



Covid-19 and other specific challenges of employer and business membership organisations in the Adriatic and Western Balkans region

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Executive Summary

Employer and Business Membership Organizations (EBMOs) in the Adriatic and Western Balkans region are dynamic support organizations functioning as active service providers responding to the needs of employers and businesses in their respective countries.

This report elaborates on their specific challenges in providing support to their members generally, as well as on the particular impact of the Covid-19 pandemic on their activities and operations.

The report covers the seven founding members of the Assembly of the Adriatic Region Employer's Centre (AREC). Namely, the principal EBMOs of Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Serbia and Slovenia.

The report elaborates on three major topics: 1) the current economic situation in the AREC members' countries; 2) the impact of Covid-19 on industries and services in the region; and 3) the roles and activities of the EBMOs during the Covid-19 crisis and their specific challenges and needs in terms of strengthening their capacities and providing more quality services to their members. In doing so, the report also provides comprehensive information on the work of the EBMOs in this region and a review of Covid-19 responses and practices.

Finally, the report goes beyond the AREC member organizations and provides a representative sample of activities of other selected EBMOs from around the world during the crisis that may serve as an inspiration and resource for AREC EBMOs and others.

Introduction

The Covid-19 outbreak is an extraordinary event in our lifetime that has had an enormous impact on people's lives and economies globally. In addition, its ongoing effects are not entirely predictable, as it is difficult to determine its duration and specific consequences on individual countries and regions. It is clear that until the vaccination process is rolled out across most of the planet, life will not return to normal. A common phrase articulated in 2020 in connection with the virus is the "new normal", but its complete scope still remains unclear.

The entire global economy was hit with lockdowns in the spring of 2020, further measures during the summer and stringent lockdowns during winter. Many borders were closed for most of this period and still are, and their gradual re-opening remains an ardent hope for the second part of 2021. Tourism and related sectors have suffered an absolute crash, with no clear indications as to when they will be restored to levels at least close to pre-Covid ones. All sectors and all companies have been impacted, but mostly small and medium-sized enterprises and the self-employed. The role of governments in the recovery is essential, as is the role of employer and business membership organizations (EBMOs) as communicators and bridges between businesses and the government.

The countries of the Adriatic and Western Balkans region have not escaped the impact of the global phenomenon. The regional economies are defined as small, service-based, open economies, highly dependent on their trading partners' economic health and foreign investments. The countries all experienced decline in economic growth and face significant challenges in saving their businesses and recovering their economies in the foreseeable future.

As all employers have been affected by the crisis and the uncertainties of recovery, the EBMOs in the region have a significant role to play in assisting them to overcome the challenges. The active role of EBMOs in informing members of developments and advising them on how to maintain their operations, highlighting the safety of employees, is as crucial today as it was in the first days of the Covid-19 outbreak. The EBMOs are facing high demand from their members for information, but also for advocating with governments in defining support measures for businesses. Finally, these organizations are expected to play an active role in defining the future of work, and changes required to labour legislation as a consequence of current working practices (teleworking, for example).

On the other hand, along with the "new normal" created by the virus, the EBMOs in the region are still facing other challenges which need to be constantly addressed. As this analysis will show, the organizations recognize a strong need for building their capacities. Having in mind their support role to businesses, they would like to further train their employees to be able to provide the most up-to-date services to their membership. Similarly, they stress the importance of creating new services and strengthening their knowledge and position in tripartite dialogue. Some of the challenges the EBMOs face include the relationship with other business organizations and the need to strengthen the quality of social dialogue at national level.

The report elaborates on all of these issues and related topics in more detail. It provides an overview of the countries' current economic situation¹, while stressing the impact of the Covid-19 crisis. The report then covers the members of the Assembly of Adriatic Region Employer's Centre (AREC)², first by explaining their role in responding to the Covid-19 pandemic and then describing the challenges they face beyond this crisis. The analysis of the topics provides the information needed to create an overview of the evolution, role and capacities of EBMOs in the Adriatic and Western Balkans region.

The report includes the most relevant data and information related to the stated topics:

I – The impact of Covid-19 on industries and services in the Adriatic and Western Balkans region has been immense. The economies of the region are small, mostly service-based, open economies, quite vulnerable to external shocks. The region is mostly dependent on their trading partners' economic strength, and exports, as well as relying strongly on their tertiary sector which accounts for more than 50% of the GDP in these countries (55% in BIH, 59% in CRO, 54% MKD, 56% in SLO etc.). The countries are highly dependent on tourism, which accounts for 33% of Montenegro's total employment, 25% of Croatia's and 22% of Albania's. The countries' main trading partner is the European Union (EU), with exports consisting mainly of textiles and footwear, wood, automotive components, chemical products, steel and other metals. Albania has suffered greatly from the decline of exports to Italy, their largest trading partner. North Macedonia, Bosnia and Herzegovina, and Serbia have all experienced difficulties and a reduction in exports to EU members, mainly Italy, Germany and Austria. Domestic consumption has also been at a historic low, with Slovenia reporting a sharp decrease in domestic and household final consumption, but an increase in savings. All tourism-related activities and industries, as well as sports and entertainment industries, have experienced almost 90% losses in income in all countries,. The countries do, however, report growth in sectors including ICT (Slovenia and Serbia), healthcare and pharmacy (Serbia), online trade, telecommunications and media (Serbia). In this respect, the region is no different from the rest of the world. As a consequence, all the economies in this analysis are expected to record a negative GDP growth rate in 2020, from -3.5 in Serbia, to -9 in Croatia and Montenegro. The economies should, however, regain growth from 2021 onwards, depending on vaccination and overall global developments.

¹ At end 2020

² The AREC member organizations come from the following countries: Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Serbia and Slovenia. In the section of country overviews, the report elaborates on the economy of Bosnia and Herzegovina as part of the Adriatic and Balkans region. However, for the purposes of this report, the research and analysis of EBMOs only covers the work of the Union of Associations' of Employers of Republic of Srpska (UEARS), which belongs to the entity level in Bosnia and Herzegovina.

II – The Employer and Business Membership Organizations in the Region have been highly involved in supporting their members during the Covid-19 outbreak. Their activities have been wide-ranging. The organizations have been active communicators between the national governments and businesses, as well as the initiators of proposals in respect to aid packages and relief measures prepared by the governments in preserving the liquidity of enterprises and saving jobs. Similarly, they have regularly prepared information and guidelines for employers. Mostly, such communication has been undertaken through websites, information booklets, newsletters and position papers. Some, like the Business Confederation of North Macedonia (BCM) have invited companies to join free of charge for 2020. The Montenegro Employers' Federation (MEF) has written off membership fees for the three spring lockdown months. The aid to companies has included legal assistance, advice and information on the prevention of Covid-19 infection at the workplace. The organizations conducted regular surveys on the pandemic's impact on their membership, which were later presented to the decision-makers along with proposals for improvements. Another illustration of the good work carried out is that the member companies were often very active in participating in the EBMO surveys, notably by providing input on their problems, which has enabled the EBMOs to better respond. As a result of this active involvement in the process of coping with the Covid-19 crisis, the EBMOs reported an increase in their membership (Croatia, North Macedonia).

III – The EBMOs recognize the necessity to strengthen their capacities in order to be able to grow as organizations and increase their membership. The challenges each face are different in many respects, but the need for peer-learning and sharing best practices is stressed by all seven EBMOs. All of the organizations strongly emphasize the issue of a lack of human capacities, as well as the need for training employees. Training is needed in best-practice sharing in the areas of: advocacy and lobbying, marketing and communication, social dialogue, and attracting new members. With the Covid-19 outbreak, topics such as digitalization, cybersecurity and the definition of teleworking in national legislation have been raised as priorities. The EBMOs foster solid cooperation with other national EBMOs, but also report improvements in cooperation with the trade unions. Situations are different across the region, but the matter of Chambers of Commerce often arises; they are more consulted and invited to government meetings and policy working groups. The principle of compulsory membership that characterizes them, in contrast to the independence and representativeness of EBMOs, poses a real problem of competition. The Chambers' alignment with the governments' positions and, at times, their incursion into areas which fall within the sole competence of the social partners, adds to the complexity of the issue. This reinforces the conclusion that EBMOs need support, capacity building and stronger positioning to progress and develop in this context.

In addition, the report provides a detailed picture of the **work of the AREC member organizations**, covering their historical development, organizational structure and daily operations, thus offering a valuable and indispensable source of information for addressing issues related to EBMOs in the region (**Annex I**). The AREC member organizations are social partners at the national level and official representatives of business and employers in tripartite

dialogue, as they are all members of the Economic and Social Councils (ESC) in their countries. In general, the organizations express satisfaction with the state of play of social dialogue at national level and report gradual improvements in their relations and understanding with the trade unions. Some EBMOs report joint activities and projects organized with the TUs (e.g. CRO).

The EBMOs stress the active roles of the ministries in charge of social dialogue and improvements in their position towards tripartite negotiations, while on the other hand there is a lack of involvement of other ministries and institutions. The governments in general do not always involve the social partners in the decision-making process of adopting legislation. The organizations also report a lack of quality at the bipartite level – branch and company agreements - and stress the need for improving capacities in this area.

The report concludes with a **selected overview of activities and challenges in the Covid-19 era**. **Annex II** covers the activities of organizations from France and Belgium to Kenya, Japan, Australia and others. Their best practices are shared on informing members during the outbreak, communicating with governments, and creating content and resources for members. These examples, while not always or entirely replicable, can inspire the organisations of the region under consideration, and pave the way for possible services for their members.

Main conclusions

The countries in the Adriatic and Western Balkans region have suffered greatly as a result of the Covid-19 crisis. In addition to facing a health emergency, the countries' economies have been impacted, slowing down economic growth and development. While it is expected that the countries will return to pre-crisis levels in the next couple of years, much will depend on the roll-out of vaccination processes and vaccine supply, the ability to respond to new virus mutations, and the overall re-opening of the world.

Strong cooperation between state administrations and the private sector has never been more crucial for keeping businesses afloat and ultimately saving jobs. The participation of EBMOs in this process is essential. The dialogue has to follow two streams – one on how to solve the current crisis and support businesses to stay operational, the other on how to define the future of work.

As seen from the report, the EBMOs have played a vital role from the onset of the crisis. They have provided their membership with information on the crisis, the health risks and safety measures, but also on the governments' support. They continue to be active listeners and gatherers of important feedback from businesses and to channel that information to the decision-makers. Hence, they have also influenced government measures and actions to support businesses. Some EBMOs have foregone an important source of income in order to provide support to struggling businesses. As a result the member companies understand and appreciate the role of the EBMOs and are willing and active participants in the process to overcome the crisis. Moreover, the number of companies choosing to become members of

EBMOs has risen, which confirms that businesses do recognize the important role EBMOs play in their relationship with the government.

Along with the EBMOs' essential efforts during the crisis, the companies are aware of the role of the EBMOs in defining the future of their operations. The Covid-19 crisis has already shown that the world of work will not be the same once the crisis is over. However stressful and shocking, the crisis did have a catalytic effect and will change the way employees and businesses operate in the future. One of the issues already on the table is teleworking. The definition of teleworking itself, the way it will be organized and to what extent, and the rights and obligations of both employers and employees will definitely have to be determined within robust tripartite dialogue. Another priority topic is the health of employees. A special emphasis will be placed on the mental health of employees and the care and investment that the employers will have to make in this respect. These and other topics have already been addressed by some EBMOs and discussed with their membership. Supporting governments in defining these issues, and employers in providing their insights and implementing them, will take up a significant amount of EBMO work in the future.

However, the issues arising from the Covid-19 crisis are not the only ones facing the AREC EBMOs. Some are outstanding from the past and need to be addressed through a structural approach at national level. National legislation in some of the countries, such as Slovenia, must be progressed and the issue of participants in tripartite dialogue resolved. Other issues arise from the daily work of the EBMOs and relate to the constant effort needed to improve their services to members and the skills of their employees. The EBMOs are acutely aware of their role in supporting businesses and seek active cooperation with their peers in western economies, as well as international partners, in exchanging experiences, and raising and resolving matters of importance to their daily operations. Their capacity-building requests mirror the topics of importance for businesses, as well as those related to strengthening tripartite dialogue at national level.

Finally, times of crisis are when the need for assistance is at its greatest and the AREC EBMOs have shown they can rise to the challenge. Especially considering their everyday issues, such as lack of capacities and financial constraints, their efforts during the Covid-19 crisis to date are commendable. However, challenging times lie ahead and the need to support businesses, as well as to advise governments, is ever-growing. Regional and international cooperation and peer exchange will continue to be essential in providing the EBMOs with a chance to grow and improve their position as social partners. The outcome will be stronger and better labour relations in the Adriatic and Western Balkans region.

I. The impact of Covid-19 on industries and services in the Adriatic and Western Balkans region

Albania

Albania is a small country committed to pursuing EU membership.

Agriculture is an important economic sector for the Albanian economy, accounting for 18.4% of GDP and employing 38% of the workforce according to the World Bank (2019). Agricultural production concentrates on wheat, corn, oats, potatoes, vegetables, olives, tobacco, fruits, sugar beets, vines, livestock farming and dairy products. The agriculture sector in Albania suffers from a lack of modern equipment, highly fragmented land ownership and limited area for cultivation, all of which leads to relatively low productivity. Only 24% of its territory is classified as agricultural land, while 76% is non-arable land of which 6% is forest (FAO). Finally, it should be noted that agricultural production is higher than its share of the GDP suggests: a large part is consumed by the farmers themselves and therefore is not marketed.

The industrial sector accounts for 21.3% of the country's GDP and employs 19% of the active population. The sector is concentrated on food processing, textiles and clothing, timberwork (construction), oil, cement, chemical products, mining, transport and the hydraulic energy. The manufacturing sector's value-added is estimated to contribute nearly 6% of the country's GDP, according to the World Bank.

