 years and an agricultural parcel smaller than 500 square metres to be eligible for GMA. Energy aid to GMA was also extended to 12 instead of 6 months²⁰. The decree was in force when the emergency state was declared.

It should be stressed that with the adoption of the Law on Social Protection in May 2019²¹, a social protection system was also adopted securing all citizens or families with sufficient income for living provided certain criteria were fulfilled as well as access to labour market. The primary aim of the Guaranteed Minimum Aid was poverty reduction. These were big positive effects that stemmed from almost the triple increase of the amount of the measure compared to current expenditure for social welfare.

Secondly, the one-off support for low-paid workers, unemployed and students was secured in the amount of 3,000 - 9,000 den., as well as the tourist-vouchers of 6,000 MKD²².

Thirdly, the Government temporarily relaxed the unemployment contribution. North Macedonia has an unemployment insurance system for workers fulfilling the requirements, including those who were dismissed, left their jobs voluntarily or under amicable terms. The agreeable termination of working relations with COVID-19 was gravely abused. The Government temporarily loosened the criteria foreseeing that those who lost their jobs in March and April 2020, regardless on which ground (except termination due to end of contract) will become eligible for up to two months to receive insurance in case of unemployment²³.

Decree with legal force adopted by the Government of the Republic of North Macedonia for financial support of private-sector employers stricken by the health-economic situations caused by the COVID-19 virus referred to payment of salaries for the months April and May 2020²⁴. Following the adoption of

20 Ministry of Labour and Social Policy, Decree for Promulgation of the Law Amending the Law on Social Protection. Official Gazette of the RNM No.: 302/20. Access on: <https://mtsp.gov.mk/content/pdf/2021/%D0%97%D0%A1%D0%97%20302%20%D0%BE%D0%B4%202020.pdf>

21 Ministry of Labour and Social Policy, Official Gazette of the RNM No.: 104/19, Law on Social Protection, access to website https://mtsp.gov.mk/content/pdf/zakoni/2019/28.5_zakon_SZ.pdf

22 Government of the Republic of North Macedonia, Bitici: Third set of measures is for new development, support is secured for all that request it since we are stimulating national economy. Access on <https://vlada.mk/node/21431>

23 Government of the Republic of North Macedonia, Workers should not sign agreeable termination of work as to be reimbursed in case of unemployment. Access on <https://vlada.mk/node/20993>

24 Official Gazette of the Republic of North Macedonia No.: 93/20. Access on <https://www.slvesnik.com.mk/issues/52c3586ab1434cd7b159d3a7ab29cfae.pdf> and 97/20. Access on <https://www.slvesnik.com.mk/issues/6f3c8bca303d42778ae8743ded0e449c.pdf>

the decree, and due to the unclear wording and issues that surfaced, the Government adopted a new decree on 28th April 2020 and made it clear.

The Government published a Decree with legal force for subsidizing social contributions from mandatory social insurance during the emergency state²⁵. Employers were subsidized with 50% of the amount payable for mandatory social insurance from calculated payroll taxes, but up to 50% of the contributions calculated for average gross salary per employee according to the data of the State Statistical Office published for the month January 2020. This adopted measure was preconditioned by a framework and specified target group.

Subsidizing the amount payable for mandatory social insurance, according to this decree, could not be applied if the employer was using financial support for paying net salary up to 14,500 denars per month per employee in compliance with the Decree on financial support of employers from the private sector stricken by the health-economic crisis caused by the COVID-19 virus.

Undoubtedly, the socio-economic measures had a big impact on the dynamics of the economic and social life in the country. They managed to soften the financial loss, stimulate, and secure calm psycho-social perspectives and stability of caterers and their employees. Yet, each of the adopted measures was subject to many preconditions making the citizens appropriate or unappropriated for applying the measures while at the same time providing broad entrance of beneficiaries. That indicated targeted development of socio-economic policies, but also insufficient resources for broadening the scope and mitigating the risks faced by the sector. The main purpose of the measures was to secure continuance of the work process – maintaining jobs.

25 Official Gazette of the RNM No.: 92/20. Access on <https://www.slvesnik.com.mk/issues/7648c4c4c7f14c829d9ed7126203a391.pdf>)

6

ANALYZING THE IMPACT OF GOVERNMENTAL POLICIES AND MEASURES FOR DEALING WITH THE PANDEMIC IN THE SOCIO-ECONOMIC SECTOR

The Government directed the first set of measures towards the most threatened sectors such as tourism, catering, and transport so that they can cope with the consequences of the newly established Coronavirus situation, specifically direct financial support of 5,7 million Euros through the Development Bank of the Republic of North Macedonia as interest-free loans, with 0% interest rate and grace period of 6 months payable within 2 years. The Government announced that every company – depending on the number of employees – will be able to receive a loan from 3,000 to 30,000 Euro. Micro-companies with up to 10 employees will be able to apply for a loan from 3,000 to 5,000 Euros, small enterprises with 10–50 employees will be able to apply and acquire a loan of 10,000 to 15,000 Euros and medium-sized enterprises with 50 to 250 employees are eligible for a loan of 15,000 to 30,000 Euros.²⁶

Important to mention is that the Government of the Republic of North Macedonia and the European Commission signed an amendment to the Financial Agreement on the Annual Action Programme “EU Support to Social and Economic Resilience of North Macedonia” within the framework the project “Competitiveness, Innovations, Agriculture and Rural Development”. By means of a Decision of the European Commission due to the successful implementation of IPA II assistance, our country was given the opportunity to use additional resources from programming year 2020. From April to June 2020, 40 million Euros were reprogrammed under the coordination of the Secretariat for European Affairs with the participation of: Ministry of Labour and Social Policy, Ministry of Finance, Development Bank of North Macedonia, Employment Agency of the RNM and moderated by the Delegation of the European Union. The set of measures were focused on the recovery and mitigation of negative socio-economic consequences of the pandemic that essentially secured

²⁶ The initial set of measures of the Government and the National Bank for stricken Macedonian companies: interest-free loans from 3,000 to 30,000 Euros, subsidizing payroll contributions of employees, reduced interest rate for loans, establishment of a fund for supporting tourism. Access on <https://vicepremier-ekonomija.gov.mk/?q=en/node/673>

funding of the governmental measures for improving the liquidity of micro, small and medium-sized enterprises as well as support for the reintegration of unemployed women and men in the labour market²⁷. Those measures were:

- ▶ Interest-free credit line with a grant component for micro and small-sized enterprises hit by the Covid-19 crisis;
- ▶ Self-employment grants for unemployed persons who want to formalize their business or establish new business;
- ▶ Financial support for current enterprises (micro, small and medium) opening new jobs.

This credit line was administered by the Development Bank and financially supported from IPA with 30 million Euros. The last measures targeting unemployed were implemented by the Employment Agency, while IPA financial support was 10 million Euros. The measures were implemented as part of the Operational Plans on Active Programmes and Employment Measures on the Labour Market for 2020 and 2021. Implementation mode - budget support²⁸.

The realization of the measure payroll subsidizing²⁹ i.e., financial support of 14,500 denars per employee for the month April for approximately 135,000 workers was not utilized enough (68.4%). Specified data indicated that lack of information and fear that using the measure might cause problems for the enterprise in the future (most quoted was the fear of frequent auditing) was the reason for that. Nevertheless, the application of the measure significantly improved in May, bringing it close to its theoretical potential (92.9%)³⁰. According to the data of the Public Revenue Office, support for payment minimum wage was provided for 542,931 employed persons, but the data did not specify the share of the catering sector. According to the data of the Ministry of Labour and Social Policy, for the period March-December 2020, a total of 910,367 denars was paid as support to companies for paying out minimum wage³¹.

From the very beginning abuse was observed with the application of this economic measure. The direct payroll support measure, above all, was intended to stop the dismissal of workers and to retain their jobs. The national unions³²

27 Reply from the Ministry of Labour and Social Policy upon request for free access to information act.

28 Reply from the Ministry of Labour and Social Policy upon request for free access to information act.

29 Decree with legal force for financial support of employers hit by the health-economic crisis caused by the Coronavirus COVID-19 for the purpose of paying salaries for the months April and May 2020 (Official Gazette No.: 111 from 28.04.2020, No.: 113 from 01.05.2020, No.: 154 from 10.06.2020).

30 Institute for Economic Research and Policies, Policy Brief No.: 43, access on https://www.financethink.mk/wp-content/uploads/2020/11/PolicyBrief_no.43.pdf

31 Reply on Request for public information from the Ministry of Labour and Social Policy.

32 Association of Unions of RNM. Access on <https://www.ssm.org.mk/mk/ssm-bara-subvencije-za-junskata-plata-da-se-isplakjaat-direktno-na-smetkice-na-rabotnicite>

responded to the large number of complaints and the reports that workers were paid lower amounts compared to what the employer was granted as support without paying out salaries. The Association of Unions of the RNM demanded payments to be made directly on the accounts of the workers as the most vulnerable side. That way, apparently, the employers would not be able to abuse the measure when paying out the salaries supported financially by the State³³.

Although alerted, it took days for the Public Revenue Office to identify the abuse instead of preventing it. According to PRO's data available on its website, the measure for subsidizing payroll contributions, as presented on the press-conference from 2nd February 2021, was that 13,160 employers paid out a total of 961,709,306 denars for the December salary to 60,974 employees³⁴.

Yet, a large number of employers (306) did not pay out the received financial support in the amount of 16,305,020 denars to 992 employees. Employers were warned that compulsory payment will follow against those who did not comply, their accounts will be frozen, and funds will be transferred on the accounts of the employees and the public revenue accounts. These companies were from the following business activities:

- ▶ 78 employers from retail, receiving financial support of 2,219,584 denars that did not pay salaries out to 145 employees,
- ▶ 44 companies for preparing meals and serving food received support of 2,239,825 denars did not pay salaries to 130 employees,
- ▶ 26 construction companies received support of 944,106 denars and did not pay salaries to 57 employees.

From the regions, most of the companies that did not pay salaries were from Skopje (92 enterprises), Tetovo (63 enterprises) and Gostivar (16 enterprises). Following the measures and activities undertaken by the Public Revenue Office, the number of enterprises that had not paid salaries for October and November decreased specifically - in October it decreased from 179 to 11 enterprises, while in November from 245 to 24 enterprises implying that the activities undertaken by the Public Revenue Office were worthwhile. The October salary for 2020 was not received by 34 employees, while for November 2020, the number was 50 employees. The PRO ordered enforced payment of unpaid salaries from the bank accounts of these enterprises in order to transfer the funds to the workers. The analysis pinpointed that the number of enterprises that did not pay salaries decreased for the months April, May, and June 2020, but there

33 Written response from the Association of Unions of RNM.

34 "Analysis of the absorption of measure providing financial support for paying salaries to employees", Public Revenue Office. Accessed last 28.03.2021 on <http://www.ujp.gov.mk/mk/javnost/soopstenija/pogledni/844>

were still companies that had not paid out salaries for April, specifically:

- ▶ 47 enterprises for 102 employees,
- ▶ 33 enterprises for May did not pay salaries to 63 employees and
- ▶ 54 enterprises for June did not pay salaries to 145 employees.

The number of enterprises that had not paid salaries for one, two or all three months (April, May and/or June) was still significant - 109 enterprises. Consequently, detailed data was submitted to the Public Prosecution for initiating criminal procedures and they were supervised in coordination with the State Labour Inspectorate.

The coordination between these two institutions proved fruitful, but the employment relations of the workers were already violated. In December 2020, the Public Revenue Office and the State Labour Inspectorate started with coordinated audits of taxpayers. Such joint action should be regular practice as well as quick and prompt. Nevertheless, irregularities were identified at 41 employers regarding unpaid salaries and payroll contributions within a determined period, including additional payments up to the minimum salary by employers who paid salaries lower than the legally determined minimum salary.

The 17 implemented audits determined the following:

- ▶ 10 employers acted on the adopted decisions and rectified the irregularity by paying salaries to the employees,
- ▶ 6 employers did not act in accordance with the warning decision, therefore the inspection measure was put into action,
- ▶ One employer did not respond upon the decision issued, consequently a fine was imposed and a misdemeanour payment was executed.

According to the data from PRO, 60 taxpayers were audited from the following activities: preparing meals and serving food, construction of buildings, road and water transport, accommodation, manufacturing, retail, tourist agencies, construction etc. The following findings were noted:

- ▶ 16 taxpayers did not meet the conditions for receiving financial support regarding the reduction of income for a specified number of months,
- ▶ 7 taxpayers had less employees per month of approved financial support, and 1 taxpayer had already returned the awarded financial support,
- ▶ 2 taxpayers were not eligible for financial support, in terms of reduced income and reduced number of employees which was not in compliance with the Decree and law.

The State Labour Inspectorate performed over 21,031 checks in the same number of legal entities based on non-compliance reports for violations of working relations, safety and health at work as well as the protocols adopted by the Government to prevent the spread of the Coronavirus. Subject of the checks performed by the State Labour Inspectorate was to see whether the employers paid salaries and payroll contributions to employees³⁵ and whether the paid salaries were in the legal amount determined as minimum wage and the basic salary as provided for in the employment contract³⁶.

From March to December, the State Labour Inspectorate undertook intensive checks through field visits of regular or extraordinary supervisions to track the situation on regular basis. These field visits were also in close cooperation with civic organizations and the Government³⁷. The State Labour Inspectorate adopted 595 decisions with warnings for private facilities, and 832 decisions with orders for undertaking measures. Approximately 90 decisions were related to payment of less than legal minimum wage and payroll contributions, unrecorded working hours, illegal dismissals, some were for omissions in amicable dismissals or decisions for dismissals without a determined deadline or without specified grounds for the dismissal.

Data shows serious violations of worker's rights, but also delayed response by competent institutions to protect them.

Subsidizing payroll contributions of employees³⁸ in the sectors tourism, transport, catering and other stricken enterprises for the months April, May, and June 2020 up to 50% of the average salary paid out in 2019 can be used provided the enterprise did not reduce the number of employees below the

35 Law on Working Relations (clean text) in accordance with Article 109 of the Law on Working Relations.

Accessed on: <https://www.mtsp.gov.mk/content/pdf/zakoni/ZRO%20Precisten%2074-15.pdf>

36 Law on Working Relations (clean text) in accordance with Article 107 of LWR and Article 2 of the Law on Minimum Wage. Accessed on: <https://www.mtsp.gov.mk/content/pdf/zakoni/ZRO%20Precisten%2074-15.pdf>

37 Coordinated with the inspectorates, unions and civic organizations. Government of RNM. Accessed on: <https://www.vicepremier-ekonomija.gov.mk/?q=node/805>

38 Official Gazette No.: 92/20, Decree with legal force on subsidizing the payment of contributions from mandatory social insurance in emergency state. Accessed on: <https://www.slvesnik.com.mk/issues/7648c4c4c7f14c829d9ed7126203a391.pdf>

number of workers in the month of February 2020 starting from the date the measure was used. In addition, the enterprise should not pay dividend in 2020, until the submission of the Annual Financial Accounts for 2020 and the enterprise should not pay reward-bonus after this measure entered into force. Only enterprises that made a profit in 2020 will return the subsidies for payroll contributions up to 50% of the profit before tax which means that the measure was directed towards enterprises that had poor financial results in 2020 due to the Coronavirus. From PRO's data, for the first three months 112,900,435 denars were paid to a total of 35,739 persons, but no data is segregated to see how much went to the catering sector³⁹.

As mentioned previously, the Government in 2019 adopted the Law on Social Protection introducing the Guaranteed Minimum Assistance which is, in fact, a social protection system that guarantees all citizens or families enough income to live. The primary goal of the Guaranteed Minimum Assistance was poverty reduction. By means of a Decree⁴⁰, the access to the right to Guaranteed Minimum Assistance was enabled for persons/households during emergency situations – such as determined state of emergency, proclaimed pandemic, fires, floods and other natural disasters. According to the data of the Ministry of Labour and Social Policy, for the period May-December 2019, 225,610 people applied and acquired the right to Guaranteed Minimum Assistance, while in 2020 in the same period a total of 320,307 people⁴¹ acquired the right to Guaranteed Minimum Assistance. The difference in both periods was 94,697 persons which is a significant number of people who secured a “safe net” with the sole purpose of poverty protection. Many people who lost their jobs were assumed to have used the right to Guaranteed Minimum Assistance and managed to get at least basic means. The Government, more precisely, the Deputy-Minister of Labour and Social Policy at the time, notified that the right to Guaranteed Minimum Assistance for the first two months increased to 2000 applications.⁴²

In 2020, the Employment Agency registered a total of 1,590,705 unemployed persons. The information received from the Employment Agency through free access to public information suggested that in 2019, the total number of unemployed was 1,232,074 people. Compared to the same period last year, the number of unemployed increased for 29,8%. In the Skopje Region, the situation

39 Reply by the Public Revenue Office on free access to public information request.

40 Official Gazette No.: 89/20, Decree with legal force for the application of the Law on Social Protection during State of Emergency. Access on https://www.mtsp.gov.mk/content/pdf/dokumenti/2020/5_sz.pdf

41 Reply by the Ministry of Labour and Social Policy on free access to public information request.

42 Deputy-Minister Bajraktar pointed out that in the Social Work Centres ever since the adoption of the decree enabling fast entrance in social protection system, from 3rd April, approximately 2,000 new applications for Guaranteed Minimum Assistance arrived which are decided in accordance with the data received from other institutions such as PRO, MIA etc. Access on <https://vlada.mk/node/21308?n=mk>

registered on 31.12.2020 was 302,061 registered unemployed persons⁴³.

In 2020, 174,240 new jobs were created. The total number of unemployed was reduced for 14,2% compared to 2019. From the total number of newly employed, 42,7% were employed indefinitely, while the rest were employed with a definite term and for seasonal work. From the total number of newly employed in December 2020, 21,0% were from the group of registered unemployed.⁴⁴

The Employment Agency was asked by the research team to present the data on enterprises that decreased their employees during the research period, but the response was that such data was under the jurisdiction of the employers and thus the Employment Agency did not have it available, calling upon the provisions of Article 2, Paragraph 2 of the Law on Labour Evidence⁴⁵. When asked about the number of enterprises that increased their number of employees during the research period, the Employment Agency called upon Article 2, Paragraph 1 of the Law on Labour Evidence stating that the employers were competent for such data. The Employment Agency did not keep records of enterprises that retained the number of employees during the research period either, thereby quoting the above-mentioned law⁴⁶

This indicated an absurdly illogical situation bearing in mind the fact that this institution – Employment Agency – mediates on the labour market and according to the Law on Labour Evidence it monitors the trends and dynamics of labour market demand and supply. Without such data, the Employment Agency cannot participate actively in the policies implemented by the Government and the competent ministries and even less can it contribute towards improving or adopting active employment measures. Yet, from January 2021, the number of unemployed persons was continuously increasing.