The services sector represents 47.9% of GDP, employing 43% of the workforce. The tourism, telephony, banking and insurance sectors were all booming pre-Covid. According to a report by the World Travel & Tourism Council (WTTC), travel and tourism receipts in 2018 represented 27.3% of GDP.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	36.1	20.2	43.7
Value Added (in % of GDP)	18.6	20.1	48.6
Value Added (Annual % Change)	1.4	0.1	3.3

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

In November 2019, a high magnitude earthquake, which took a toll on physical infrastructure and economic activity, hit Albania thus causing a burden to the budget even before Covid-19 struck. Although in recent years the economy has experienced a constant increase in real GDP growth, due to the earthquake and a decrease in energy production caused by a drought, it growth went from 4.1% to an estimated 2.2% in 2019. On the other hand, unemployment rates have been constantly declining, falling to 12.3% in 2018. The situation for youth has also been improving (28% unemployment rate in 2019), as well as long-term unemployment (67.4% of all

unemployment), although the high levels do remain a concern. On the other hand, the share of informal workers has kept increasing, reaching 37% in 2018. This situation has led to an outflow of the young and highly skilled from the country, with more than 30% of the population residing outside the country. Net FDI had been decreasing at an estimated 7.6%, after peaking in 2016 due to the Trans Adriatic Pipeline and the Devoll Hydropower projects. General government debt stood at 66.7% of GDP.

The Covid-19 pandemic is therefore expected to produce a notable recession of the economy, which relies heavily on trade with and investments from the EU, particularly Italy. Within the domestic market, SMEs, and the manufacturing and tourism sectors, will be among the most affected. Unemployment is likely to rise again and labour market conditions to deteriorate further given that a notable share of the workforce lives abroad.³

At the beginning of 2020, economic forecasts for Albania were calculated with a projected growth of 3.4–3.6 %, according to the main international financial institutions. It was expected that this growth would ignite as a result of internal/private consumption, investments and tourism. As most of the world is now facing a recession, experts argue as to what will be the extent of a global slowdown in economic terms.

According to a World Bank report⁴, countries that rely on global trade, tourism, commodity exports and external financing, will be hardest hit by the crisis. Albania is considered one of the countries that will suffer the most economically from the Covid-19 pandemic, with the latest projections of decreased growth ranging from -5% according to the International Monetary Fund (IMF), to -5.6% according to the World Bank, to -9%, according to the European Bank for Reconstruction and Development (EBRD). The extent to which individual countries will be affected depends on many factors, including the relative importance of some sectors in the GDP, their integration into the global value chain, geographical location and key trading partners, as well as the specific conditions that prevailed before the crisis.

Albania turns out to be particularly affected by an unfavourable combination of some of these factors. First, the significant importance of tourism in its economy, which, including direct and indirect (formal and informal) contributions, is estimated to account for over 20% of GDP. Given that this is centred on a relatively short summer season, it is anticipated that travel restrictions will translate into a reduced number of foreign visitors and tourism revenue by end 2020 and beyond. Second, close trade ties with Italy, one of Europe's most affected countries, are likely to be disrupted, which will reduce activity in other important sectors of the Albanian economy. Third, domestic consumption may shrink more than in other countries as a result of certain characteristics of the Albanian economy, such as the high weight of informal employment, which is particularly vulnerable during a crisis, and the importance - still high - of remittances,

³ COVID-19 crisis response in South East European economies, 2020, <https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-south-east-european-economies-c1aacb5a/>

⁴ <https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report>

which are likely to fall. Albania ranks 30th in the world in terms of the share of tourism in total employment; at 22% (while neighbouring Croatia has this indicator at 25% and Montenegro at 33%). High dependence on tourism is one of the main reasons why the predictions of international institutions are pessimistic. The high weight of tourism in the economy is estimated to be one of the reasons for the strong expected decline. According to the Tourism Association of Albania, the entire industry will be working in a best-case scenario at 30-40% of its full potential; furthermore, informality in the sector could rise due to the massive layoffs in the sector during lockdown. As Albania's largest trading partner, shrinking economic activities in the European Union (EU) in general, but specifically in Italy, will seriously impact the national economy. According to INSTAT⁵, neighbouring Italy is Albania's largest trading partner with over EUR 2.5 billion in commodity exchanges. Low-value exports of intermediate goods destined for the Italian fashion industry are at an all-time stall. In the first quarter of 2020, the export of textiles and footwear fell by over 50%.

The Covid-19 pandemic has highlighted the great weakness of the Cut-Make-Trim (CMT)⁶ sector in Albania, where most companies do not work with a closed production cycle. Characteristic of the sector is its high dependence on Italy, where 72% of the total exports of textiles and footwear are sold, as well as on Germany which receives 10%. CTM is the main export-related commodity group in the country, accounting for about 39% of total exports. This trend has been on the rise, except in 2019, when the sector was hit by the depreciation of the Euro. With the Covid-19 outbreak, the sector is facing yet another challenge that might be devastating. The non-payment of orders by customers; the creation of large stocks due to lack of market; customers' refusal to purchase new products; and the lower demand from EU markets, will make it difficult for the sector to return to normal. The pandemic will further impoverish Albanians and this will be reflected in the decline of internal consumption.⁷

In the best-case scenario, about 100,000 citizens, and in the worst case more than 200,000, will suffer a decrease in economic well-being. A World Bank report cautions that the poverty rate in Albania could increase by 4% to 8%, rising to about 40% in the first scenario and to 44% in the second scenario⁸.

In early October 2020, the Albanian Institute of Statistics (INSTAT) published its figures on economic performance during the second quarter, which coincides with the peak of the pandemic. According to INSTAT, the economy shrank by 10.2% on an annual basis and 8.8%

⁵ www.instat.gov.al

⁶ Cut, Make and Trim production is where an apparel factory takes designs and produces them following three stages. 'Cut,' where the material is cut to pattern, and made ready to sew, 'Make,' where the garments are sewn together and created, and 'Trim,' where the garments are finished, any threads and small imperfections are removed and final QC and packing occurs.

⁷ Marsela Musabelliu, Albania Economy Briefing

⁸ https://china-cee.eu/wp-content/uploads/2020/06/2020e06_Albania.pdf

compared to the previous quarter.⁹ This confirmed previous fears: that 2020 has the lowest economic performance in three decades. INSTAT, in its Quarterly Economic Growth Report, further explains which branches of the economy contributed negatively, such as trade, transport, accommodation and food services by -4.11 percentage points; industry, electricity and water by -1.45 percentage points; professional services and administrative services by -1.23 percentage points; construction by -0.90 of a percentage point; public administration, education and health by -0.60 of a percentage point; financial and insurance services by -0.43 of a percentage point; arts, entertainment and recreation services, other services by -0.41 of a percentage point; and information and communication by -0.24 of a percentage point. The branches that made a positive contribution are agriculture, forestry and fishing, by +0.70 of a percentage point; and real estate activity by +0.29 of a percentage point. Net taxes on products contributed negatively to the tune of -1.85 percentage points.

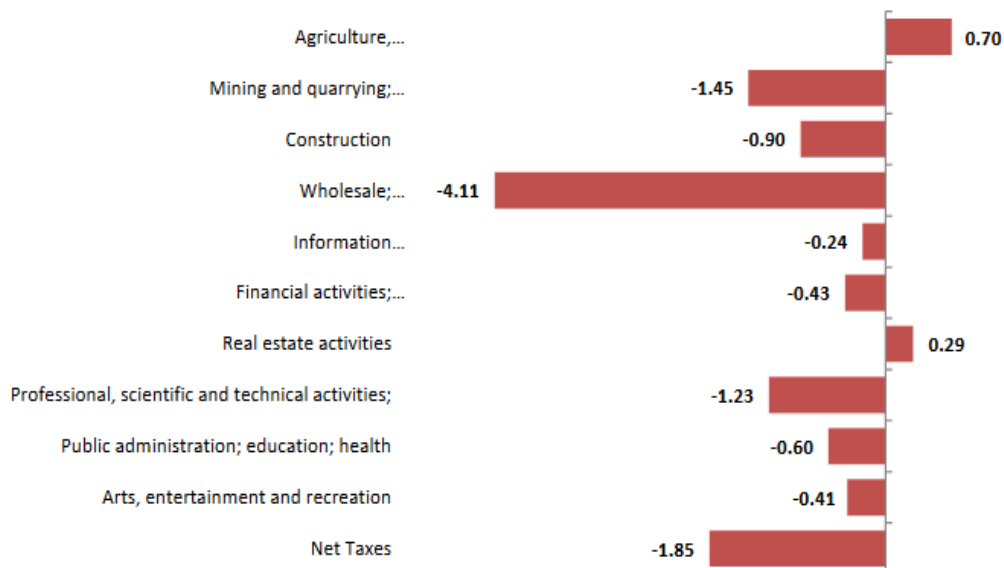


Figure 1 Contribution of the main branches of the economy to the real growth rate of GDP (Q2_2020/ Q2_2019) Source: INSTAT

Expressed in percentages, when we compare the performance of every single main branch to the previous year's, the figures are overwhelming: agriculture, forestry and fishing activity increased by 2.63%; and industry, electricity and water decreased by 13.14%. The main impact was recorded in mining and quarrying, which decreased by 19.12%, while construction activity decreased by 10.93%; trade, transport, accommodation and food services decreased by 26.35%; information and communications decreased by 9.05%; financial and insurance activity decreased by 21.68%; and real estate activity increased by 5.46%. The group of professional services and administrative services decreased by 19.45%; public administration, education and

⁹ Quarterly Economic Growth Review, Second Quarter of 2020. <http://www.instat.gov.al/al/temat/ekonomi-dhe-financ%C3%AB/llogarit%C3%AB-komb%C3%ABtare-gdp/publikimet/2020/produkti-i-brendsh%C3%ABm-bruto-t2-2020/>

health decreased by 5.60%. The arts, entertainment and recreation services, other services decreased by 19.56%. Net Taxes on products decreased by 14.26%.

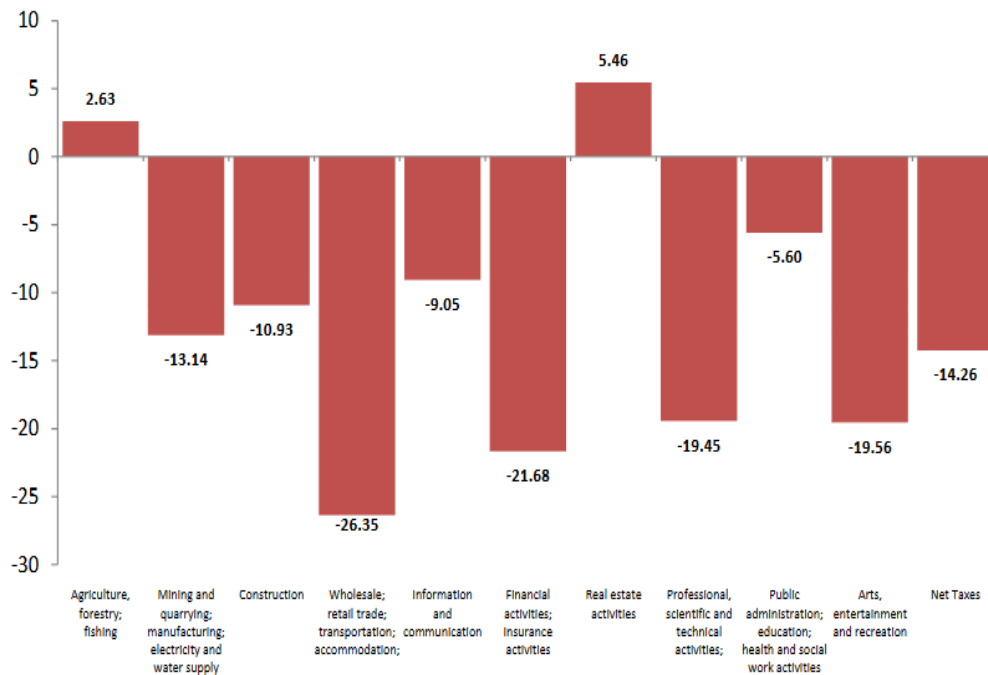


Figure 2 Changes over the same quarter of 2019 for the main branches of the economy (Q2_2020/Q2_2019) in % Source: INSTAT¹⁰

In the space of four months, about 2,800 businesses went into passive mode. Based on a sample survey of representatives of 205 businesses, about 80% of respondents claimed closure of activity due to a drop in turnover resulting from Covid-19, high local taxes, fines, cancellation of contracts and other related reasons. Many acknowledged that they had received assistance through Financial Packages 1 and 2, but reported that state aid was insufficient to survive.¹¹

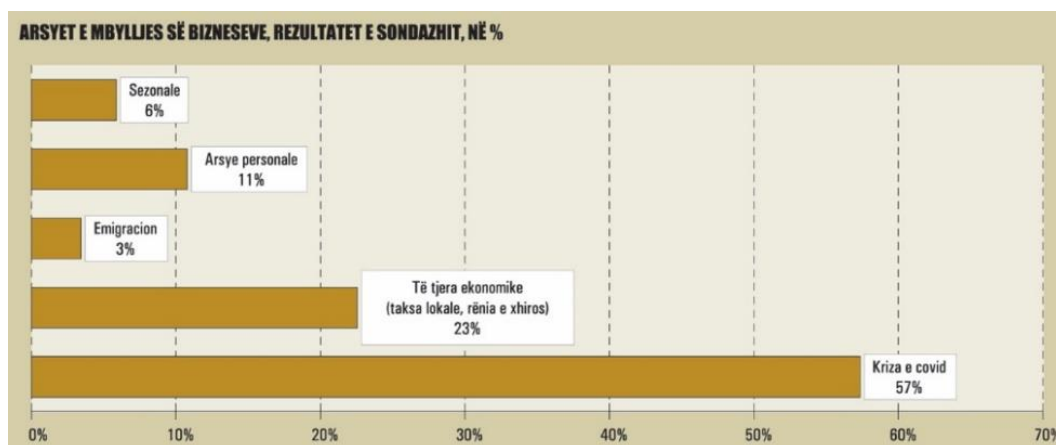


Figure 3 Source: Monitor news; Reasons for closing businesses, survey results, in %, from the top: seasonal; personal reason; migration; other economic reasons(local taxes, turnover decline); crisis and Covid.