There was a large number of violations of employment rights registered by civic organizations like the Helsinki Committee on Human Rights such as: dismissals, pressures of employees to sign amicable dismissals, transformation of employments from indefinite to definite terms, reduced salaries, lower salaries or sending chronically sick persons or people caring for children under 10 years of age to enforced holidays etc.⁴⁷ Every abuse represented a human

43 Reply by the Employment Agency on free access to public information request.

44 Report of the Ministry of Finance, SHORT-TERM ECONOMIC MOVEMENTS. Access on <https://finance.gov.mk/wp-content/uploads/2021/03/%D0%9A%D0%95%D0%94-%D0%B4%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8-2020.pdf>

45 Law on Labour Evidence. Access on 31.03.2021 https://mtsp.gov.mk/content/pdf/trud_2017/pravilnici/16.11-%D0%97%D0%B0%D0%BA%D0%BE%D0%BD%D0%95%D0%B2%D0%B8%D0%B4%D0%B5%D0%BD%D1%86%D0%B8%D0%B8%D0%A2%D0%A0%D0%A3%D0%94.pdf

46 Reply by the Employment Agency on free access to public information request.

47 Helsinki Committee on Human Rights, "COVID-19 and the Labour Market". Access on <https://mhc.org.mk/wp-content/uploads/2021/03/covid-19-i-pazarot-na-trudot.pdf>

right violation therefore violation of employment rights. Undoubtedly, rights must not be abused without sanctions. The response of the State in the form of intensive monitoring is justifiable. Apart from the mechanisms of the State to act through sanctions, it is important that it also acts preventively to retain jobs and the health of the employees.

The assessment of the impact that the measures dealing with Covid-19 had on the human rights of marginalized communities researched by the Network for Protection Against Discrimination indicated that although the criteria for access to social protection rights in the form of Guaranteed Minimum Assistance were laxed, still the vulnerable citizens were faced with lack of information and inaccessibility for communication with the staff of the Social Work Centres. In addition, the Network concluded that vulnerable citizens who during the crisis applied for monetary social assistance received the decision after two, three or several months. The slow decision-making process to acquire social assistance right put citizens in an even bigger social risk, especially in times of crisis⁴⁸.

48 Human Rights of Marginalized Communities in Covid-19 Conditions, report on the impact of measures for dealing with Covid-19 on human rights of marginalized communities, Network for Protection Against Discrimination, February 2021.

Region	January	February	March	April	May	June	July	August	September	October	November	December
Total	104.409	105.816	107.732	114.762	121.187	133.455	141.777	144.759	151.359	153.799	155.218	156.432
Vardar Region	7.744	7.689	7.726	8.288	8.871	9.891	10.383	10.471	10.699	10.793	10.847	10.901
Eastern Region	9.295	9.373	9.458	10.112	10.942	12.034	12.912	13.141	13.527	13.521	13.576	13.613
Southwest Region	11.874	11.965	12.241	13.012	13.818	15.163	15.746	16.051	16.939	17.087	17.312	17.398
Southeast Region	7.810	7.920	8.060	8.938	9.506	10.437	11.231	11.429	12.178	12.520	12.632	12.874
Pelagonija Region	14.882	15.002	15.259	16.262	17.021	18.111	19.046	19.019	19.635	19.667	19.603	19.613
Polog Region	19.369	20.014	20.199	21.091	22.015	24.509	26.423	27.329	29.191	30.264	30.947	31.434
Northeast Region	14.978	15.154	15.486	16.112	16.607	17.673	18.570	18.963	19.455	19.773	19.934	19.996
Skopje Region	18.457	18.699	19.213	20.947	22.407	25.637	27.466	28.356	29.735	30.174	30.367	30.603

Source: Reply by the Employment Agency of the Republic of North Macedonia on free access to public information request about the data on unemployed persons for 2019/2020

The situation on the labour market worsened after the second quarter, above all because the crisis risks persisted, and secondly because the governmental subsidy for retaining jobs was realized end of June, regardless of the obligation stemming from the provision for keeping the employees for additional two months.

According to the registered unemployment by the Employment Agency, in the period March–November 2020, approximately 155,218 people were registered as unemployed.⁴⁹ Last year, the number of registered unemployed in RNM, according to data of the Employment Agency, was 101,819.⁵⁰ The difference of 53,399 persons is due to the effect of the pandemic.

According to the data on the website of the Employment Agency, around 7,000 persons applied for monetary assistance in case of unemployment⁵¹, out of which 349 were workers from companies in receivership, 4,776 were seasonal workers and 1,762 were redundant workers. Compared to 2019, the number is almost half.

Source: EARNM	Receivership	Seasonal workers	Redundant workers	Total
2019	349	4.476	1.762	6.887
2020	359	2.706	1.430	4.496

Inversely proportional was the ratio of registered newly established working relations within the records of the Employment Agency with the records of the unemployed persons for the years 2019 and 2020. According to the data on the website of the Employment Agency, the total number of registered unemployed persons for 2019 was smaller than that of 2020⁵², while the total number of registered unemployed persons not recorded for 2019 was bigger than the total number for 2020⁵³. These numbers indicated that a person was more likely to

49 Employment Agency of the Republic of North Macedonia. Accessed 13.04.2021 on <https://av.gov.mk/content/Statisticki%20podatoci/%D0%94%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202020/Nevraboteni122020.pdf>

50 Employment Agency of the Republic of North Macedonia, accessed 13.03.2021 on <https://av.gov.mk/content/Statisticki%20podatoci/%D0%94%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202019/Nevraboteni122019k.pdf>

51 Employment Agency of the Republic of North Macedonia, accessed 13.03.2021 on <https://av.gov.mk/content/Statisticki%20podatoci/%D0%94%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202020/KorisniciPN122020.xls.pdf>

52 Employment Agency of the Republic of North Macedonia accessed 13.03.2021 on <https://av.gov.mk/content/Statisticki%20podatoci/%D0%9D%D0%BE%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202019/p10vrabotuvanja112019.pdf>

53 Employment Agency of the Republic of North Macedonia, accessed 13.03.2021 on https://av.gov.mk/content/Statisticki%20podatoci/%D0%9D%D0%BE%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202020/p10_regprijavii12020.xls.pdf

find a job without the mediation of the Employment Agency, including in crisis conditions. According to the **State Statistical Office**, 2020 – which was a Coronavirus pandemic period – the active population in the Republic of North Macedonia was 950,858 people, out of who 794,909 were employed, while 155,949 people were unemployed.⁵⁴

Due to the fact that both sources of information for the (un)employed indicated relatively different movements, one cannot have a precise and analytical view of the dynamics and movement of the labour market in the Republic of North Macedonia in times of pandemic.

Nevertheless, the pressure of the labour market cannot come down to the people who lost their jobs during the research period - the Covid period. There was constant inflow of new people on the labour market who applied for the very first time in the Employment Agency such as students who have completed their studies and register on the labour market for the first time. Namely, these people faced a significantly higher risk of not finding a job and registered as active jobseekers, much more than in regular circumstances due to the reduced demand for labour, on the one hand, and the benefits determined by law and the decree with legal force, on the other hand.

Important to mention is that catering and tourism are intertwined complementary activities. That can be seen from the utilization of the measure “HOME SWEET HOME”, used by 64,788 citizens who used tourist-vouchers to directly contribute to tourism, and indirectly to the catering sector⁵⁵.

For 610 catering facilities applied for financial assistance in the Ministry of Economy in the period 11th March – 1st December, out of which 238 (39%) were restaurants, 275 (45%) hotels and 97 (16%) other types of catering facilities (apartments, villas and rooms to let). According to the data of the Ministry of Economy, 54,540,000 denars were allocated from the central Budget for restaurants that applied for financial assistance⁵⁶.

Out of the total number of catering facilities that applied for financial assistance in the period mentioned above, (610 catering facilities), only 347 or 57% used the financial support out of which 133 (22%) were restaurants, 160 (26%) hotels and 54 (9%) other catering facilities. Therefore, the conclusion is that more than half of the catering facilities (57%) had the opportunity to use the financial assistance from the State to easier overcome the crisis.⁵⁷

54 State Statistical Office, accessed 19.04.2021 on <https://www.stat.gov.mk/PrikaziSooopstenie.aspx?rbtxt=98>

55 Reply by the Ministry of Economy on free access to public information request.

56 Reply by the Ministry of Economy on free access to public information request.

57 Reply by the Ministry of Economy on free access to public information request.

In the Republic of North Macedonia, according to the Register of Tourist Agencies within the Ministry of Economy, a total of 638 tourist agencies are registered, out of which 282 tourist agencies hold an A license and 356 tourist agencies a B license. Regarding the public call for awarding grants to tourist agencies for the period 11th March – 2nd December 2020, according to the Ministry of Economy, 284 applications were submitted out of which 276 met the requirements of the public call, while 8 were rejected as not eligible thereby indicating the need of assistance for this sector by the State. Subsequently, many tourist agencies (97%) received financial assistance from the State with a total amount of 79,690,000 denars⁵⁸.

A measure of the Ministry of Economy during the research period was the refund of tourist fees. The amount allocated for this measure was 120,000,000.00 denars. In 2019, the Ministry of Economy received a total of 372 applications for tourist fee refunds, out of which 214 (58%) refunded the amount of 57,823,523 denars. According to the data received from the Ministry of Economy, 62,176,477 denars⁵⁹ were left for refunding tourist fees which was an indication that half of the resources were still available for use in line with the set criteria.

The Ministry of Economy during the research period from 11th March to 1st December 2020, adjusted its budget in several budget items: severance pay for retirement, resources for career levels for administrative officers in the Ministry of Economy and severance pay for retirement for one employee. Current operating revenue was also redirected for purchasing disinfectants. Important to stress for this research period was the fact that the Ministry of Economy redirected approximately 1,400,000 denars for payments made in line with the Decree with legal force to financially support the strengthening of competitiveness of businesses during and after post-COVID-19 period. Revenue was redirected for payment of membership fee to the World Tourist Organization for 2020 as well as for payment of invoices due in the amount of 2,800,000 denars⁶⁰.