¹⁰ <http://www.instat.gov.al/media/7520/gdp-q2-2020.pdf>

¹¹ <https://www.monitor.al/sondazhi-me-bizneset-e-falimentuara-80-po-mbyllen-nga-covid-19-dhe-kriza/>
(translated from Monitor news)

Some other preliminary data indicate that, as at September 2020, the overall total export of goods in 2020 was 17% lower in annual terms. The decline in remittances, which decreased by almost one-fifth in the first half of 2020 compared to the same period in 2019, has hurt private consumption. By the end of August 2020, the government had approved two economic support packages, worth 2.8% of GDP. However, these packages consisted mainly in the areas of increasing government spending to support businesses, sovereign guarantees and social transfers. According to the survey the majority of the activities which are closed, are in Tirana (65.6%) and Durrës (7.8%). In an overwhelming 60% of cases, businesses declare that the pandemic and its ramifications are the main reason for shutting down their activity.

The economic ramifications of the pandemic are starting to become clearer; small and medium-sized businesses are the ones hit hardest and the situation only highlights the structural weaknesses of the country's overall economy. The abovementioned forecasts might also change (again) due to several uncertainties, mainly the evolution in expectations regarding the recovery time from the pandemic. As these new economic indicators suggest slower growth and a longer readjustment period, hopes are placed on government interventions to reshape the economy towards more sustainable development, as well as the government's presence where most needed.

Bosnia and Herzegovina

Bosnia and Herzegovina is an upper middle-income country which has accomplished a great deal in the last few decades. Today it is a potential EU-candidate country.

The agricultural sector accounts for 5.6% of GDP and nearly 18.6% of total employment¹², with corn, wheat, fruits, vegetables, livestock and poultry being the main agricultural products. The country has approximately 1.6 million hectares of land suitable for cultivation, and most of the farms are small in size and family-owned. Bosnia and Herzegovina is still a net food importer.

The industry sector represents 24.5% of the country's GDP, employing 30% of the workforce. Bosnia and Herzegovina mainly produces raw materials such as steel, coal, iron ore, lead, zinc and aluminium. Additionally, wood is a significant sector and export commodity. Other important production sectors are mineral and chemical products, machinery, mechanical appliances, textile and footwear. However, according to the World Bank, the industry sector has been shrinking over the last decade due to the global financial crisis and the subsequent fall in both domestic and European demand. The overall value-added of the manufacturing sector is estimated at 13% of GDP.

The service sector accounts for 55% of GDP and more than half of total employment (54%). The most important service sector of the economy is trade, followed by business services, transport

¹² World Bank data

and construction. Tourism was also growing in recent years, pre-Covid, according to data from the Agency for Statistics of Bosnia and Herzegovina; it was increasing by 13.4% year on year in the first eight months of 2019.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	15.1	32.3	52.6
Value Added (in % of GDP)	6.1	23.7	55.5
Value Added (Annual % Change)	-0.8	-0.1	4.1

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

According to the World Bank¹³ (October 2020), Bosnia and Herzegovina is expected to slip into its worst recession in 25 years. Real GDP growth is projected to contract by 3.2 % in 2020 because of the slowdown in the most productive sectors, a weaker external environment, and political uncertainty. BiH’s unfavourable demographics, increase in Covid infection rates and difficult political environment could also exacerbate the effects of the pandemic and cause an even larger decline in GDP than has been estimated.

“This crisis has had an enormous impact on the economy and lives of people in Bosnia and Herzegovina”, says Emanuel Salinas, World Bank Country Manager for Bosnia and Herzegovina and Montenegro. “BiH was facing a lot of challenges before the pandemic, many of which have become more urgent to address. These include creating room for a more robust private sector, enhancing the efficiency of the public sector, better protecting the human capital in the country (through better education and health) and creating better opportunities for youth.”

In the first quarter (Q1) of 2020, growth reached a positive 2%. As lockdown measures were introduced, in Q2 the economy ground to a sudden halt. Domestic and external demand dropped, with sharp declines in private consumption and investments. Low domestic demand, consumption and investment weighed heavily on imports, while the slump in external demand affected both exports and imports. By July, for the first half of 2020, exports were down by 14.8% and imports by 17.3%. Unemployment, high even before the crisis, was still rising. The unemployment rate in 2019 was 15.7% and has since been pushed up by the dampening of economic activity brought on by Covid. Based on the Agency of Statistics of Bosnia and Herzegovina¹⁴, just under 16,000 jobs were lost between March and September 2020 in FBiH¹⁵. In the RS¹⁶, authorities estimate that about 2,000 jobs were lost. Retail, manufacturing, transportation, and accommodation were the sectors most affected. Deeper labour market effects have been prevented by wage subsidy programmes in both entities and other policy

¹³ <https://www.worldbank.org/en/news/press-release/2020/10/22/recession-deepens-in-bosnia-and-herzegovina-as-covid-19-pandemic-threatens-jobs-and-poverty-reduction-in-western-balkans>

¹⁴ Agencija za statistiku Bosne i Hercegovine <http://www.bhas.ba/?lang=bs>

¹⁵ Federation of Bosnia and Herzegovina, entity in Bosnia and Herzegovina

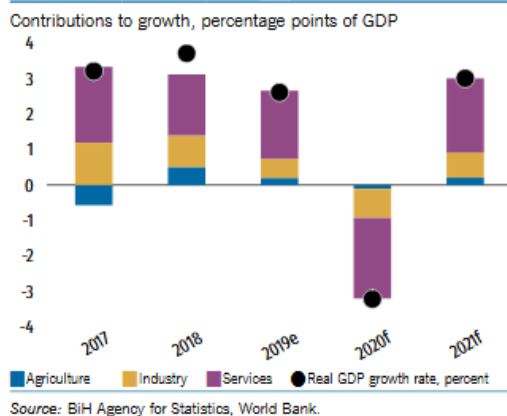
¹⁶ Republic of Srpska, entity in Bosnia and Herzegovina

measures targeting affected economic sectors and aimed at improving the liquidity of companies and safeguarding against potential job losses.

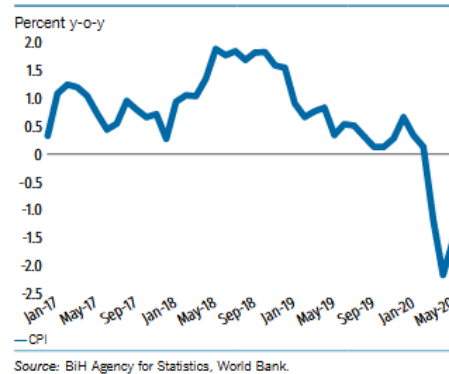
The Covid-19 pandemic has had a major impact on the economy by slowing key productive sectors, lowering demand for exports and cutting remittances, and the outlook still depends heavily on the pandemic’s trajectory. Assuming new Covid-19 outbreaks can be restricted to the next two quarters, in 2021 the BiH growth rate is projected to return to its pre-crisis level.

In general, growth will be supported by sectors oriented to the domestic market and connected to online services. These are less likely to be directly affected by Covid-19 due to measures adopted to increase demand or limit disruptions in agriculture, information and communication technology (ICT), and health and social services. On the expenditure side of GDP, the stabilizing factor is public consumption, which is expected to continue to support growth.¹⁷

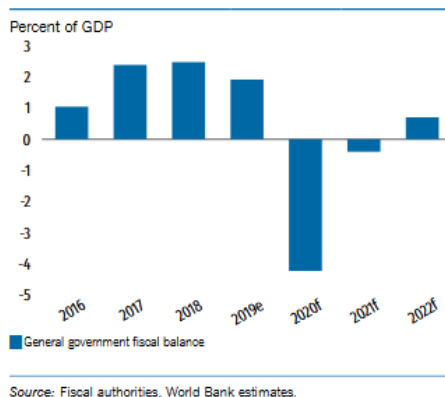
The BiH economy is now expected to post its deepest contraction in modern history.



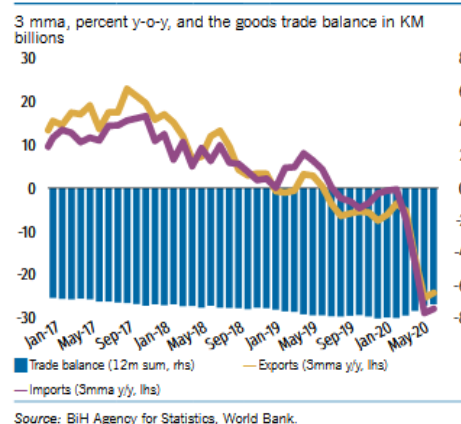
Deflation has returned in 2020.



...and higher public spending is expected to keep the fiscal balance in deficit.



The deficit in goods trade continues to widen.



¹⁷ <https://openknowledge.worldbank.org/bitstream/handle/10986/34644/153774.pdf>

When it comes to specific industries, the numbers vary.¹⁸ The wood products industry business has been cut in half as companies that manufacture wood-based products for export to western European countries - mostly Italy, Germany and Austria - have lost most of their export markets.

The tourist sector in Bosnia and Herzegovina, which took one of the hardest hits, has virtually collapsed as hotels continue to be closed and almost all of the bookings – up to a million overnight stays - were cancelled. Tourist associations and agencies are expected to assess real damages to be as high as 90%. The closely connected travel industry had also come to a halt as city, intercity and international travels have been banned. The most affected industry sectors have been services and related industries, as well as some production-based ones that are dependent on the exports of their products to western European markets. Size-wise, SMEs have been worst hit.

Generally speaking, services and in particular those requiring physical interaction are likely to suffer the most, while the indirect effects of the pandemic will be felt by almost everywhere. There has also been a significant impact on manufacturing industries, as social-distancing measures disrupt production, which has led to collapses in orders and supply chain issues. Relatively more robust have been essential sectors like healthcare, the food supply chain, the public sector, and sectors that can more easily shift to teleworking such as professional services related to the digital economy. Declines in demand and production, together with supply chain and international trade and transport disruptions have contributed to the simultaneous fall in aggravated demand and supply in Bosnia and Herzegovina, which has had a significant impact on the rise in unemployment.

Recent IMF¹⁹ forecasts - 2021 Projected Real GDP (% Change): 5.0, and 2021 Projected Consumer Prices (% Change): 0.4.

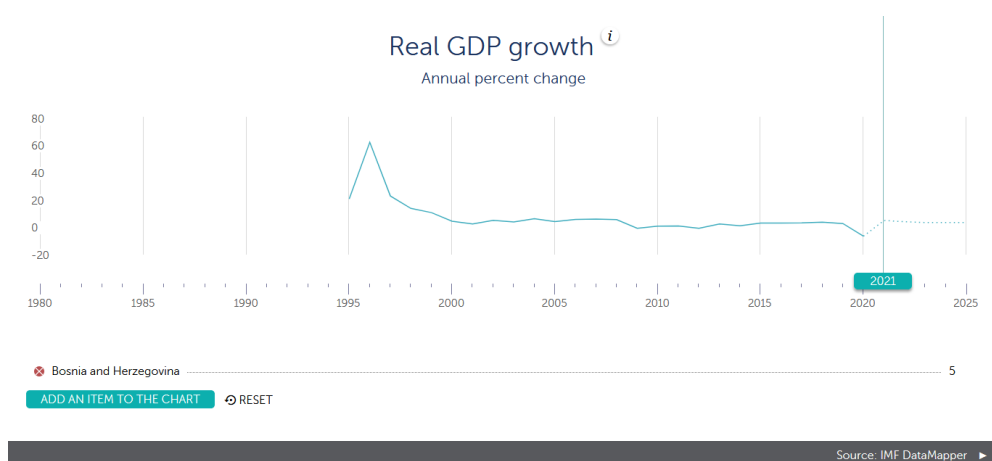


Figure 4 Source: IMF, Country data

¹⁸ https://china-cee.eu/wp-content/uploads/2020/06/2020e05_Bosnia-Herzegovina-1.pdf

¹⁹ <https://www.imf.org/en/Countries/BIH#featured>

Croatia

After joining the EU on 1 July 2013, the Croatian economy was only able to return to growth in 2015: since 2008, the country had experienced six consecutive years of economic recession, with GDP falling by 12%²⁰. Economic growth accelerated to 2.9% in 2019 – from 2.7% one year before, mainly driven by domestic demand and public investment supported by EU funds. Rising wages and low inflation, together with investment growth, are set to keep supporting the economy. According to updated IMF forecasts from 14 April 2020, due to the outbreak of Covid-19, growth was expected to fall by 9% in 2020 and to pick up to 4.9% in 2021, subject to the post-pandemic global economic recovery.

Croatia's public debt stood at around 71.1% of GDP in 2019 and should maintain a downward trend in the next few years (68.3% in 2020 and 65.5% in 2021, IMF) on the back of nominal GDP growth and fiscal surpluses. In fact, in 2019 the general government budget balance was positive for the third year in a row, estimated at 0.1% in 2019. Despite increased expenditures and a tangible reduction in tax revenues due to reforms in VAT and personal income tax systems, the general government budget is expected to remain close to balance in the foreseeable future, reaching -0.3% in 2020 and -0.2% in 2021. Inflation declined from 1.5% in 2018 to 0.8% in 2019, mostly due to the aforementioned VAT reduction, and should increase slightly in 2020 (at around 1.3%) and 2021 (at 1.2%).

Unemployment dropped to 7.8% in 2019 (from 9.9% in 2018), its lowest point since 2000. However, the IMF expects this trend to be heavily affected by the negative economic impact of the Covid-19 pandemic; the unemployment rate is currently estimated to increase to 11.5% in 2020 and to decrease to 8% in 2021.²¹

According to the World Bank²² before the Covid-19 crisis, Croatia recorded steady economic growth of close to 3%. , though convergence to the EU income average has remained elusive.

Attaining higher growth rates has been constrained by structural rigidities and a strong reliance on less innovative activities, with a lower value-added and limited backward and forward linkages. As a result, only in 2019 did the economy reach its pre-global financial crisis level of output.

A severe economic recession triggered by the Covid-19 pandemic is reversing the income gains, poverty reduction, and fiscal sustainability that Croatia has achieved during the past five years. Also, the March 2020 earthquake in Zagreb²³ and its environs has strained the functioning of public institutions and caused extensive damage that will take years to repair.

²⁰ EU data

²¹ <https://www.nordeatrade.com/dk/explore-new-market/croatia/economical-context>

²² <https://www.worldbank.org/en/country/croatia/overview>

²³ and recently in Petrinja and its environs

Although it is expected that the recovery will gain momentum in 2021, there remains a high level of uncertainty, and risks are tilted to the downside. A further worsening of the pandemic globally cannot be excluded, which might require the re-imposition of stringent measures.

Concerning the main sectors of industry, the agricultural sector represents only 2.9% of the country's GDP and employs 7% of the workforce²⁴. Croatia has 1.3 million hectares of agricultural land and almost 2.2 million hectares of forest. The country is self-sufficient in the production of wheat, corn, sugar beet, fruits, wine and olive oil; however, imports of agricultural products have been on the rise in recent years. The size of the farms is generally small (in most cases less than three hectares).

The secondary sector accounts for 20.4% of GDP and employs 26% of the active population. Croatian industry is concentrated in competitive activities: textiles, wood, the steel industry, aluminium, and the food industry. With more than one-third of the territory covered with forests, the wood industry is one of the important sectors of the economy. The service sector represents 59% of the country's GDP, employing 67% of the workforce. The tourism sector in particular was in full bloom pre-Covid, in 2018 it accounted for an estimated 17% of GDP, with a record-breaking figure of 19.4 million visitors.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	5.8	27.5	66.8
Value Added (in % of GDP)	2.8	20.2	59.1
Value Added (Annual % Change)	1.2	2.3	2.8

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

According to the European Commission,²⁵ Croatia's economy is expected to contract sharply in 2020 due to the impact of the Covid-19 pandemic. The output should partially recover in 2021, thanks to private consumption and investment, but is not expected to reach its pre-crisis level by 2022. Uncertainty and lingering travel restrictions weigh on exports, including tourism. The labour market is expected to recover slowly over the forecast period. Following a sharp deterioration, public finances should improve in 2021 and 2022.

Croatia's economy declined sharply in the first half of 2020 due to the impact of the Covid-19 and the introduction of strict containment measures. A two-month lockdown caused GDP to drop in the second quarter by a record 14.9% q-o-q. Domestic demand drove the fall as

²⁴ World Bank, 2019

²⁵ European Commission Autumn 2020 Economic Forecast (Croatia) - https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en

households deferred or cancelled spending. Furthermore, businesses delayed investment decisions. External demand collapsed, especially for services, as travel restrictions choked the tourism sector. According to high-frequency indicators, economic activity tanked in April 2020 and began to recover gradually thereafter as containment measures were eased.

With significant uncertainties surrounding the outlook for trade and tourism, the rebound of exports is expected to be slower. While goods exports should rise in line with the recovery in Croatia's main trading partners, service sector exports, dominated by tourism, are expected to remain under the pressure of travel restrictions, disruptions in air travel, and changes in consumer preferences in favour of domestic travel. Imports of goods and services are expected to largely follow domestic demand. Overall, the trade balance was expected to deteriorate sharply in 2020. Despite expected improvements thereafter, it should remain negative in both 2021 and 2022. The current account, however, is expected to remain in deficit only in 2020 and 2021.

Overall, at the time of writing, real GDP was forecast to contract by 9.5 % in 2020 and to grow by 5.75% and 3.75% in 2021 and 2022. The potential introduction of stricter Covid-19 suppression measures presents a negative risk to this scenario in the short term. In the latter part of the forecasting period, investment supported by the Resilience and Recovery Facility constitutes an upside risk, as it is not included in this forecast due to scarce available information.

The labour market responded quickly to the disruption in early 2020 with unemployment on the rise since April. Furthermore, the usual seasonal rise in employment due to the tourist season was less pronounced than in recent years.

Labour market conditions are expected to deteriorate further and the recovery should be slow as neither employment nor unemployment are likely to reach their 2019 levels by the end of 2022. Nominal wage growth should be subdued in 2021 and 2022, which should help offset the negative impact of the sizeable GDP drop in 2020 on unit labour costs. According to data from the Croatian Employment Agency, there were around 150,000 unemployed persons in October 2020, representing a 26.8% increase in the number of registered unemployed compared to October 2019.

According to the portal FININFO,²⁶ as much as 87% of Government aid was paid to micro, small and medium-sized enterprises, which, they say, indicates their significantly higher exposure to damage caused by the pandemic when compared to more resilient, larger enterprises. FININFO analysed the companies that submitted their regular annual financial reports for the year 2019

²⁶ Fininfo.hr is the portal of the company EL KONCEPT d.o.o., launched in 2012, that provides its users with high-quality information on the financial condition, operations and risks of Croatian legal entities in one place. The quality of the Fininfo project was recognized by the EU and awarded with the prestigious EUREKA innovation mark (project E! 6283 @ FINESSENCE), while the development of the portal was co-financed by the governments of the Republic of Croatia and the Republic of Slovenia.

- and those companies account for 84% of the total aid received - and they concluded stronger exposure for micro, small and medium-sized enterprises in comparison with larger companies.

The analysis states: *"We can conclude that the current crisis has affected more than 60 per cent of micro, small and medium-sized enterprises compared to 44 per cent of large ones, and if we look at the entire economy, the total exposure to the pandemic stands at about 55 per cent. Relatively, the most affected by it all are small and medium-sized companies, small in terms of their number of employees, and medium-sized in terms of their income".*²⁷

Unfortunately, the economic effects are being felt across the business spectrum. While tourism will be the hardest hit, as products and services move through the supply chain most businesses will feel the pain. The business sectors most impacted by the Covid-19 pandemic include anything directly or indirectly related to tourism: vacation apartment rentals; hotels and travel agencies; restaurants and bars; catering services (the preparation and serving of food and beverages), as well as the wholesale and retail motor vehicles sector (inter alia, due to the large share of sales to rental companies that had a bad tourist season in 2020)²⁸.

It is visible from the list of sectors for aid related to job preservation²⁹ to which sectors (and subsectors) the most affected companies belong: crop and livestock production, hunting and related service activities and fishing; transport and storage - primarily passenger transport (rail, land, air and water); accommodation and food and beverage service activities; rental and leasing activities and travel agencies, tour operators and other reservation services and related activities; creative, artistic and entertainment activities, entertainment and recreational activities, and production and screening of films and video films, sound recording and music publishing activities and their distribution; repair of computers and personal and household goods and other personal service activities; organizers of cultural, business and sports events, organizers of fairs and weddings and accompanying activities such as companies for equipment rental, audio and video recording, ticket sales, hall rental and other companies that generate most of their income from events and public gatherings.

Partial to complete cessation of economic activity in response to the suppression of the Covid-19 pandemic, has had a strong impact on the deterioration of the producer and consumer confidence index, with high rates of decline in almost all industries, from retail to many industrial activities.³⁰ The lockdown also caused a record drop in personal consumption, which is the largest component of GDP.

²⁷ <https://www.total-croatia-news.com/business/48873-croatian-sectors>

²⁸ <https://www.vecernji.hr/auti/prodaja-automobila-zestoko-pala-novi-podaci-otkrivaju-koji-su-model-hrvati-najvise-kupovali-1444043>

²⁹ June 2020: <https://www.teb.hr/media/19197/potpore-za-ocuvanje-radnih-mjesta-za-lipanj-2020.pdf>

³⁰ <https://www.thedubrovniktimes.com/news/croatia/item/9694-covid-19-pandemic-causes-largest-ever-decline-in-croatian-gdp>;

According to the most recent forecasts (November 2020), the IMF concluded a “Virtual visit to Croatia”³¹ and issued the following statement:

“The Croatian people have shown great resilience in coping with the Covid-19 crisis, and the earthquake. This year, the economy is expected to contract between 8-10 per cent reflecting lower domestic and external demand, and, in particular, a 50 per cent decline in tourism volumes (year-on-year). Despite the difficulties of this year, Croatia is faring better than many other countries with a similar degree of tourism-dependence. Rises in unemployment have been contained thus far thanks to strong policy support. Yet, significant challenges persist due to the resurgent pandemic. Public debt is expected to rise back up to 88 per cent of GDP this year, with a forecast of the general government deficit of 8 per cent of GDP due to lower tax revenues, and fiscal support measures provided to support those impacted by the shocks. Growth in credit to the private sector has held its ground, partly supported by a temporary debt service moratorium. Economic growth is expected to rebound to about 6 per cent in 2021, driven by a partial recovery in tourism and higher public investment, but it is subject to significant pandemic-related uncertainty.”

Next Generation EU Funds represents a unique opportunity for Croatia for the implementation of reforms and projects, investments and, most importantly, for a quick economic recovery.³²

According to available data from the Croatian Bureau of Statistics,³³ first estimates showed that quarterly GDP decreased in real terms by 10.0% in the third quarter of 2020, as compared to the same quarter of 2019. This is a slightly gentler decrease than in the second quarter of 2020 when it amounted to 15.4%. In the summer period, the easing of measures to prevent the spread of the Covid-19 pandemic led to a slight recovery of many activities. Even though Croatia opened its state borders and thus enabled the entry of foreign tourists and the usual tourist activity, the decline in tourist traffic was still significant due to restrictions on movement in other countries as well as great uncertainty. The first estimate shows that the quarterly gross value added (GVA) decreased in real terms by 7.6% in the third quarter of 2020, as compared to the same quarter of 2019, based on non-seasonally adjusted data. The quarterly decline in GVA was recorded in most activities and it was mostly influenced by wholesale and retail trade, transportation and storage, and accommodation and food service activities. However, an increase in information and communication activity partly mitigated a potential larger decrease in GVA.

After the measures taken to close and restrict the activities of a part of the economy in March and April 2020, a decline in service activities followed. Although there were positive changes

³¹ <https://www.imf.org/en/News/Articles/2020/11/30/pr20360-croatia-imf-staff-concludes-virtual-visit>

³² Prime Minister's statement, July 2020 - <https://seenews.com/news/croatia-to-get-22-bln-euro-in-eu-funding-in-next-seven-years-pm-707121>

³³ Hrvatski Zavod za statistiku - <https://www.dzs.hr/Hrv/Covid-19/pocetna.html>

after the easing of epidemiological measures from May onwards, the level of services is still well below the level of the period before the impact of the pandemic.

The pandemic has had a strong impact on the decline in tourism activities, which was sharpest in the third quarter. The number of tourist arrivals and nights in commercial accommodation establishments fell significantly in the summer months compared to the same period the previous year, especially the number of arrivals and nights of foreign tourists.

Following the sharp decline in the second quarter, industrial production showed signs of recovery in the third quarter. The following manufacturing activities recorded an increase in the third quarter of 2020 : chemicals and chemical products; basic pharmaceutical products; fabricated metal products; computers and electronic equipment; transport equipment and electrical power generation. In the third quarter of 2020, household consumption declined by 7.5%, which was a somewhat gentler decline than in the second quarter.

The impact of the Covid-19 pandemic on the global economy was also reflected in a large decline in trade flows between Croatia and other countries. Due to the decline in travel, traffic and other business-related services, a significant decrease has also been noticeable in the export of services. The import of services, especially from the most important foreign trade partners from the EU, also decreased significantly. The situation in foreign trade in goods was slightly more in the third quarter of 2020 than in the second.

The decline in total investment was mostly due to the decline in investment in the business sector, especially in the investment in equipment. An even greater decline in economic activity was slightly mitigated by the growth in government spending.

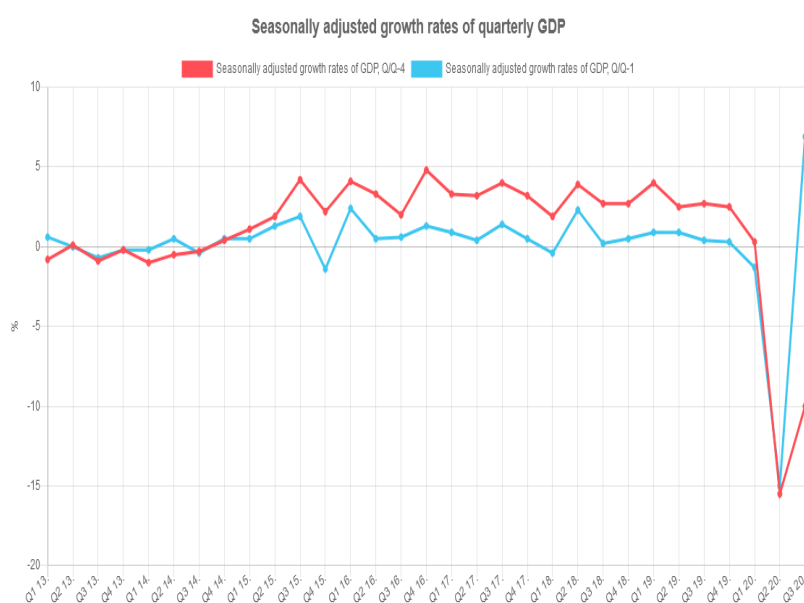


Figure 5 Source: Croatian Bureau of Statistics

Montenegro

Montenegro is a small, open, services-oriented economy, aspiring to join the EU by 2025. It is also vulnerable to external shocks, as it relies on capital inflows from abroad to stimulate its growth. Montenegro started negotiations with the EU in June 2012 and strives to join ahead of the other countries in the Western Balkans. Unlike its well-developed industrial sector of the past (the economy relied on metals; iron, steel and aluminium and associated industries which provided the bulk of employment and value-added)³⁴ the economy is now based on financial investments, especially in the energy and tourism sectors (private investment accounts for 20% of GDP). These sectors contribute the most to GDP and employ the largest number of workers in the real sector. The country's economy grew by 3.6% in 2019 (from 5.1% in 2018), mostly due to infrastructure investment for the first part of the motorway connection between the port of Bar and Boljare, which was estimated to account for 6% of GDP. According to the IMF, the construction has significantly increased public debt³⁵. Private consumption was also among the key growth drivers of the country. Agriculture, which according to the latest data by the World Bank represents 6.7% of GDP (roughly 60% of which is livestock breeding and 40% cultivation) and 7.8% of the workforce, remains hampered by outdated methods. Agricultural cultivable land accounts for 19% of the total land area.³⁶ In the coastal region that benefits from a Mediterranean climate, citrus and olive cultures are widespread, seasonable vegetables and tobacco can be found in the central parts, and the North benefits from extensive sheep breeding. The main products exported are wine and beer. As Montenegro advances in the negotiations to join the EU, the country is working on improving its agricultural sector in line with EU pre-accession requirements.³⁷

Industry represents 15.9% of the country's GDP and employs 17% of the workforce. Its contribution to the country's economy has been declining in recent years. The steel and aluminium industry alone represents a good part of the country's exports and is expected to boost economic development. The manufacturing sector is still underdeveloped and accounts for only 4% of GDP.