58 Reply by the Ministry of Economy on free access to public information request.

59 Reply by the Ministry of Economy on free access to public information request.

60 Reply by the Ministry of Economy on free access to public information request.

7

CONTRIBUTION AND OPINION OF INDEPENDENT ACTORS – CIVIC ORGANIZATIONS AND NATIONAL UNIONS

The pandemic caused by the Coronavirus was a threat to mankind's usual livelihood and people's regular daily activities regardless of whether we were referring to their personal, family, or professional life. From the very beginning the crisis opened the dilemma about the openness of the economy and the limitations that will enable protection of citizen's health. Bearing in mind the two extremes – "to introduce restrictions and lockdowns because health must be protected" and "economy must remain open without any restrictions", the research of the civic organizations called for serious concerns of the citizens about the socio-economic situation of our country.

Research indicated that citizens were very concerned (74,6%) about the current situation caused by Covid-19. From a demographic point of view, ethnic Macedonians (79,9%) and representative of other communities (74,2%) were more concerned than the ethnic Albanians (59,8%). Regionally, most concerned were the citizens from Pelagonija (85,5%)⁶¹.

About one third of the citizens (34,0%) planned to return to the pre-pandemic activities after vaccination once the officials confirmed that that would be safe. Another 15% were careful and planned to return to the so-called "regular" when most people would be vaccinated. Age and caution go together, so the percentage of people returning to the pre-pandemic activities after vaccination once the officials confirmed its safety grew - from 22,8% with youth at the age range 18–29 to 48,8% for adults over 65 years⁶².

Most citizens felt comfortable going to the shop (60,2%) compared to other activities. In all other activities, the majority, or a large majority did not feel comfortable. Especially stressed were visits to in-doors sport or cultural events,

61 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the "regular". Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjanj%D0%B5-vo-normala.pdf>

62 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the "regular". Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjanj%D0%B5-vo-normala.pdf>

where 81,6% of the respondents did not feel comfortable and going to parties with many people where 80,6% responded negatively⁶³.

According to the responses, most of the citizens believed in semi-open economy – from the two extremes “to introduce restrictions and lockdowns because health must be protected” and “economy must remain open without any restrictions”, i.e., 57,7%.⁶⁴

The pandemic did not significantly threaten jobs. A total of 7,1% were left without a job, while 44,1% retained their jobs. About two-thirds of the workers did not experience salary reduction. The average mark for the governmental economic measures was 2,3 on a scale from 1 to 7⁶⁵. A total of 40% assessed the governmental measures with low marks, 1 or 2, while 21% assessed them with 4 or 5, on a scale from 1 to 7.

Even from the viewpoint of monitoring the implementation of the set economic measures, the research of the civic organizations, especially in terms of amount spent, it is obvious that the information publicly available was inconclusive. For more than 60% of the adopted economic measures no information was available on planned scope of citizens/enterprises, while for more than 70% information was not available for realized scope and funds spent. Although publicly announced and presented, that was not taken into consideration by competent institutions as relevant for improving implementation, but also policy development.

According to the citizens, the sectors most affected by the crisis⁶⁶ were catering and tourism (27%), all sectors (24%) and private businesses (23%). Ethnic Macedonians focused on catering and tourism (34%), while ethnic Albanians (44%) on the business sector. A total of 77% of the respondents completely or up to a point, agreed with the opinion that the economy needed to open so that work processes could return. Ethnic Albanians were predominant (91%) compared to ethnic Macedonians (72%).⁶⁷

63 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the “regular”. Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjani%D0%B5-vo-normala.pdf>

64 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the “regular”. Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjani%D0%B5-vo-normala.pdf>

65 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the “regular”. Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjani%D0%B5-vo-normala.pdf>

66 Macedonian Centre for International Cooperation, Covid-19 in Macedonia, a year full of fear, expectations, and desires to return to the “regular”. Access on <https://mcms.mk/images/docs/2021/Kovid-19-edna-godina-stravovi-ochekuvanja-i-zhelbi-za-vrakjani%D0%B5-vo-normala.pdf>

67 Macedonian Centre for International Cooperation, Situation with Covid-19. Public Opinions. Accessed on <https://mcms.mk/images/docs/2020/sostojba-so-kovid-19-krizata-2020.pdf>

The majority of citizens (80%) deemed that their job was safe. Differences can be noted with citizens employed in public institutions who demonstrated greater security about their jobs as public administration (85%) compared to those employed in the private enterprises (75%). Although feeling safe for their jobs, 79% of the respondents deemed that many people would lose their jobs because of the virus.

A significant number of citizens, or a total of 88%, thought that the country would enter an economic crisis, while 66% expected that overcoming the crisis would not be easy. Ethnic Macedonians (69%) were more skeptical and believed that overcoming the economic crisis would not be easy, compared to the ethnic Albanians (59%).

The research team had an opportunity to interview several key actors from the civic society sector, including national unions, about the development of measures by the Government. The researchers talked with representatives from the sectors who can influence socio-economic policymaking in the country.

Although they had a role to play in the process of measure development and monitoring their implementation, their involvement in the talks determining the actions and the appropriate measures at times of emergency by the Government was noted in the initial action and coordination regarding the situation on the “field”⁶⁸. With the Deputy President of the Government in charge of Economic Issues at the time, Mila Carovska, and partly due to media pressure, both joint and separate meetings took place about the situation and the possible solutions.⁶⁹ Specific situations and possible risks on the basis of previous findings such as noncompliance on the part of the employers, fake news and abuse of procedures were discussed⁷⁰.

Yet, due to insufficient information about the impact of the virus on the political situation of the country, the measures for preventing damage from the pandemic were adopted appropriately to the circumstances. Cooperation⁷¹ and regular meetings enabled some degree of transparency and involvement in policy development related to the pandemic and public information⁷².

68 Government of RNM. The Government and the union organizations defined proposals that are good ground for solutions for implementing financial support for salaries of workers for retaining jobs. Access on <https://vlada.mk/node/21237>.

69 Association of Unions of RNM. Coordinated meetings, accessed on <https://www.ssm.org.mk/mk/redovna-koordinacija-so-mtsp-dit-inspekcijski-sovet-i-gragjanskite-organizacii>

70 Written reply by the Association of Unions of RNM.

71 Association of Economic Chambers. The situation in tourism and catering will improve with the cooperation between the chamber and the union. Access on <https://chamber.mk/sostoibite-vo-turizmot-i-ugostitelstvoto-kje-se-podobrat-so-sorabotka-na-komorata-i-sindikatot-2/>

72 Association of Economic Chamber, meeting Arsovski – Besimi: with an inclusive process to solutions for the crisis. Access on <https://chamber.mk/sredba-arsovska-besimi-so-inkluziven-proces-do-reshenja-za-izlez-od-krizata/>

“The scope was quite broad with active stakeholders proposing actions. The proposals were legitimate. The unions included a great deal of workers and our organizations – Helsinki Committee, Loud Textile Worker, Solidarity, Subversive Front – worked with our constituencies so we can fall back on what we agreed on”. – Abstract from an interview with a civic organization representative.⁷³

The commitment for transparency, accountability, and responsibility of all social partners for the implementation of contractual obligations, however, was not always put in practice. Very often the assessment process of cooperation and consultation failed, especially due to the fact where one set of measures was agreed, while the Government adopted a completely different set of measures⁷⁴. Nevertheless, the statements made by the Government, by rule, stressed that the measures were adopted in consultation with the civic organizations and other relevant actors (unions and the business sector). Quite frequently, despite the consultation process, the conclusions were not considered i.e., transparency and accountability were alleged or partial.

“Why? Because when the measures were adopted, half of the people did not know where to find them, for whom were they for and they were written in a very unclear, confusing, and contradictory language. Several times we needed explanations. A worker who doesn't understand law and the measures, doesn't know where to find them and he/she will have a problem. Although a big deal was made out of the adoption of the measures, the end beneficiaries had little useful information. Therefore, we had to additionally explain the measures. If the language were clear, no-one would need to come to us for filling in the form and ask where they need to submit it” – answer of civic organization representative⁷⁵

Key role for prompt and accurate informing on healthcare measures plays the Minister of Health, Venko Filipce, as the most relevant and influential person. Even in this period however, fake news and conspiracy theories continued to weaken the fragile socio-economic health situation.⁷⁶ For the public, television remained to be the main channel for receiving appropriate, prompt, and accurate information on the pandemic, the adopted measures and other pandemic-related news. This was also confirmed by the research of the Macedonian Media Institute indicating that almost 64,1% of the citizens deemed that the media impartially and professionally reported during the crisis, while 35,4% thought otherwise⁷⁷.

73 Interview No.: 1 from 2.02.2021 with a civic organization representative.

74 Association of Economic Chambers. We needed systemic measures for all stakeholders, not partial aid in crisis. Access on <https://chamber.mk/baravme-sistemski-merki-za-site-zasegnati-a-ne-delumna-pomosh-vo-kriza-2/>

75 Interview No.: 2 from 5th February 2021 with a representative of a civic organization.

76 Impact of 5G disinformation during COVID-19 crisis. Accessed on <https://metamorphosis.org.mk/blog/vi%D1%98anieto-na-5g-dezinformacziite-za-vreme-na-kovid-19-krizata/>

77 Macedonian Media Institute, research “What does the public think about media reporting during Covid-19 pandemic”. Access on <https://mim.org.mk/novosti/1255-istrazhvanje-shto-mislata-gragjanite-za-mediumskoto-izvestuvanje-vo-tekot-na-pandemijata-so-kovid-19>

Socio-economic differences between the workers persisted in this part as well. According to data and experience, poorer workers used less Internet. This category of citizens exchange data amongst each other which is seen as the most frequent manner of communication. This, however, can additionally confuse the public due to the fact that a very limited number of workers understood the measures and had accurate information.⁷⁸

“The problem with that is that the initial information stated is not very clear. Many were from the Internet. Many workers knew how to go to the site and see. However, even those that visited the site, called for interpretation of things – what do you make of that? What do I do with this? It simply wasn’t clear.” – Abstract from the reply of a representative of a civic organization⁷⁹.

By rule, the key measure proposed that made an impact was the measure of subsidizing salaries of workers in the sectors hit most by the crisis which proved to be quite efficient in preventing layoffs by the employers. Despite the positive impact, however, the measure was also misused. Direct criticism was voiced about the manner in implementing the measure for subsidizing salaries⁸⁰. Irrespective of the continuous warnings of abuse by some employers, employees were left without a salary... yet again⁸¹. The proposed measure for direct payment on the accounts of the workers was not accepted by the Government⁸². The final result was that appropriate assistance and support were not extended to all companies that signed up for the state-aid measure due to the short deadline and poor implementation.⁸³

“The greatest abuse is when the measure looks right on paper, but its implementation is disastrous”. Abstract from the response of a civic organization representative⁸⁴.

78 Interview No.: 1 from 2nd February 2021 with a representative of a civic organization.

79 Interview No.: 1 from 2nd February 2021 with a representative of a civic organization.

80 Response of the Association of Unions of RNM. Accessed on <https://www.ssm.org.mk/mk/dimovski-ssm-bara-krivichna-odgovornost-za-rabotodavachite-koi-ne-gi-isplatile-14500-denari-dadeni>

81 Interview No.: 2 from 5th February 2021 with a representative of a civic organization.

82 Association of Unions of RNM demands subsidies for June-salary to be paid on the accounts of the employees. Access <https://www.ssm.org.mk/mk/ssm-bara-subvenciite-za-junskata-plata-da-se-isplakjaat-direktno-na-smetkite-na-rabotnicite>

83 Interview No.: 2 from 05th February 2021 with a representative of a civic organizations.

84 Interview No.: 1 from 02nd February 2021 with a representative of a civic organization.

Many of the complaints made by the employees to the civic organizations were related to the corrected amounts of salaries paid out. Namely, there were cases where employers had paid salaries of only 15 denars. The response of the civic organizations was successful due to the regular coordination meetings, according to them⁸⁵.

The complaints recorded were also related to the absorption of the measure subsidizing salaries by companies that received State aid. Quite often the workers did not receive minimum wage, nor the salaries specified in their employment contracts. However, like in the case with the unions, most of the complaints made were related to unlawful dismissals⁸⁶. For such abuse, the most rigorous and strict sanctions were demanded so that the companies that received State aid would be registered.

Despite the appeals of the technical government at the time, the measures did not reach the target groups⁸⁷. Namely, workers were forced into signing amicable termination of contracts with the companies thereby losing the right to assistance payable by the Employment Agency and the right to severance pay. This data, however, was not monitored in a systemic manner by relevant public bodies⁸⁸. For civic organizations, a big weakness was the fact that the data available to public bodies (for example 250 amicable dismissals) was not an indicator for required action and appropriate supervision of companies⁸⁹. A special telephone line was opened for this purpose for providing legal aid by the Union⁹⁰.

Interestingly, most of the statements given by the Union were from workers who were not formally organized in unions thereby making it difficult for the Union to act⁹¹. The large number of workers who were not union-members in such complex health conditions yet again stressed the importance of good union organization and action.⁹²

With the declaration of emergency state on the whole territory of the country, amongst other measures and actions⁹³ (health protocols, limitation of move-

85 Interview No.: 2 from 05th February 2021 with a representative of a civic organization.

86 Response of Association of Unions of RNM, accessed on <https://www.ssm.org.mk/mk/dimovski-ssm-bara-krivichna-odgovornost-za-rabotodavachite-koi-ne-gi-isplatile-14500-denari-dadeni>

87 Workers should not sign amicable dismissals to be able to use the right to unemployment aid. Response of the Ministry of Labour and Social Policy, accessed on <https://www.mtsp.gov.mk/covid-19-ns-article-rabotnicite-da-ne-potpishuvaat-spogodben-otkaz-od-rabota-za-da-mozat-da-koristat-paricna-pomosh-vo-s.nspix>

88 Interview No.: 1 from 02nd February 2021 with a representative of a civic organization.

89 Interview No.: 2 from 05th February 2021 with a representative of a civic organization.

90 Association of Unions of RNM, accessed on <https://ssm.org.mk/mk/pobara-j-pravna-zashhita-prijavi-po-telefon>

91 Analyzing the role of the unions at times of Covid-19 pandemic. Association of Unions of RNM, accessed on: <https://www.ssm.org.mk/mk/analiza-za-ulogata-na-sindikate-vo-vreme-na-pandemija-so-kovid-19>

92 Written reply by the Association of Unions of RNM.

93 May Proclamation of Unions and organizations, accessed <https://glasnik.mk/prvomajski-proglas-na-sindikati-i-organizacij/>

ment etc.), the efforts to retain jobs i.e., demanding criminal responsibility for the companies that used State aid but did not pay out salaries to their employees, proved very important. In that sense, the unions acted together⁹⁴ with civic organizations⁹⁵ in the form of joint response⁹⁶.

The respondents pointed out that one of the measures accepted by the Government was the extension of the maternity leave of pregnant women. Reimbursement for the mandatory unemployment insurance was yet another success achieved. They demanded this measure to include all workers even those who amicably terminated their employment; thus, a significant number of employees were encompassed acquiring appropriate protection i.e., the right to monetary reimbursement. Without this socio-economic measure, many employees would not have exercised this right⁹⁷. According to them, the measures were adopted relatively fast without appropriately monitoring their implementation as to respond promptly if the citizens find themselves in an unfavourable socio-economic situation⁹⁸.

7.1 The role of the Association of Economic Chambers

The Association of Economic Chambers faced relatively similar challenges. Experience proved that disseminating information from competent institutions to the public and real sector was not always easy. Often incomplete information without precise explanation of the procedures to exercise a given right was sent to both the economy and the citizens. Due to the frequent amendments of the regulations related to the right to use economic measures⁹⁹, legal uncertainty was created and, in some cases, exercising the right was made impossible.¹⁰⁰

94 Association of Unions of RNM, "Making businesspersons rich from the troubles of the workers had to stop." Accessed on: <https://www.ssm.org.mk/mk/morashe-da-se-sprechi-so-drzhavni-pari-da-se-zbogatat-gazdite-na-grbot-i-makata-na-rabotnicite>

95 Civic organization response, "Criminal charges for companies that used State aid, but did not pay salaries to employees". Accessed on <http://s-front.org.mk/2020/07/29/krivichna-odgovornost/>

96 Unions and civic organizations: "Third set of measures confirms that the Government does not respect workers". Accessed <https://akademik.mk/sindikati-i-graganski-organizatsii-tretiot-paket-merki-e-potvrda-deka-vladata-ne-gi-pochituva-rabotnitsite/>

97 Interview No.: 1 from 02nd February 2021 with a representative of a civic organizations.

98 Interview No.: 2 from 05th February 2021 with a representative of a civic organizations.

99 Association of Economic Chambers, "Without consultations, measures are changing and creating confusion". Accessed on <https://chamber.mk/bez-konsultacii-merkite-postojano-nepotrebnost-se-menuvaat-i-kreiraaat-zabuni-2/>

100 Written reply from Association of Economic Chambers of RNM.

According to the business sector, the aid provided for the real sector was low compared to that secured in the countries in the region and wider¹⁰¹. Nevertheless, it helped in retaining a specific number of jobs and maintaining business activities of legal entities. The sector expected public institutions to present a detailed impact assessment of the measures after implementation¹⁰².

The last survey conducted by the business community for its members pointed out that the most frequently used measure was subsidizing salaries, followed by grants for the most hit sectors and the loans with subsidized interest rates. Similar to the civic organizations, most complaints were made about the application terms that were quite restrictive for some economic measures, as well as the application procedure which was assessed as complicated. All these complaints were sent for the attention of the Government. They were accepted and the shortcomings were rectified.¹⁰³

The real sector measures were adopted following the public pressure. The representatives interviewed by the research team deemed that their role and response was proactive and in consultation with their members taking into consideration their needs and the actual situation. For each set of measures, proposals were submitted to the Government, all of them previously discussed on joint meetings with governmental officials¹⁰⁴.

Similar to the civil society experience, the opinion of the business community was obtained for the final version of the set of measures which was shared at the last moment without leaving enough time to respond. The first three sets of measures were not inclusive – to a large extent – without enough time for discussion, while the last two sets went through a significantly improved process although the problems in the implementation phase remained. The support allocated to the real sector was small compared to others in the region and wider. Still, it helped retain many jobs and maintain business activities of business entities¹⁰⁵.

For all three economic sets adopted by the Government in this research period, proposals were made based on real needs of businesses and a survey conducted with the membership.

One of the proposals of the business community for the fourth set was easy access to interest-free loans for covering variable operational costs, more

101 Association of Economic Chambers, "Urgent provision of financial support for enterprises". Accessed on <https://chamber.mk/itno-da-se-obezbedi-finansiska-poddrshka-za-pretprijatjata/>

102 Written reply from Association of Economic Chambers of RNM.

103 Written reply from Association of Economic Chambers of RNM.

104 Written reply from Association of Economic Chambers of RNM.

105 Written reply from Association of Economic Chambers of RNM.

transparent promotion of credit lines and providing a National Guarantee Scheme for supporting enterprises with loans¹⁰⁶. Other measures were direct and non-selective extension of monthly financial aid of 14,500 denars until March 2021, postponing all 2020 taxes (interest-free installments), and equal treatment of all caterers.¹⁰⁷

Precisely, the following was requested: loan reprogramming, exemption from advance tax payments and other financial burdens until the end of the year, postponed submission of annual and financial accounts, and efficient and effective fight against grey economy. A special financial measure was requested for the tourism and catering sectors.