The tertiary sector accounts for 54.5% of GDP and employs three-quarters of the workforce. Tourism is the third-largest industry and consumes 34% of total investment. Pre-covid, it alone provided one-quarter of GDP and was a sector in full expansion, especially on the Adriatic Coast: every year Montenegro welcomed three times as many visitors as its total population. The country is seeking to improve its tourism infrastructure and to develop its eco-tourism industry to exceed 30% of GDP by 2027.

³⁴ <https://www.worldbank.org/content/dam/Worldbank/document/eca/Western-Balkans-R&D-Montenegro.pdf>

³⁵ IMF Country Report 18/121

³⁶ <https://tradingeconomics.com/montenegro/agricultural-land-percent-of-land-area-wb-data.html>

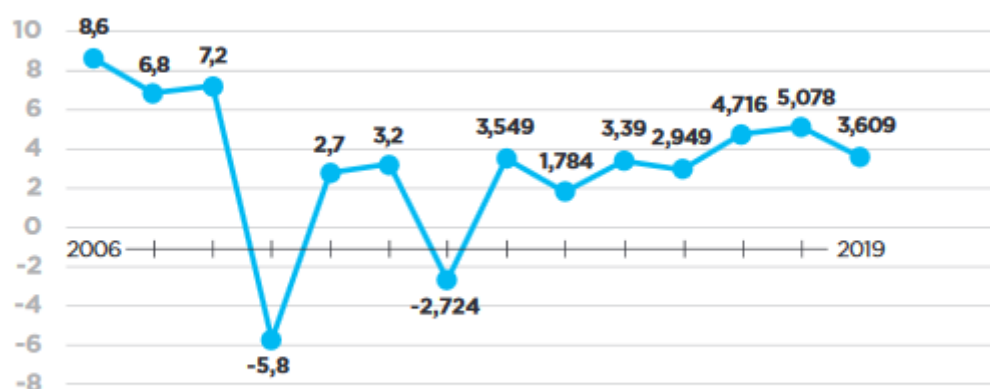
³⁷ i.e. IPA II, agriculture&rural development - https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/montenegro_en

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	7.8	19.2	73.0
Value Added (in % of GDP)	6.7	15.9	59.2
Value Added (Annual % Change)	3.3	15.3	4.3

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

Pre Covid-19 the World Bank estimated GDP growth for Montenegro in 2019 at 3% and 2.8% in 2020. The pre-crisis period was characterized by positive growth rates with certain fluctuations due to the sensitivity of a small market economy. Montenegro had already faced an economic slowdown in 2019, driven by lower domestic demand. The trend of real GDP growth from 2018 of 5.1% did not continue in 2019, and preliminary data from Montenegro's Statistics Office (MONSTAT)³⁸ indicated that it stood at 3.6%. After falling by 2.5% in 2018, real wages rose by 0.5% in 2019, while private consumption continued to be the backbone of growth in 2019, adding 2.6 percentage points. However, the slowdown in investments, in part due to insufficient execution of highway costs, reduced growth by 0.5 percentage points.

Graph 1. Pre-COVID-19 GDP growth rates (in %)



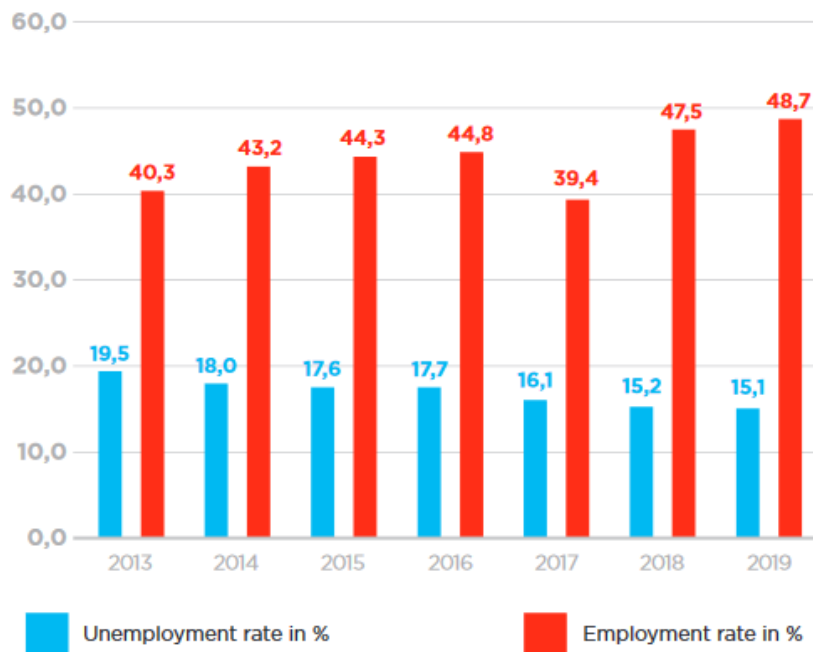
Source: MONSTAT (www.monstat.org).

Montenegro entered the Covid-19 crisis with the unemployment trend hovering slightly above 15% (35,429 people or 15.34% based on the data from the National Employment Office). In 2019, employment had increased by 2.6%, mainly in construction, tourism and retail, and participation and employment rates reached the record-breaking levels of 57.4% and 48.7%, respectively.³⁹

³⁸ MONSTAT-Annual Statistics 2020 - http://monstat.org/cg/publikacije_page.php?id=1873 and <http://monstat.org/uploads/files/publikacije/godisnjak%202020/6.pdf>

³⁹ Assessment of the impact of Covid-19 on the business sector and the growth prospects of the Montenegrin economy, prepared by UNDP with contributions from UNESCO and UN Women - <https://montenegro.un.org/sites/default/files/2020-07/Assessment%20of%20the%20impact%20of%20COVID-19%20on%20the%20business%20sector%20and%20the%20growth%20prospects%20of%20the%20Montenegrin%20economy%2C%20June%202020.pdf>

Graph 2. Unemployment and employment rates in Montenegro



Source: MONSTAT (www.monstat.org).

According to the Employment Agency of Montenegro⁴⁰, the most recent data (31 December 2020) show the total number of unemployed persons stands at 47,509 and an unemployment rate of 20.48 %.

The crisis caused by the pandemic has strongly affected businesses. The deterioration of the epidemiological situation has led to the introduction of restrictive measures and bans on work in many companies in the service sector. The most affected sectors have been tourism and hospitality, recreation, arts and entertainment, and many companies in the transport and trade sectors.

Many companies have faced various difficulties related to liquidity and sustainability of operations, and difficulties related to sales and procurement markets. According to recent data from CMCG, the Montenegrin Central Bank⁴¹, the number of blocked companies as at 31 December 2020 amounted to 15,167, while in the same period in 2019 the number of blocked companies was 14,605. According to MONSTAT⁴², the total number of registered companies was 34,707 in 2019.⁴³

During the first three quarters of 2020, turnover in domestic trade decreased by 18.3%, while in the period from April to September turnover decreased by 27.6% compared to the same

⁴⁰ Zavod za zapošljavanje Crne Gore ZZZCG - <https://www.zzzcg.me/statistika/>

⁴¹ https://www.cbcg.me/slike_i_fajlovi/fajlovi/fajlovi_platni_promet/preduzeca_u_blokadi/2020/2020_12-31_blokirani_evidentirani_u_crps.pdf

⁴² <https://www.monstat.org/userfiles/file/biznis%20registar/BROJ%20I%20STRUKTURA%20POSLOVNIH%20SUBJEKATA%20u%202019%20god.pdf>

⁴³ Data not available for 2020

period in 2019. The turnover of accommodation and food service activities decreased by 56.2% in the second quarter of 2020 compared to the same period in 2019, which also shows the consequences of lockdown and restrictions in this sector. According to recent data by MONSTAT⁴⁴ as a consequence of the suspension of business activity in the field of transport, in the third quarter of 2020, the number of railway passengers fell by 84.1%, while in road transport a decline of 75.7% was recorded. The number of air passengers fell by 84.1 % compared to the same period in 2019.

New measures introduced in November 2019 prescribed the restriction of company activity in some sectors (catering, trade, transport and other service activities) and the working hours of companies from the trade and catering sectors were shortened. In addition, intercity traffic was suspended during the weekend (this will affect the revenues of railways and bus transport companies) and all the above measures will affect the business of this group of companies with the strongest impact on micro-enterprises.

International institutions (the World Bank, the IMF, the EBRD and the EC) have projected the impact of Covid-19 on the Montenegrin economy differently.

Table 2. Scenarios from different institutions about Montenegro's GDP growth prospects

	ERP 2020-2022, pre-COVID-19 scenario		IMF	World Bank	European Commission	EBRD
	Baseline	Downside	8 April	29 April 2020 ²	6 May 2020 ³	12 May 2020 ⁴
	2018	5.1				
2019	3.5	3.1	3.6	3.6	3.6	3.1
2020	3.4	1.4	-9.0	Pre-COVID-19 scenario 3.2	-5.9	-8.0
				Baseline -5.6		
				Downside -8.9		
2021	2.8	1.5	6.5	n/a	4.4	10

Figure 6 Source: UNDP Montenegro⁴⁵

Micro, small, medium enterprises and entrepreneurs are most at risk, given that they usually have the least liquidity and lowest margins of return, not only in Montenegro but also globally. Due to the suspension of work caused by the Covid-19 pandemic, their position is particularly vulnerable. The impact on the economy is more pronounced because of the structure of the Montenegrin economy and the large share of the service sector in both the structure of GDP and total employment.

⁴⁴ <http://www.monstat.org/cg/page.php?id=36&pageid=36>

⁴⁵ <https://montenegro.un.org/sites/default/files/2020-07/Assessment%20of%20the%20impact%20of%20COVID-19%20on%20the%20business%20sector%20and%20the%20growth%20prospects%20of%20the%20Montenegrin%20economy%2C%20June%202020.pdf>

North Macedonia

North Macedonia has a small, open economy. Through various agreements, the country has largely liberalized trade with its Western Balkan neighbours and the EU. Its economic relationship with the EU is particularly important, especially in light of the expected initiation of accession negotiations. In 2019, nearly 80% of North Macedonia's total exports (valued at about \$7.2 billion) went to the EU, and Germany alone received about half of all exports. As a result, the country's economy is sensitive to the health of the Eurozone economy. The country's top exports include chemical products; electrical machinery, equipment, and parts; reactors, boilers, machinery, appliances, and related parts; seats; and iron and steel. Successive governments have sought to increase foreign direct investment (FDI) as an economic growth strategy, touting the country's low corporate tax rate, competitive labour costs, and special economic zones. FDI increased in the 2010s, particularly in the manufacturing sector. EU countries and the United Kingdom are top FDI source countries.⁴⁶

North Macedonia's economy has traditionally been based on agriculture. The agricultural sector represents 7.2% of GDP and employs 16% of the active population (World Bank, 2019). Arable agricultural land accounts for half of the total territory, of which about two-thirds are categorized as pastures and the rest as arable agricultural land. The country mainly produces grapes, tobacco, vegetables and fruits. Sheep and goat breeding is equally important. There are a few deposits of iron, copper and lead in the country.

The industrial sector represents 23.6% of GDP and employs 30.4% of the active population. It includes chemical products, steel, machinery and textiles. The textile sector, especially the leather industry, constitutes the main industry of the country. The manufacturing sector alone accounts for 13% of GDP (World Bank).

The tertiary sector represents 54.2% of GDP and employs 53.7% of the total workforce. The main income sources come from transport, telecommunications and energy production. The North Macedonian banking sector is self-funded and stable, and is composed of 17 institutions (fifteen banks and two savings houses).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	15.1	31.4	53.5
Value Added <i>(in % of GDP)</i>	8.8	23.9	54.6
Value Added <i>(Annual % Change)</i>	3.8	4.3	2.7

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

⁴⁶ <https://fas.org/sgp/crs/row/R45739.pdf>

Lockdown and travel restrictions as well as other containment measures have deeply affected companies and workers. As a result, the country is coping with its deepest recession in two decades affecting all sectors of the economy, and economic activity is forecast to decline by 4.1% in 2020, according to the World Bank's latest Regular Economic Report (RER).⁴⁷

Non-essential workplaces such as coffee shops, bars, clubs, theatres, cinemas, fitness centres, shopping malls, and casinos have shut down following government instructions. Supply chains have been disrupted and a prolonged epidemiological situation is darkening an already dim economic outlook in the country. Travel restrictions and social distancing measures have also depressed growth. The crisis has catastrophic consequences for the tourism and hospitality sector with massive losses for companies. Planned events and performances have been cancelled; there have only been a small number of online conferences, and bus and air travel arrangements have been cancelled.