One of the most important measure unaccepted was the development of operational protocols in pandemic conditions for all activities of the National Classification, especially for wedding /celebration organizers. On press-conferences the Commission for Infectious Diseases was asked to draft the protocols¹⁰⁸. In practice, support was secured for 3 months. Unfortunately, while the new set was adopted, legal entities were left without help for two months. More effective fight against grey economy did not happen although it would have been of great help for registered businesses as indirect crisis measure bringing in more income in the Budget¹⁰⁹.

106 Association of Economic Chambers, "25 draft measures for economic salvation". Access on <https://chamber.mk/sojuzot-na-stopanski-komori-predlozhi-25-merki-za-ekonomski-spas/>

107 Association of Economic Chambers response, "All caterers should not be punished because of individual perpetrators", accessed on <https://chamber.mk/da-ne-se-kaznuvat-site-ugostiteliski-objekti-zaradi-poedinechni-prekrshiteli/>

108 Response by Association of Economic Chambers, "Adoption of protocols for caterers". Accessed on <https://chamber.mk/za-del-od-ugostitelite-ushte-nema-protokoli-komisijata-itno-da-gi-donese-za-da-se-prevenira-haos/>

109 Written reply from Association of Economic Chambers of RNM.

8

IMPACT OF THE MEASURES ON THE SUSTAINABILITY OF TOURIST AND CATERING FACILITIES

The experience of the direct beneficiaries of the measures was probably the most relevant indicator for assessing impact and success of the Governmental measures. Therefore, the research team undertook a series of in-depth interviews with representatives from the catering -tourism sector in three regions in the RNM: Southeast, Polog and Southwest Region.

Interviews were conducted with owners of catering facilities with working experience over 10 years. Despite the significant professional experience some of them were not members in associations, economic chambers, or other forms of collective association. Some, however, were members of the Association of Economic Chambers for their sector. Communication and membership between members and associations/chambers was covered by social Internet media during the research period.

Section 1: Transparency of socio-economic measures

Main source of information on COVID-19, in terms of risks, recommended preventive measures, strategies for dealing with the pandemic, and adopted measures pertaining to catering was usually the information received from the catering-tourist community, economic chambers, but also television, as the official most trusted source of information. The information was also checked once published in the Official Gazette.

Caterers use social apps to share information, consult and supplement each other. Yet, the most reliable information on the adopted measures was received from accountancy bureau professionals, especially regarding the procedures for the measures caterers were interested.

Regarding the involvement within the process of developing the measures of the Government, caterers (7) were not included. The caterers from the Polog Region were offered to join an association or chamber. However, that process was not formally and legally completed due to distrust and suspicion.

“Last that we did was have a meeting with the Economic Chamber of West Macedonia. They offered us to become their members and we had nothing against that. However, looking at everything that was happening around us, we were very much reserved. We were careful in our request for help and the manner in which we addressed the institutions etc.” – Abstract from an interview¹¹⁰

The members (2), were indirectly involved in the development of the measures. Through the submitted 4 – 5 surveys, some caterers had the opportunity to propose measures for the needs of the catering sector. The submitted proposals and measures were analyzed in a report and sent for the attention of the Government.

“Before the pandemic, we were not organized in unions. No-one approached us, nor were we interested. But the union was established and started to work. That was how we were included. That was not in March, but in April and we started to act” – Abstract from an interview.¹¹¹

The opinions of the caterers regarding the transparency of the measures and the way they were developed was somewhat different. Most of them (7), deemed that the measures adopted were untransparent, unclear, not very prompt, and belated. The lack of clear and accurate procedures was directly influencing the work of the caterers in terms of organization and quality, especially due to the increased number of checks by the inspection services. Prompt and clear procedure for implementing the measures was of key help and support for the caterers and their work.

“The measures were not clear. We had to request clarification” – Abstract from an interview¹¹²

“The measures were developed by someone who has nothing to do with catering. It is easy to tell someone how things should be done, but more difficult to do them. I think the caterers were not even asked.” – Abstract from an interview¹¹³

“For example, they speak unofficially about adopting some measure... You hear that from all sides, and it is adopted eventually, late at night... and we have no idea how to proceed.” – Abstract from an interview¹¹⁴

Some (7) deemed that the adopted economic measures were clear, precise, and comprehensive. Despite partial transparency, owners of catering facilities

110 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

111 Interview No.: 8 from 22nd February 2021 with an owner of a catering facility in the Southeast Region.

112 Interview No.: 7 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

113 Interview No.: 10 from 14th February 2021 with an owner of a catering facility in the Polog Region.

114 Interview No.: 11 from 21st February 2021 with an owner of a catering facility in the Polog Region.

believed that the adopted economic measures helped them overcome the difficult, unstable, and insecure state of their work.

Nevertheless, the measures and circumstances imposed influenced the catering sector a great deal. The lockdown and the other restrictive measures such as limited time and curfew, made it difficult for the caterers – no work, no sales. That was especially true when it came to the employees and the seasonal help hired. It was easier for those who owned the facilities, above all, for not imposing additional expenditure for rent.

“The costs are the same, they must pay the bills and rent. We were getting ready for the summer season, seasonal workers. But now, nothing! If this summer the measures provide working hours until 6 pm, we will not need seasonal workers.” – Abstract from and interview¹¹⁵

The protocols for the seating arrangement measure were unclear, unprecise, and illogical for the caterers. The confusion created by this measure was not fully in line with reality. The caterers were put in a very unpleasant and violent situations by opposing their professional and value system. Additional pressure and impact were created by the guests. For the caterers, much more important was to adhere to the health protocols by distancing instead of counting the number of people on the tables.

“A man, a woman and three children come. What should I do with one child? The inspection services insist on the number 4. Maybe they are contradictory in that part. They are all literally from one household, they drive in the same car, and you are not allowed to wait on all of them.” – Abstract from an interview¹¹⁶

“First it was bad enough when the waiter had to identify the guests. That was against the Law on Personal Data Protection. Unauthorized person cannot identify anybody! Then, they said, 4 people at a table, but I see five people coming out of the car, and I have to separate them. We have a problem with arrogant people who are asking for the Police to separate them. They were not thinking about this, and they put us in very delicate situations. We have to deal with the people – that is not nice! We’ve been working on our image for 10 years, and you can lose everything in a blink for someone else’s disrespect.” – Abstract from an interview¹¹⁷

“Honestly... not because of Covid, even before that, we took care of hygiene! We are careful with the way the food is served, how we wait on people... Even now, nobody can touch food without using gloves. We adhered to all those standards

115 Interview No.: 8 from 22nd February 2021 with an owner of a catering facility in the Southeast Region.

116 Interview No.: 12 from 24th February 2021 with an owner of a catering facility in the Polog Region.

117 Interview No.: 10 from 24th February 2021 with an owner of a catering facility in the Polog Region.

*even before the Coronavirus. It just made people trust us even more.” – Abstract from an interview*¹¹⁸

The biggest problem of the caterers were the changing time-related restrictive measures that required full-scale reorganization on their part. According to them, it was not logical to limit the working hours until 6 pm, above all, due to the fact that most of the guests arrive at 7 pm and that was when caterers make 50% of the sales.

For them, these two to three hours were an opportunity to make a profit and cover the costs by meeting the demand. The limitation decreased the number of both shifts and workers, thus sales. They agree (9) that night parties should not be organized and that working until 9 pm made their jobs and the overall work of the company more secure. They all hoped that working hours – especially in Spring and Summer – will be regulated more appropriately thereby giving them an opportunity to work and make a profit.

*“Literally, one shift and one seasonal worker is reduced. I totally agree with banning night parties, while the limited working hours and number of people at the table is a problem for us to implement.” – Abstract from an interview*¹¹⁹

*“Generally, nothing is respected. I think, people do not have the capacity to respect protocols and measures.” – Abstract from an interview*¹²⁰

They believed that working hours until 9 pm was appropriate, but not later than that. From their professional experience they claimed that after 9 pm the measures might not be respected once the “atmosphere stirred up”. The caterers from the Southeast Region thought that the measures limiting working hours and imposing lockdown did not mean much since beyond the season, caterers worked until 9 pm anyway. For the Polog and Southwest Regions, however, time limitations were quite off-putting.

The caterers from Polog Region claimed that the rules and measures were difficult to implement, even that they were not respected.

“The measure for working until 9 pm means nothing to us. In February we close at 8, even 7 pm. Those measures are not a problem. They might mean something for Skopje, but not for Ohrid – there are no people in Ohrid... during the week-

118 Interview No.: 11 from 21st February 2021 with an owner of a catering facility in the Polog Region.

119 Interview No.: 12 from 24th February 2021 with an owner of a catering facility in the Polog Region.

120 Interview No.: 11 from 21st February 2021 with an owner of a catering facility in the Polog Region.

ends people come along with some foreigners.” – Abstract from an interview¹²¹

Apart from the disinfection costs for masks and disinfectants for all employees, some caterers (3), had additional costs for testing all employees as a precaution. Since some of them were restaurants, the safety protocols for serving food were not new to them and they had been implementing those protocols and measures for some time.

Experience varied. For the Southeast caterers, the measures had a positive impact on their companies, while the Polog and Southwest caterers claimed that the measures were inappropriate. Reason for that was unsuitable regulation and poorly identified facts in the catering sector. Namely, caterers (6) believed that the inaccurate facts about the liquidity of the company and the need for State aid was falsely presented and abused. Additional caterers (6) thought that some of the measures were inappropriate for times of uncertainty, such as the measure interest-free loan. The biggest help and support was required for the companies that organized weddings and other kinds of celebration events.

“Worst is when we have to send people away, and at the moment we are not liquid for that”, - Abstract from an interview¹²²

Regarding the respect for adopted protocols for work, the caterers were constantly supervised by the inspection services checking the enforcement of measures. Representatives from the Public Revenue Office and market surveillance monitored and assessed the implementation of protocols. The relationship, communication and cooperation were assessed as good quality (4), but there were also caterers who were under additional pressure (5). It was important for the caterers that supervisions were carried out for the good of the citizens and businesses bearing in mind the significant experience and contribution of the sector itself.

“Everyday someone was checking – Financial Police, market surveillance... every single day some kind of inspection. They ask you why the sales is low. How can it be high when I have no work? It is terrifying to have the Financial Police checking your books at a time like this. We are hardly surviving and paying out salaries. But they don’t understand why the sales is low...They compare Ohrid with Skopje. No comparison can be made! Skopje is a metropolis, Ohrid is a dead place. If foreigners don’t come, Ohrid is a dead place”. – Abstract from an interview¹²³

121 Interview No.: 6 from 15th February 2021 with an owner of a catering facility in the Southeast Region.

122 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

123 Interview No.: 6 from 15th February 2021 with an owner of a catering facility in the Southwest Region.

Caterers thought that inspections had a training and educational role as well, apart from the sanction. There was always an irregularity or a mistake to find, but the understanding and respectable approach was important for all.

The caterers who participated in the in-depth interviews thought that the biggest problem was the cooperation with the inspection services. According to them, the relations and the dynamics of supervising was not professional and appropriate. Caterers from the Polog and Southwest Regions were quite critical on the way the inspections were carried out in their regions without even considering the risks and damages that caterers were facing.

“It is important to me that the inspections and the Police are in service of the businesses and citizens. They cannot come and insist on finding a mistake because one can always find something. They should educate us so that one day no mistakes will be made. That role should be played.”- Abstract from an interview¹²⁴

“Generally, our pandemic experience is a disaster. About the measures... there are too many inspections. Every single day there is an inspection... Financial Police, market surveillance... every single day we are faced with inspections.” - Abstract from an interview¹²⁵

Section 2: Absorption of socio-economic measures

Since the beginning of the COVID-19 pandemic, many of the caterers (8) worked with losses. The pandemic and restrictions imposed such as social distancing, limited travel and high criteria and demands for travelling had an intensive impact on the catering and tourist operators.

“Bearing in mind our budget and the economic situation, I think that what was offered and given to us was the maximum possible – interest-free loan, subsidized salaries, and offsetting tourist fees for 2019.” - Abstract from an interview¹²⁶

The owners undertook certain measures to decrease the detrimental influence of Covid-19 on their businesses. In March 2020, they were forced to completely close down their facilities although some decided to invest in 2019 and found it difficult to cover their costs.

“The enterprise is suffering a loss as is the situation now with caterers who are 100% closed – like some of our peers that do weddings, birthdays and other celebrations. They can’t take an interest-free loan... it’s like tying a rock on one’s neck so that he sinks even deeper. That money needs to be paid back... Those

124 Interview No.: 10 from 14th February 2021 with an owner of a catering facility in the Polog Region.

125 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

126 Interview No.: 6 from 15th February 2021 with an owner of a catering facility in the Southwest Region.

two measures were for us caterers. One was subsidizing salaries, the other interest-free loans. That was the support provided to the caterers. There was no other support!”- Abstract from an interview¹²⁷

Under such circumstance, some of the caterers turned to the most undesirable action – downsizing. Reduced income and reduced working hours brought about reduced number of employees. In the Southeast Region, the caterers managed to keep their staff unlike the caterers from the Southwest and Polog Regions who were forced to take this step after a certain period of time.

“We have 10 employees, before and after the pandemic. No-one was laid off. They have worked for us for a long time. There is no logic in letting them go – they also have families. Costs remain the same. 100 Euro per day is worth just opening the café. You can’t save on utilities. The loan is taken to cover some of those costs too. How long will this last? This is unsustainable.” – Abstract from an interview¹²⁸

Some of them kept the workers (5), but applied for a loan to cover the costs, while some covered the costs from their personal earnings (2).

“We took money out of our own pockets, paid the costs and dealt with the crisis. We were completely closed for 2–2,5 months.” – Abstract from an interview¹²⁹

Downsizing happened to more than 50% of the employees. It seemed that hiring seasonal workers was unlikely. During the research period – which was also the time of the biggest crisis for the caterers – retaining jobs for the whole staff and paying out minimum salaries or 50% of the salaries was deemed a big success. In that period, even the owners were part of the operational dynamics and performed activities together with the employees.

“There is one rule in business – the owner is the last to go! All the rest will be laid off, and at the end comes the owner. All employees were retained although sometimes we received only 50% of the salary... All employees, including myself. I count myself as well. At times when we were not working at all, 50% of the salary was paid out and when we started working, more was added. So, in average we paid out around 70% of the salaries at the time of the biggest restrictions.” – Abstract from an interview¹³⁰

127 Interview No.: 7 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

128 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

129 Interview No.: 9 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

130 Interview No.: 5 from 16th February 2021 with an owner of a catering facility in the Southwest Region.

Nevertheless, the costs for the owners of catering facilities were mandatory and that category did not change, especially the caterers who needed to pay monthly rents which was an actual fixed cost. Some of the caterers, like in the case with the employees, were forced to cover that cost from their own income.

“We are a restaurant. We went through a difficult situation because there was a moment in 2019 when we invested in the facility – we renovated and one order from home increased our sales in 2019. About 4–5 months, just after the renovation, we were completely closed. It was a difficult situation... but what can you do? It wasn't just us; it was the whole sector.” – Abstract from an interview.¹³¹

“The profit is almost the same... Not like the profit in 2019, but we are satisfied. We were hopeful and very much afraid because we had the rent and the additional costs. The lack of foreign tourists was evident. We have guests from Greece, Serbia, Bulgaria, and their absence was felt. Our domestic tourists filled in for the foreign ones with the vouchers the State awarded to the citizens during the summer. So, I can say that we managed somehow. We thought it would be worse”. – Abstract from an interview¹³²

“The measures securing salaries did not apply to us, and we had no need for interest-free loans. We are not even thinking about taking up a loan. Concerning the measures, we were not eligible for some of the categories. Summer was ok for us. We thought it would be worse, but at the end we were satisfied. The tourism vouchers awarded by the Government helped a lot. Thanks to them, more people came to Dojran. Frankly, people had nowhere else to go, and so it was ok.” – Abstract from an interview¹³³

The most frequently measure used by the caterers was the assistance paid out as minimum wage (5), and some applied and received interest-free loans (3). There were also caterers who never used the measures of the Government (3), but applied for a bank loan to cover their costs, and some invested in the adjustments related to applying the adopted measures such as disinfectants, distance keeping etc. Due to the limitations and eligibility criteria, some owners were not able to make use of the adopted measures (3). What made the caterers pleased the most were the tourism-vouchers of the Government that helped them cover the tourist season without big losses (3).

131 Interview No.: 9 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

132 Interview No.: 8 from 22nd February 2021 with an owner of a catering facility in the Southeast Region.

133 Interview No.: 7 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

Important to mention was the fact that some of the caterers (4) thought that the cooperation between this business sector and the Government should always be in constantly intensive communication. Since that was not the case in regular conditions, not to mention times of pandemic of this size, the caterers deemed that such a predicament was detrimental, leading to the belief that everyone in the sector was the same. It was necessary for the State to have accurate evidence and statistics to be able to determine the actual situation and define and apply appropriate measures. Proper action should also be taken against those who abused the measures, so that all caterers would not seem as the same.

“Even the newspapers wrote about the abuse of the measures. The Government needs to have better statistics overall.” – Abstract from an interview¹³⁴

For the caterers from the Polog Region, the accessibility of the measures was a problem. Caterers pointed out that the application was blocked and that they had to deal with that the best that they could. Access for the caterers from the Southeast Region, on the other hand, was easy and quick. Since online application was an option, caterers applied very quickly.

“The application site was blocked all the time. We had to deal with it somehow!” – Abstract from an interview¹³⁵

“It was a 5-minute application. The procedure lasted 5 minutes. Easy! You applied online, attached some documents – current account and some others... 2 to 3 documents, going to Skopje and that was it. We went to Skopje to sign the contract and the money was on the account.”- Abstract from an interview¹³⁶

“Financial aid? What? We applied for an interest-free loan with a 3-month grace period. We are still waiting. Who survives will tell! - Abstract of an interview¹³⁷

The biggest concern was that the performance of the central government in securing prompt absorption of the promoted support and measures by the final beneficiaries in the case of the catering and tourist sector. Notwithstanding the losses, the caterers from the Southeast Region felt the absence of the tourists from Serbia, Bulgaria, and Greece, but that was “made up” by the domestic tourists who were using tourism-vouchers secured by the Government. Although such tourists were present in the Southwest Region, the caterers were disappointed with the way the Government provided the support.

134 Interview No.: 10 from 14th February 2021 with an owner of a catering facility in the Polog Region.

135 Interview No.: 11 from 21st February 2021 with an owner of a catering facility in the Polog Region.

136 Interview No.: 9 from 20th February 2021 with an owner of a catering facility in the Southeast Region.

137 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

The response to the question “What is the biggest problem your business is facing at the moment?” or “What is the greatest concern of your business at the moment?”, many of the caterers (8) pointed out liquidity and the anxiety from the upcoming season. The worst-case scenario or option for them was ultimately closing down their facilities.

Section 3: Effects of socio-economic measures

In case COVID-19 related restrictive measures continue, caterers were skeptical about the future and sustainability of their companies. According to their calculations, their sales dropped in 2020 for more than 50%. Most significant measures for them were payment of minimum salary to the employees, however some remark that such a situation was not sustainable. The crisis that caught the caterers unprepared and quickly put them in a situation where they had to risk and make fast decisions.

“We’ll face closing down of our businesses as well as laying off employees.” – Abstract of an interview¹³⁸

If the COVID-19 related restrictive measures continue, most probably they will not be able to survive the blow. If the restrictive measures were removed with the improvement of the weather and working hours extended, only then will the caterers have business and somehow subsist the upcoming period compared to the last wave. Some of them deemed that according to the economic situation, the Government secured maximum assistance and support, at least when they were concerned.