Export-oriented industries, including the textile sector, are deeply affected by the Covid-19 pandemic and this is expected to be the hardest hit sector after the tourism industry. Although at the moment most of the country's textile factories are continuing their work, the factories are facing order cancellations, predominantly affecting those who sew fashion items. Macedonian textile production is mainly export-oriented and constitutes the largest part of national exports, accounting for up to 13% of total exports. About 93% of the production is CM or CMT (Cut, Make & Trim)⁴⁸ for foreign markets. Around 37% of employees in the manufacturing industry work in the textile industry (36,877 out of 111,559 workers).⁴⁹ Added to the problem of cancelled orders from international buyers, the factories that continue with regular production face a workforce shortage, leading to the delayed delivery of orders. Substantial financial losses are anticipated due to paying wages to workers absent from work for different reasons related to Covid-19 (self-isolation, symptoms of the virus, the right to stay at home to take care of children, etc.). The textile sector has faced a contraction of its production capacities during this period and it is estimated that around 30% of the sector's workers stayed at home due to preventative government measures. This is reflected in delayed delivery due to the incapacity of the factories to respond to orders. Several garment factories started producing medical masks for local health institutions at their own cost and on their own initiative, trying to help the country to deal with the crisis. Some of the factories were contracted to export face masks, but this was only temporary and has not been a sustainable source of income. As a labour-intensive industry, layoffs are likely to have a massive impact on unemployment.

⁴⁷ <https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report>

⁴⁸ Sector described in footnote number 4

⁴⁹ Fair Wear Country Study 2017 - <https://api.fairwear.org/wp-content/uploads/2017/12/Macedonia-Country-Study-2017.pdf>

According to UNDP⁵⁰, the automotive components industry presents a new vulnerability. Although financially sound, suppliers in the automotive components industry are facing worsening prospects. Statistical data and structured interviews with representatives from this industry report reduced orders, the limited substitution of buyers from China and an expected reduction in production volume of between 25% and 35%. This is a significant downward risk for the creation of value-added and exports of goods.

Besides direct effects/impacts the Covid-19 pandemic will produce multiple strikes on the circular flow of the domestic economy, which are briefly explained here:

Strike	Brief Description
1	A fall in private consumption, including deterioration in consumer confidence
2	Significant revenue shortfall in collection of indirect taxes (relative to the budgeted amounts), due to material and rapid decline of firms' sales
3	Labor layoffs, reduced working hours and wages, or a combination of them
4	Revenue shortfalls in the collection of personal income taxes and social security contributions
5	Potential bankruptcies (insolvencies)
6	Inter-firm arrears due to low liquidity and disruptions in domestic supply chains
7	Difficulties and delays in loan repayments by households and individuals
8	Composition changes: increased precautionary saving by individuals with relatively stable incomes and borrowing (overdrafts, credit cards, consumer loans) by hardest-hit individuals
9	Difficulties and delays in loan repayments by firms, causing worsening of banks' portfolios of loans
10	Disruptions in the international supply chains on the export side (cancelled or reduced orders, difficulties in collecting the export revenue)
11	Disruptions in the international supply chains on the import side (cancelled or reduced imports of components/inputs)
12	Reduced net inflows of remittances as migrants' incomes abroad shrink

Figure 7 Source: UNDP

Consumer demand has also dropped very fast. Negative real growth of between 2.2%⁵¹ and 4.3%⁵² was anticipated expected in 2020 as a result of anticipated labour layoffs; lower and uncertain incomes spending on travel, hospitality and entertainment due to regulatory restrictions; a general fall in consumer confidence; and lower net inflows of remittances from abroad. Moreover, individuals with relatively stable incomes are expected to increase their precautionary savings and postpone current consumption decisions, particularly on durable consumer goods.

According to the State Statistical Office⁵³ (Chapter: Manufacturing sector in November 2020), the managers of business entities assessed that the confidence indicator of 13.5% in the manufacturing industry in November 2020 was 0.3 percentage points lower than in October 2020 and 8.6 percentage points lower than in November 2019.

⁵⁰ Socio-Economic Assessment of Covid-19's Impact in North Macedonia: Policy Response, Economic Recovery and Growth, June 2020

⁵¹ IMF, April 2020

⁵² National Bank of the Republic of Macedonia - <https://www.nbrm.mk/pocetna-en.nspix>

⁵³ http://www.stat.gov.mk/PrikaziSooopstenie_en.aspx?rbtxt=51

The situation with the volume of production orders in November 2020 remained unchanged over the previous month; the expectations for the volume of production for the following three months was less favourable; and stocks of finish goods increased. The economic forecast was more satisfactory compared to the previous month's, but less satisfactory than in November 2019. The number of employees is expected to decrease. The average level of capacity utilization of business entities in November 2020 increased to 68.5% of normal utilization. The factors that had the greatest influence on limiting the production volume in November 2020 were: insufficient foreign demand at 20.3%; the uncertainty of the economic environment at 18.1%; shortage of skilled labour at 15.1%; and insufficient domestic demand at 13.6%.

The IMF forecasted that the economy of Northern Macedonia would shrink by almost 5.5%⁵⁴ in 2020, while the National Bank of the Republic of North Macedonia⁵⁵ forecasted a 3.5% downturn.

EBRD⁵⁶ forecasts are different. The data showed that after growing 3.6 % in 2019, North Macedonia's GDP declined by 6.3%year-on-year in the first half of 2020, with sharp contractions in industry, trade, transport and tourism. On the expenditure side, government consumption recorded growth, while private consumption, investments, exports and imports all contracted strongly. At the same time, remittances dropped by 30%year-on-year. The unemployment rate increased in the second quarter of 2020 to 16.2%, but stayed below the 2019 level (17.3%). The general government deficit and debt were projected to increase significantly in 2020, with GDP contracting by 5.0% in 2020, and growth recovering to 3.0%in 2021. Faster recovery is possible but, on balance, risks to the projection are tilted to the downside. They are primarily related to social distancing being maintained for longer than expected. The current EBRD forecast for real GDP growth in North Macedonia in 2021 is 3.0%.

In October 2020 the World Bank⁵⁷ stated that although government support in North Macedonia had cushioned the impact of the crisis on the labour market, the unemployment rate increased to 16.7%, for the first time since 2011, with 17,690 individuals losing their jobs in the second quarter of the year. Government support programmes also helped alleviate some impact on workers and firms, but fiscal space narrowed as debt exceeded 60%of GDP. With the end of the economic crisis uncertain, pressure on labour markets and incomes was set to continue.

⁵⁴ <https://www.imf.org/en/Countries/MKD>

⁵⁵ <https://www.nbrm.mk/ns-newsarticle-prezentacija-revizija-na-makroekonomskite-proekcii---maj-2020-godina-en.nspix>

⁵⁶ <https://www.ebrd.com/where-we-are/north-macedonia/overview.html>

⁵⁷ <https://www.worldbank.org/en/news/press-release/2020/10/22/recession-deepens-in-north-macedonia-as-covid-19-pandemic-threatens-economic-outlook-says-latest-regular-economic-report>

Serbia

Serbia is a small, open, upper middle-income economy that aspires to reach European levels of prosperity and join the EU in the near future. Serbia started its transition to a market economy in 2000 after a difficult decade and the government implemented comprehensive reforms in the 2000s that, together with a favourable global economy, led to high economic growth and declining poverty until the global financial crisis hit in 2008. Major fiscal consolidation and other reforms since 2014 have helped to restore macroeconomic stability and pave the way for economic recovery and improvement in living standards. However, Serbia's economy in 2018 was still smaller than in 1990, indicating the need for further sustained and accelerated growth to catch up. Environmental sustainability concerns have become more prominent, with pressing issues such as air pollution and an extremely carbon-intensive economy. According to the World Bank (April 2020)⁵⁸, economic growth turned positive, reaching an average of 2.9 % in 2015–18. On the supply side, economic growth was mainly driven by services and, to a lesser extent, industry and agriculture. Serbia has been undertaking a gradual structural transformation away from agriculture and toward services. The share of agriculture in output and employment is on the decline, and services account for close to 60% of employment and around 62% of Gross Value Added. On the demand side, consumption and investment spending have been the main growth drivers in recent years, with a strong performance of foreign direct investment (FDI). In addition, exports grew from 45.3 % of GDP in 2015 to 50.8 % in 2018. The current-account deficit, at 5.2 % in 2018, was low but widened to an estimated 6.7 % in 2019, given the growth slowdown in the EU, Serbia's main export destination.

In 2019, the agricultural sector represented 6.3% of the country's GDP, a share that has been decreasing in recent years, employing nearly 17% of the workforce. Serbia has 3.4 million hectares of agricultural land. A continental climate with cold winters and hot humid summers is ideal for intensive fruit production. Recently Serbia has been widely using fruit processing to make products like brandies, jams, juices and compotes. The main crops are maize and wheat, together with barley, oat and rye.

Serbia has significant quantities of coal, lead, zinc, copper and gold, but a lack of investment, which has affected the mining sector for several years, and prevented the country's economy from benefiting from this wealth.

The industrial sector is likewise in need of modernization and foreign investment. It contributes 25.5% to the country's GDP and employs 25.1% of the workforce. The country's main industries include automotive, food processing, chemicals, base metals, furniture, pharmaceuticals, machinery, sugar, tires and clothing. The manufacturing sector is estimated to account for 15% of GDP.

⁵⁸ <http://documents1.worldbank.org/curated/en/941541588367005122/pdf/Serbia-Systematic-Country-Diagnostic-Update.pdf>

Services make up the main sector of activity and account for 50% of Serbia's GDP, employing 58% of the workforce. The IT industry is one of the fastest growing, as was the tourist sector pre-pandemic, representing 6.9% of GDP in 2018 (in the first eleven months of 2019, the total number of foreign tourist arrivals rose 7.4% year-on-year, to 1.7 million).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	15.1	27.4	57.6
Value Added <i>(in % of GDP)</i>	6.2	25.6	51.2
Value Added <i>(Annual % Change)</i>	0.0	5.3	4.3

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

The Covid-19 outbreak and related containment measures are taking a heavy toll on the Serbian economy and leading to much lower growth than previously expected, according to the World Bank. The economy entered a recession in 2020 due to declining tourism and transport/travel activity, lower remittances, decelerating exports, and lower FDI and investment generally.

According to the European Commission,⁵⁹ the negative effect of the pandemic has been reflected in a fall in economic activity. In April 2020, seasonally adjusted industrial production fell by 16.6% while manufacturing production fell by 19.9%, year on year. The relaxation of lockdown measures improved the business environment, and in May industrial production recorded a lower fall, at 9.3%. The industry sector is one of the largest contributors to GDP, with a 25.2% share of gross value added (GVA) and with 27.4% of the registered labour force in the first quarter of 2020. Two other important sectors, trade and accommodation, also saw a marked downfall. The seasonally adjusted volume of retail trade decreased by 18.6% in April and recovered in May 2020 by 1.9%, while the number of tourist visits fell by 97.9% in April and by 87.6% in May 2020. The total value of foreign trade decreased substantially: 28.2% in April and 26.4% in May 2020; such low values are only comparable with 2009, the year of the financial crisis.

From the beginning of the crisis, Serbian industries and sectors could be generally grouped into three categories. The first represents the industries and sectors that have experienced positive consequences of the Covid-19 crisis. They include healthcare and pharmacy, IT, online trade, telecommunications and media. The second category has experienced a certain level of stagnation with an uncertain future. This category includes food, agriculture, energy, financial services and consulting. The third category, the largest, includes industries and sectors that have experienced major negative consequences due to the crisis. They include hospitality,

⁵⁹ Pejin Stokić, L.(2020). COVID-19: impact on the Serbian economy and the government recovery package, ESPN Flash Report 2020/45,European Social Policy Network (ESPN), Brussels: European Commission.

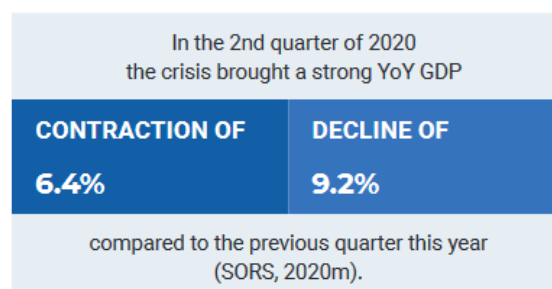
tourism, entertainment, consumer services, the automotive industry, wholesale, metallurgy and mining, real estate, etc.

Two sectors immediately affected by the Covid-19 crisis in Serbia are tourism and transport. The tourism sector started feeling the consequences from the beginning of 2020. According to prior estimates, 2020 was supposed to be the best year for tourism for 30 years, with around EUR 1.5 billion income. However, because of Covid-19, the Serbian tourism industry was expected to have lost up to EUR 1 billion by the end of 2020. In the first five months, hoteliers estimated their losses at EUR 230 million (EUR 130 million in Belgrade alone) and tourist agencies estimated their losses to be in the order of EUR 50-70 million.

Furthermore, estimated direct damage to Serbia's air, water and road transport sectors was around EUR 120 million by June 2020 and was expected to reach EUR 700 million by the end of the year. Production in Serbia's textile, leather and footwear industry has also suffered a strong hit, with production falling by 62%. This industry is faced with problems related to payments, interruption of supply chains, as well as the cancellation of orders for next season. Serbia's car industry faced a drop in production of 50%. The fitness industry, encompassing more than 2,000 gyms and sports centres, is also acutely affected by the Covid-19 crisis. Events organizers (including festivals, live performances and productions) experienced a 100% drop in revenue during the state of emergency (from the beginning of March until the beginning of May) and they are still without any income.

During the state of emergency, the volume of the country's real estate market dropped by 70%, but it recovered quickly after the lifting of the state of emergency. The industries least affected by the Covid-19 crisis are the construction sector and digital industries, where around 10% of IT companies recorded a growth in income. Grocery/retail stores have been among the rare winners to experience an increase in sales during the crisis.⁶⁰

When it comes to forecasts, according to the COVID-19 Socio-economic Impact Assessment of UN Serbia⁶¹, the country's economic decline is lower than the EU average (which sat at 14.4% of GDP in the second quarter of 2020 compared to YoY, and at 11.9% compared to the previous quarter) (Eurostat, 2020e).



⁶⁰ Igor Madžarević, Economic Advisor, Embassy of Finland in Belgrade - <https://www.marketopportunities.fi/home/2020/coronavirus-and-the-economy-of-serbia?type=country-outlook>
⁶¹ https://serbia.un.org/sites/default/files/2020-09/seia_report%20%281%29.pdf

According to the World Bank (October 2020) the Covid-19 pandemic, related containment measures, and a stimulus package of nearly 13% of GDP was taking a heavy toll on the Serbian economy, with a projected decrease in real GDP of 3% in 2020 and recovery starting in 2021.

An important aspect will be the introduction of a “green growth” programme to Serbia’s post-Covid-19 economic recovery efforts, while responding to challenges that include a shrinking population, labour shortages, and climate change. Serbia’s continued growth will crucially depend on the pace of the EU accession process.⁶²

Over the medium term (2021–23), growth is expected to return to its previous trajectory. This medium-term outlook crucially depends on international developments (including the impact of Covid-19), the pace of structural reforms, and political developments.

Risks are associated primarily with the length and depth of the crisis and the implementation of pandemic containment measures.

According to the EBRD,⁶³ the forecast is:

Current EBRD forecast for Serbia’s Real GDP Growth in 2020: -3.5%

Current EBRD forecast for Serbia’s Real GDP Growth in 2021: 3.0%

The impact of Covid-19 is less severe than in some peer countries, partly because of the high contribution of manufacturing of basic products to overall output. FDI and workers’ remittances both fell by about one-quarter year-on-year in the first half of 2020. Inflationary pressures have remained subdued, with the inflation rate averaging 1.5% year-on-year in the first seven months of 2020.

According to the latest data from the Statistical Office of the Republic of Serbia⁶⁴ (Q3 2020) the real GDP fall in the third quarter of 2020, compared to the corresponding period the previous year, amounted to 1.4%. According to seasonally adjusted GDP data, gross domestic product increased by 7.4% in the third quarter of 2020, compared to the previous quarter. In the third quarter of 2020, compared to the same quarter the previous year, a significant real fall in the gross value added was recorded, by activities as follows: the construction sector – 18.0%; wholesale and retail trade sector, motor vehicles and motorcycle repair sector, transportation and storage and accommodation and food services – 3.0%; and professional, scientific and technical activities, administrative and support services – 7.9%. Significant real growth in the

⁶² <https://www.worldbank.org/en/country/serbia/overview>

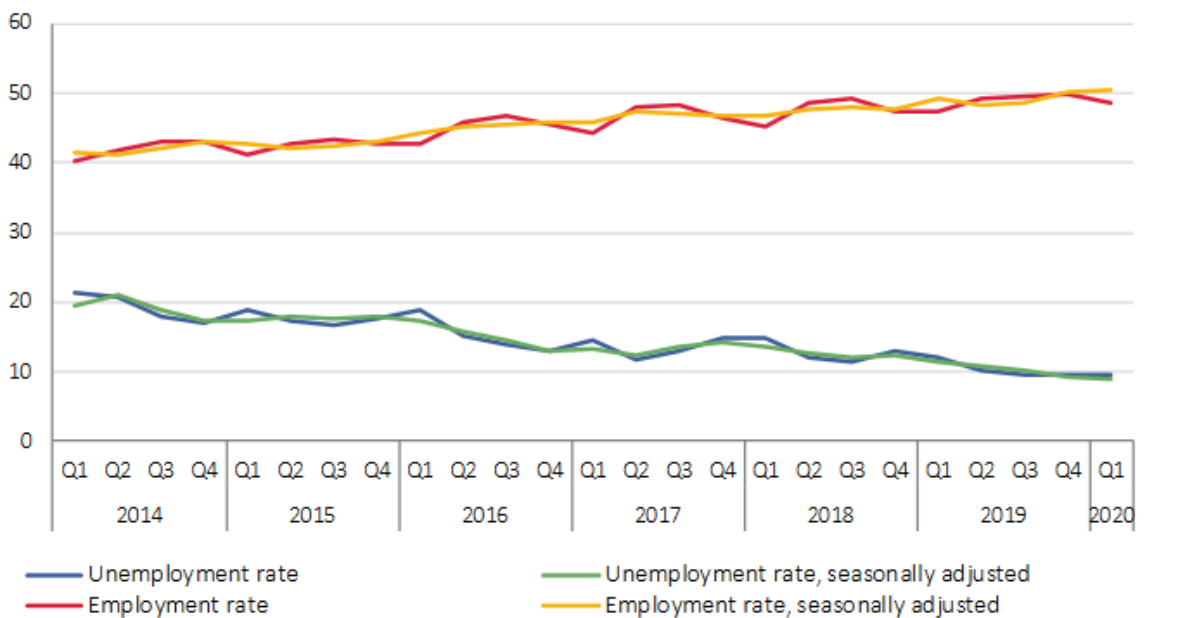
⁶³ <https://www.ebrd.com/where-we-are/serbia/overview.html>

⁶⁴ <http://publikacije.stat.gov.rs/G2020/pdfE/G20201332.pdf>

gross value added was recorded in the industry and water supply sector, sewerage, waste management and remediation sectors – 3.2%; and in information and communication – 6.0%. By expenditure aggregates, in Q3 of 2020, compared to the same quarter the previous year, a real fall was registered for all aggregates: the household final consumption expenditure – 0.9%; non-profit institutions serving households (NPISH) final consumption expenditure – 5.3%; general government final consumption expenditure – 1.0%; gross fixed capital formation – 5.5%; the exports of goods and services – 8.5%; and the import of goods and services – 2.7%.

According to data from the Statistical Office of the Republic of Serbia⁶⁵ the unemployment rate in Q2 of 2020 stood at 7.3%, and after elimination of the seasonal component, at 7.9%. In the same period, the employment rate stood at 48.2%, and after elimination of the seasonal component, at 47.9%.

Chart 8.1. Movement of the employment and unemployment rates for persons aged 15 and over, (%)



Slovenia

Slovenia is a country with excellent infrastructure, a well-educated workforce and a strategic location between the Balkans and Western Europe. It has one of the highest per capita GDPs in Central Europe, despite having suffered a protracted recession in the 2008-09 period in the wake of the global financial crisis. Slovenia became the first 2004 EU-entrant to adopt the euro (on 1 January 2007) and has experienced a stable political and economic transition.

Slovenia’s agricultural sector is declining and accounted for only 2.1% of GDP in 2018, according to the World Bank.⁶⁶ It employs around 5% of the population. The utilized agricultural area of

⁶⁵ <https://publikacije.stat.gov.rs/G2020/PdfE/G20208004.pdf>

⁶⁶ <http://pubdocs.worldbank.org/en/369851513586667729/Thinking-CAP-World-Bank-Report-on-the-EU.pdf>

the country equates to 30.6% of the total area, with 4.8% of agricultural holdings dedicated to organic production. Forestry is a key economic contributor, with 66% of land area forested and an annual production value of EUR 250 million to the economy.

The industrial sector represents 28.4% of GDP and one-third of employment. Historically, the country's dominant industries have been forestry, textiles and metallurgy. Since the 1980s, the mechanical industries (automobile, tool machines) and the high value-added industries (electronics, pharmaceutical and chemicals) have been greatly developed. The World Bank estimates the manufacturing sector to contribute 20% of GDP.

The tertiary sector is the most significant in the Slovenian economy. This sector, which represents 56.4% of GDP and employs 61.7% of the workforce, has shown a strong growth pattern over the last ten years, especially in the fields of information and communications technology (ICT), financial and commercial services and retail business. Pre-covid the tourism sector was very dynamic, undergoing a period of strong development (6.2 million tourists in 2019, up by 5% y-o-y).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	5.1	33.5	61.5
Value Added (in % of GDP)	2.0	28.4	56.9
Value Added (Annual % Change)	-4.7	3.1	2.3

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

According to the 2020 Development Report of the the Republic of Slovenia Institute for Macroeconomic Analysis and Development⁶⁷, the Covid-19 pandemic was declared in March 2020, which, with its enormous negative socio-economic impact, looks set to significantly change the baselines for the realization of the Slovenian Development Strategy 2030 (SDS). As a consequence of the urgent protective measures, the situation will have a significant negative impact on economic activity.

At the same time, the 2020 Development Report also showed that in some areas where Slovenia had not taken appropriate measures in the past, or where progress had been too slow, it became even more vulnerable during the pandemic (e.g. a high share of precarious jobs, no systemic regulation of long-term care, waiting times in health care, lack of digital skills among the population, administrative barriers and the length of certain procedures).

In the short term, an absolute priority would be introducing measures to support the functioning of the health system and, in the economic area, measures to alleviate the consequences of the pandemic, which will help businesses and the population to bridge liquidity problems due to loss of income and to ensure, to the extent possible, the preservation

⁶⁷https://www.umar.gov.si/fileadmin/user_upload/razvoj_slovenije/2020/angleski/Development_report_2020.pdf

of jobs and social potential. The measures for a gradual revival of the economy and stabilization of the economic and social situation should be designed in a way that they will, as far as possible, be oriented towards solving Slovenia’s key development challenges (analysed in the 2020 Development Report).

According to the IMF⁶⁸ (October 2020), a slowdown in economic growth has mostly been due to the weak performance of Slovenia’s main trading partners (the country maintains a long tradition of trading with neighbouring countries, making it vulnerable to its neighbours’ economic health), with domestic demand also losing momentum.

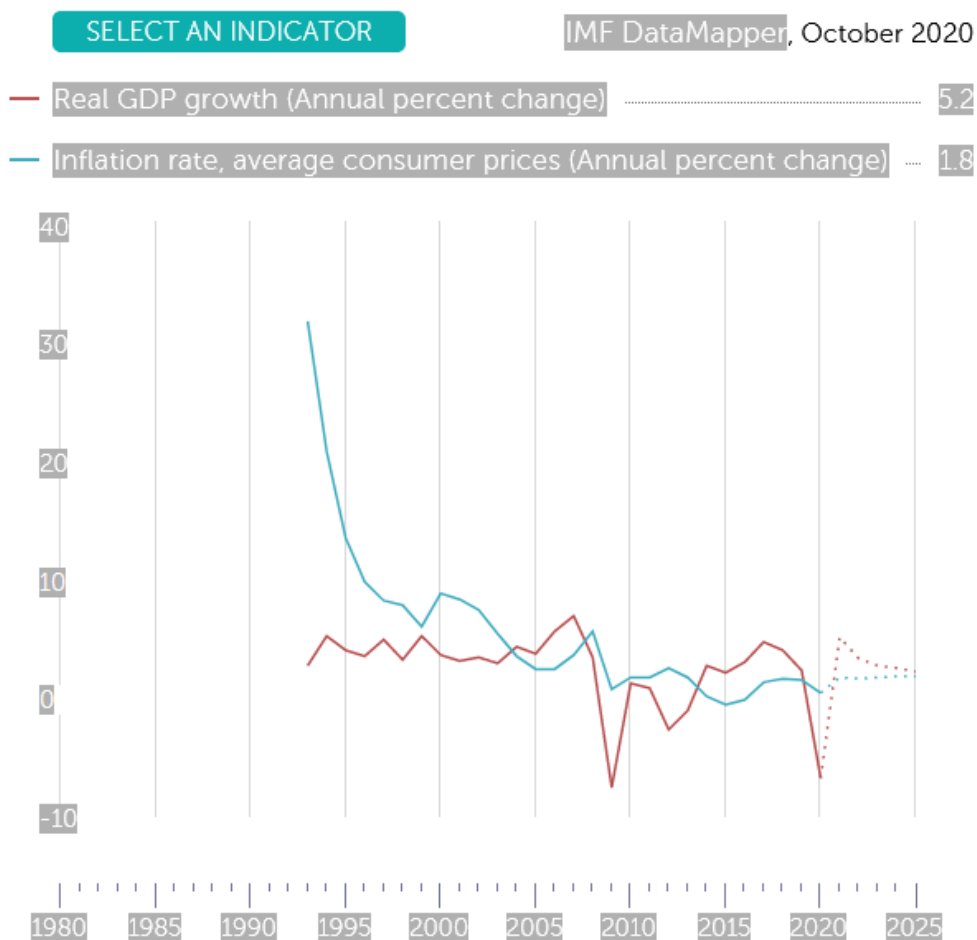


Figure 8 Source: IMF, Country data

For 2022 the Projected Real GDP (% Change) is -6.7.

The Bank of Slovenia⁶⁹ stated (in June 2020) that the latest economic growth projections for Slovenia for 2020-2022 were characterized by the Covid-19 pandemic, which has had a dramatic

⁶⁸ <https://www.imf.org/en/Countries/SVN#countrydata>

⁶⁹ Bank of Slovenia: Macroeconomic Projectios for Slovenia, June, 2020 - <https://bankaslovenije.blob.core.windows.net/publication-files/macroeconomic-projections-for-slovenia-june-2020-ii.pdf>

impact on most parts of the economy at home and around the world. The base-line projection of economic growth reflects estimates and expectations under the assumption of a largely successful containment of the virus and a manageable possible resurgence in infections, which over the projection horizon would not require the reintroduction of stringent containment measures or the shutdown of major parts of the economy as during the strict lockdown between mid-March and end of May 2020. Economic activity was expected to contract by 6.5% in 2020, followed by average GDP growth of around 4% over the next two years. In 2020 the containment measures mainly entailed a reduced demand for durable goods and for services involving direct contact between the service provider and the customer. Domestic demand was thus expected to fall sharply in 2020 as a result of a decline in private consumption and also private sector investment. Economic growth will be supported by government consumption and investment, which will make positive contributions to GDP growth over the entire projection horizon. The Covid-19 pandemic has also significantly impacted global trade and international supply chains, which will be a factor in the significant decline in export activities.

The greatest impact will continue to be felt by tourism-related services, according to the Bank of Slovenia. The downturn in the labour market, expected to be somewhat mitigated by substantial fiscal policy measures, will have a major impact on final household consumption, which was expected to decline sharply in 2020. Precautionary savings looked to increase markedly before returning to their level of previous years as the situation gradually stabilizes. The same held for corporate investment activity. The Bank of Slovenia also prepared a preliminary assessment of the shock to value-added caused by the strict lockdown measures.

Table 1: Estimated loss of value added during the strict lockdown period, in %

Activity	Loss
A - Agriculture, forestry and fishing	0
BDE - Mining and quarrying, electricity and water supply, waste management	20
C - Manufacturing	30
F - Construction	30
GHI - Trade, transportation and storage, accommodation and food service activities	60
J - Information and communication	5
K - Financial and insurance activities	5
L - Real estate activities	30
MN - Professional, scientific, technical, administrative and support services	20
OPQ - Public administration, education, human health and social work	0
RST - Other service activities	50

Note: The loss is given as a percentage of value added. The estimates do not take into account enacted economic policy measures to mitigate the consequences of lockdown measures.

Source: Bank of Slovenia projections.

Related to late 2020 forecasts and the analysis of the Slovenian economy, the Institute of Macroeconomic Analysis and Development (IMAD) of the Republic of Slovenia⁷⁰ stated that the projection was⁷¹ for a 6.6% decline in GDP in 2020. After a deep fall in Q2, the economy recovered more than expected in Q3. Based on the available high-frequency data and confidence indicators for October and November 2020, they estimated that the economic impact of the second wave of the pandemic and the comprehensive protection and containment measures would be concentrated mainly on the service sector and less on activities integrated into international trade. In most sectors, the decline was expected to be smaller than in the spring of 2020, partly due to the adaptation of businesses and consumers to the new reality.

Due to the closure of activities, an equal or greater decline is expected for catering and accommodation and entertainment, sports, recreational and personal services. *“Due to the strong recovery in the third quarter, the decline in GDP in 2020 as a whole is expected to be similar to that forecast in the autumn, despite the renewed deterioration in epidemiological conditions in the last quarter,”* said Maja Bednaš, Director of IMAD, adding: *“In the autumn forecast we estimated that the measures adopted until September had mitigated the decline in GDP in 2020 by at least three percentage points. Additional measures, mainly aimed at supporting the labour market, businesses and the health care system, will reinforce this effect somewhat, while also creating the conditions for an increased activity next year.”*

The contraction of total economic activity was expected to arise from a fall in value-added in most activities, which will be most pronounced in catering, recreational, sports, cultural and personal services and hotel accommodation. A somewhat smaller, yet still significant, fall is also expected in transportation, trade and manufacturing activities. Owing to negative external impacts and containment measures both at home and abroad, a significant decline is expected in exports and imports. Due to lower demand and the high level of uncertainty that also affects investment decisions, corporate investment will also shrink, both in buildings and machinery and equipment. Public investment is set to strengthen. A fall in inventories will also have a significant negative impact on GDP growth. Because of limited movement and supply during periods of quarantine, precluding spending, increased uncertainty, precautionary saving, and private consumption will also drop more strongly, although disposable income will remain similar to 2020 levels, due to the government’s support measures. On the other hand, government consumption will strengthen as a result of the crisis conditions.

IMAD estimates that a faster economic recovery could be possible only from the second quarter of 2021 onwards. Due to a delay in recovery, economic growth is expected to be 4.3% in 2021.

⁷⁰ https://www.umar.gov.si/en/public-info/news/release/news/zimska-napoved-gospodarskih-gibanj-2020-letosnji-upad-bdp-zaradi-mocnega-odboja-v-tretjem-cetrletj/?tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Baction%5D=detail&cHash=9bce2fa8c2511d8857687881796b242f

⁷¹ In Winter forecast, December, 2020

With the retention of some restrictions in Slovenia and in trading-partner countries, the recovery will be gradual and differentiated across sectors.

Employment was expected to be 1.2% lower in 2020, with the number of unemployed 15% higher. The recovery of the labour market will be delayed in the second half 2021, assuming a slow improvement of the pandemic and a restart of the economy. The pace of recovery will continue to depend mainly on the epidemiological situation, the speed at which a vaccine is introduced and the success of policy responses to mitigate the consequences of the pandemic and restart the economy.

II. Covid-19 agenda: the role of employer and business membership organizations in the region

Biznes Albania (BA)

During Covid-19, BA provides its members with advisory, legal and consultancy services daily and without interruption. BA also provides Covid-19 related information on its website. This includes government measures and decrees adopted in response to the crisis, as well as BA actions that include advocacy and lobbying on behalf of its members, such as BA's proposals for support measures for companies, different initiatives, media interviews with BA's President etc.

All activities related to supporting member companies, such as lobbying and advocacy work with the Government as well as decisions taken in response to the crisis, have been successfully promoted in the media. BA's officials have been interviewed, many press releases have been published and BA is satisfied with the media coverage.

On 20 May 2020, BA presented its findings on the impact of the Covid-19 pandemic in Albania. BA had drafted and adopted the new document containing its proposal for support measures the companies need, by taking into account survey findings and data related to the overall business climate. These findings were submitted to the Albania's Ministry of Finance and the Economy.

From December 2020 to March 2021, BA ran a new project with the collaboration of ILO on helping unemployed women (due to Covid-19) in the tailoring sector. This project will help those women by enabling them to earn minimum payments, it will also help enterprises in the tailoring sector to have all the hygiene measures in place to work safety.

Union of Associations of Employers of Republic of Srpska (UEARS)

UEARS is very active since the outset of the pandemic in lobbying, as well as supporting companies to combat the consequences of the impact of Covid-19 on the economy. The actions taken are as follows:

- ILO and EBRD helped UEARS to prepare a report on the impact of Covid-19 on business (May/November 2020);
- UEARS communicated recommendations and suggestions based on the Report to the Government of the Republic of Srpska;
- UEARS distributed information packages for employers four times during March, April and May 2020;

- UEARS designed and distributed guidelines titled: “How to deal with Covid-19 at the workplace” for HORECA in April 2020.

Based on the initiative of UEARS and appropriate lobbying activities, the Government of the Republic of Srpska did the following:

- paid employers taxes and contributions for March and May 2020, based on the gross minimum wage;
- paid the gross minimum wage to employers whose businesses and business operations were closed in April 2020;
- supported, through the Compensation Fund, companies affected by the pandemic;
- delayed the payment of taxes and contributions during March, April and May 2020;
- gave loan guarantees, through the Compensation Fund, of up to 70% for credits for employers related to liquidity;
- established a moratorium on loan repayment for nine months from March to December 2020;
- supported HORECA and transport-sector companies by paying contributions and taxes imposed on wages during August, September and October 2020; and
- stopped the increase in electricity prices thanks to a Memorandum signed with the Utility Supply Company ERS.

The Government of the Republic of Srpska invited the representatives of UEARS to different meetings and round-table discussions where they could fight for the interests of employers and especially for those who were particularly vulnerable because they could not run their business. The Government simply did not have any other solution to manage the crisis better but to start solving the economic and structural problems, and public consumption should be decreased. In addition, monetary policy had to be more flexible.

Looking back, and considering the situation, UEARS considers its overall impact to be strong.

Croatian Employers' Association (HUP/CEA)

The Covid-19 situation was made significantly worse by the earthquake in Zagreb on 22 March 2020 that caused substantial damage and struck a further blow to an economy already in lockdown. (If it had not been for lockdown however, casualties would have been much greater.) HUP/CEA employees had been working from home since 13 March.

Despite the business insecurity caused by total lockdown and the difficulties experienced with confinement, e.g. no travel between towns and regions, HUP/CEAs employees showed high levels of professionalism and dedication to their work.

In the extremely difficult situation, HUP/CEA members turned to the EBMO for relevant information, in all sectors, in all fields: legal services were particularly overwhelmed, since the “new reality” proved to be extremely difficult, especially for SMEs.

In these challenging moments, HUP/CEA staff worked tirelessly to provide members with relevant information on new legislation, both at the national and EU level. Relevant information was published on the HUP/CEA website in real time, while new services, like the “daily Covid-19 newsletter” were also introduced. Since this proved effective, HUP/CEA has maintained it, albeit in a weekly edition. All Covid-19 and related news is collected and sent to the members weekly. Members highly appreciate it, since it is a much better solution than individual, overnumerous emails. In short, HUP/CEA listened to its members’ needs and adapted to them.

EU-level information was promptly published on HUP/CEA’s (open) website to help all employers in Croatia, and discussions with other EBMOs in the region revealed that they too were using this information and distributing it to their members. This was the case, for example, with the information on EC [Green Lanes in the Transportation Sector](#) and other sectors suffering significant disruption.

In addition, materials regularly distributed by IOE, ILO, OECD/BIAC, BusinessEurope and Eurofound, in the form of information, guidelines and brochures for employers were extremely useful; these were also distributed to HUP/CEA members in daily/weekly newsletters.

Teleworking, *per se*, is not so much of an issue for HUP/CEA as it is for the Government, i.e. the Ministry of Labour, which now has to change the labour law to adapt it to the “new reality” where there is an ever-increasing number of employees working remotely.

It is true that before Covid-19 only one article in the labour law stipulated the possibility of teleworking. But, on the other hand, Croatian employers have long recognized the possibility and availed themselves of it, even though it placed an additional burden on their respective Legal Departments because every Employment Contract had to be amended with the Teleworking Clause. Now, teleworking is practically the norm, not the exception, especially in the situation of the second lockdown, and the labour law has to be adapted. HUP/CEA has been informed of the Swiss High Court ruling of the obligation on the employer to pay for additional costs incurred by each employee, as well as of this development in other EU Member-States, and is prepared to defend its position on teleworking. Also, mainly through BusinessEurope, HUP/CEA is kept informed of the general and sector-specific measures in all EU Member States, Switzerland and Tukey.

As mentioned earlier, HUP/CEA is being proactive and preparing for teleworking through a Norway grant-funded Project on teleworking to learn from Norway's and NHO's best practices in this area.

Montenegrin Employers' Federation (MEF)

During the Covid-19 crisis, there have been no significant exclusions from MEF membership. On the contrary; thanks to the strong support and assistance that was continuously provided to employers during the crisis, MEF gained new members and thus further strengthened its position.

Doing business in the conditions caused by the pandemic; the influence of NCB (the National Coordination Body for communicable diseases) measures on business; problems and expectations of employers; and the support measures adopted by the Government and their (in)efficiency and (un)timeliness have been the focus of MEF's attention and actions.

With the onset of the pandemic and the introduction of the first measures by NCB to tackle the effects of the crisis MEF intensified their daily communication with members, as well as with the authorities in charge, to ensure support and complete information to companies about their duties and procedures coming out of (often unclear and imprecise) NCB measures. During this period, MEF provided advisory, legal and consultancy services to its members – daily and without interruption.

MEF provides Covid-19 related information on its website on government actions and decrees adopted in response to the crisis, as well as MEF actions that include advocacy and lobbying on behalf of its members (MEF Proposals for Support Measures for Companies, different initiatives, media interviews with MEF's president, press releases).

Throughout the whole crisis, MEF has constantly insisted and urged on the Government and relevant institutions to resolve the problem of preserving public health while at the same time preserving the economy – to avoid the serious consequences of closure of a large number of enterprises and the generation of new unemployment, thus creating an enormous budget deficit. Also, MEF has constantly (publicly) called on the Government and trade unions to join together in a common and socially responsible approach in these tough times. *“The burden of the crisis must be shared and borne in only one way – by joining forces, through social dialogue. Otherwise, it would be difficult to cope with the economic and financial collapse that also threatens economically much stronger countries than ours. The stability of the system requires dialogue, a common approach and agreement between key partners - the government, trade unions and employers”*, stated one of MEF's press releases published by Montenegrin media.

Such a message was communicated by MEF's President, Mr Predrag Mitrović, also during the Collegium of the President of the Parliament of Montenegro which was held on 3 April 2020 in

its extended composition, chaired by the President of the Parliament. Aside from representatives of MP groups, upon the invitation of the Collegium of the President, the meeting was attended by the Minister of Finance, the Governor of the Central Bank of Montenegro, the President of MEF, the President of the Chamber of Economy of Montenegro, and the Director of the Investment and Development Fund. The emphasis of the Collegium was on economic topics and the state of the financial sector, as well as on taking timely, necessary measures to preserve economic stability. The members of the Collegium expressed their expectation that the competent state institutions would submit a harmonized set of economic and other measures to mitigate the expected social and economic consequences arising during the epidemiological situation and following its end.

All activities related to MEF support to member companies, MEF advocacy work with the Government and relevant institutions, as well as MEF actions and decisions taken in response to the crisis, have been successfully promoted in the media. The result of this is, among other things, a huge number of published press releases, media interviews and live guest appearances by MEF officials and representatives.

Although MEF went through a very difficult financial situation due to the Covid-19 crisis, it wrote off the membership fees of member companies (for March, April and May 2020), thus consciously giving up part of its income. By this act, MEF intended to show solidarity and to alleviate the situation of its membership in the days of extreme business insecurity, as well as to further confirm (with its socially responsible actions) that MEF is a sincere and true protector of the interests of the Montenegrin business community.

Moreover, with the technical support of ILO and in partnership with EBRD, from 10 - 30 April 2020, MEF conducted a first survey on the effects of the Covid-19 crisis on Montenegrin businesses.⁷² The assessment involved 430 businesses. On 20 May, MEF organized a public presentation of the findings of the [first rapid assessment of the impact of the Covid-19 pandemic in Montenegro](#). The event attracted impressive [media coverage](#) by some 20 daily newspapers, TV stations, media websites and portals. The MEF survey results continued to attract a lot of media attention over the following few months as well.

Follow-up was carried out during October 2020, when MEF conducted a second survey on the impact of the Covid-19 pandemic on Montenegrin businesses with the support of ILO. The findings will be presented within the MEF Report.

After the survey findings and data related to the overall business climate were processed, MEF drafted and adopted a new document containing their proposal for support measures needed by companies titled [The Updated \(fourth\) Proposal of