“In the moment we are hopeful and preparing for the upcoming season.” – Abstract from an interview¹³⁹

The opinions concerning the proposals and measures that the Government should adopt also varied in terms of those proposed by the sector for easier

Caterers from the Southeast Region thought that the proposed measures needed to continue, in terms of tourism-vouchers, subsidizing payroll costs, working hours until 6 pm or 9 pm due to the positive effect made on the sector. However, those from the Polog Region believed that greater transparency and inclusion was required in the decision-making process i.e., the Government should have invited the caterers and adopted appropriate measures for their specific sector.

138 Interview No.: 6 from 15th February 2021 with an owner of a catering facility in the Southwest Region.

139 Interview No.: 5 from 16th February 2021 with an owner of a catering facility in the Southwest Region.

“I ask everyone to look for the points that stimulate the development of business. Small and medium-sized enterprises are the main source of improving the economy. Analysis is required for that, not just waiting for our opinion. Researchers should come and see what we plan to do and help us develop faster and then we'll see. Not just us, but the families of the employees will also benefit from that.”
– Abstract from an interview¹⁴⁰

Compared to the damages inflicted to the catering-tourism sector, the effects of the measures were insignificant for the Southwest Region bearing in mind that many downsized and inflicted minimum operational costs. The greatest challenge for the caterers, above all, was the suspense, lack of experience for dealing with such risks, and generally with emergency situations. For some of the caterers, their situation was simply unsustainable. Regardless of the measures, the end result or effect was downsizing and closing down their facilities.

“Frankly, I have no idea how I will survive. I don't want to let go the workers. Although we are more prepared, if the lockdown lasts more than 6 months, we will be at risk.” – Abstract from an interview¹⁴¹

Currently, companies are on “stand by”. The pandemic completely reduced and limited their capacity. Caterers were mentioning that in their community, certain indicators of poverty can already be identified.

Caterers were skeptical about fast recovery from COVID-19, even after the total end of the pandemic and lockdowns. They all believed that it was extremely difficult to plan and implement a given investment. According to their assessment, two years will be required to compensate for the damage inflicted. With the current potential, regular operation will happen after two years.

“It is difficult to plan. If you planned an investment, you postpone it. There is nothing to plan. We are a small business, so we will survive the circumstances. But the sector is facing grave losses. We will need at least two years to get to regular operation mode with this potential.” – Abstract from an interview¹⁴²

According to them, the support offered by the Government was not sustainable. Normal living will directly affect the operation of the caterers. Not everyone, however, was an optimist. Some of them (5) were pessimists in terms of normal living. The optimists (4) relied a great deal on the vaccination process. Disappointment and pessimism could be noted in the caterers from the Southwest Region, above all, on some absurd situations encountered related to the economic measures of the Government.

140 Interview No.: 10 from 14th February 2021 with an owner of a catering facility in the Polog Region.

141 Interview No.: 11 from 21st February 2021 with an owner of a catering facility in the Polog Region.

142 Interview No.: 12 from 24th February 2021 with an owner of a catering facility in the Polog Region.

“They cannot ask me to pay last year’s corporate tax for getting a loan! Wake up! Corporate tax last year and this year are two separate things! This year we have a loss. How can I pay last year’s corporate tax? Last year’s corporate tax is bigger than the loan I am applying for.” – Abstract from an interview¹⁴³

The caterers had different opinions about the end of the Coronavirus pandemic and the return of normal living. Some (4) thought that it will happen periodically, with an increase in the number of infected persons followed by a reduction during the summer months. Others (4) believed that vaccines are the solution. According to them if the country, and the neighbouring countries go through a vaccination process with a determined timetable and cover as many people as possible, tourism will be revitalized and become stable. Some (2) were skeptical and afraid that we might need to learn how to live with the virus and the imposed restrictions for the upcoming period as well.

“The vaccine will protect. I assume that Europe close down because of the effect of the vaccine, and not due to other new viruses. That can happen in our country as well... after vaccination. I don’t think that there will be a problem after that.” – Abstract from an interview¹⁴⁴

For the caterers, adhering to the health protocols – social distancing, disinfection etc. – was more important and effective than limiting the number of people seated at the table to four. The change of working hours could also influence and pose a threat at the same time since it imposed additional costs for the caterers. The caterers from the Southwest Region put their hopes in the foreign guests and vaccination of the population. The number of foreign tourists visiting Ohrid in the last few years had increased. The culture of foreign tourists was different than that of domestic tourists. They trusted that appropriate development and growth needed to be planned along with the support for small and medium-sized enterprises.

Starting point was the drafting of an adequate and quality analysis responding to the needs of the sector and the opportunities for development, including the determined risks, followed by planning to secure safe, stable, and moderate progression of the sector through identifying and managing the risks.

The biggest problem faced by the companies was liquidity and suspense of what will follow in the upcoming season. The greatest challenge for them was what kind of season will they have i.e., will there be room for improvements and returning back to the “normal” at all?

143 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

144 Interview No.: 12 from 24th February 2021 with an owner of a catering facility in the Polog Region.

“There is no future with imposed borders. For Ohrid, the only solution is foreigners, provided the borders are free for movement. In Ohrid, only foreigners spend money, the Macedonian people are broke. People from Ohrid don’t go to restaurants, it’s not in their culture. We live from people coming from aside.” – Abstract from an interview¹⁴⁵

“If you walk the bazar in Ohrid, you’ll be surprised how many people are begging. We’ve never had beggars in Ohrid before”. – Abstract from an interview¹⁴⁶

9 FINAL CONCLUSIONS

From the data received from public institutions, available reports and qualitative data collected through in-depth interviews with caterers from the South-east, Polog and Southwest Region, the research team proposes the following conclusions and recommendations to the Government of the Republic of North Macedonia and other relevant stakeholders for the purpose of overcoming the identified shortcomings in the future:

Conclusion: The Government of RNM did not involve stakeholders enough in developing socio-economic measures for the catering sector, and the adopted measures were not clear and comprehensible enough to put into practice. They were not adopted promptly neither.

Recommendation: When developing such and similar measures and activities as part of its competence, the Government of RNM should secure greater cooperation and involvement of all stakeholders.

Conclusion: The non-participatory process in the development of measures resulted with inappropriate measure and policymaking that partially or fully did not correspond with the real needs of the catering and tourism sector.

Recommendation: The Government should empower competent persons who will be able to contribute and respond to the needs of the industry.

145 Interview No.: 4 from 14th February 2021 with an owner of a catering facility in the Southwest Region.

146 Interview No.: 5 from 16th February 2021 with an owner of a catering facility in the Southwest Region.

Conclusion: The inability to associate the legal entities from the catering-tourism industry and represent themselves in front of the Government of RNM is a weakness that negatively affects the meeting of the real needs of the industry.

Recommendation: The catering-tourism sector should secure representation in order to advocate its interests.

Conclusion: The measure subsidizing minimum wage was related to all activities of the private sector and economy with positive effects on the catering sector, but without the clarity, coherency, and precision for absorbing the measure.

Recommendation: The socio-economic measures of the Government of RNM should be clear, precise, published promptly and directed to the industries concerned without frequent changes and quick interventions, especially the limitations of working hours that have a direct impact on the work of the caterers.

Conclusion: Record-keeping and data collection on the effects of the socio-economic measures by competent institutions are analyzed with different methodologies and not stored on central level.

Recommendation: A unified integrated electronic system should be used for policymaking and for providing an appropriate response regarding the implementation effects.

Conclusion: From the analyzed measures, a positive effect was noted from subsidizing the minimum wage and tourism-vouchers irrespective of their abuse. The same is true for providing interest-free loans although these measures are not sustainable in the long-term for the catering-tourism sector.

Recommendation: Identifying prompt, comprehensive and appropriate solutions for this activity (potential solution is vaccination of the population) that will enable collective immunity and will open the borders for travelling purposes.

Conclusion: Socio-economic survival of the companies from the catering-tourism sector is maintained by securing balance between the demand and supply on the labour market.

Recommendation: The socio-economic measures need to be adjusted, along with the conditions for their application, especially in the duration of the aid, the size of the loans that will secure company's liquidity, exemption from fees, charges, contributions, and other burdens that cannot be covered without economic activities.

Conclusion: The need for unselective monitoring and evaluation of the economic performance of caterers by the public institutions was identified as one of the key conclusions that the Government of RNM should implement.

Recommendation: Secure appropriate and professional civil servants who will undertake activities in a professional, accountable, and good quality manner in the interest of both the State and the business. Appropriate measures should be imposed on targeted actions.

Conclusion: The need for a comprehensive analysis of the effects of each socio-economic measure separately is evident.

Recommendation: Develop a comprehensive analysis of the effects of the socio-economic measures that will lead to further policymaking on national level in circumstances like this and in similar situations.

Conclusion: Evidently, the socio-economic measures secured the social peace in the country, but that is not sustainable short-term and mid-term.

Recommendation: A system for collecting, monitoring and analyzing the implementation and absorption of the socio-economic measures needs to be established for developing sustainable and precise policies based on reliable evidence.

Conclusion: The establishment of contemporary social protection systems (such as Guaranteed Minimum Assistance) secured social peace and security from increasing poverty with people who lost their jobs.

Recommendation: There is a need for prompt and adequate implementation of socio-economic policies and social protection systems that directly refer to existential and preventive policies of citizens at socio-economic risks such as unemployment.

Conclusion: The active role of independent stakeholders (civic organizations, national unions) is important so that the perspectives of the workers and the citizens will be considered, objectivity secured, and the activities undertaken in the field will be in line with the rights of the citizens.

Recommendation: The role of the independent stakeholders should continue to be respected and supported with more intensity for the purpose of improving socio-economic situation and policymaking and implementation responsive of practical needs.

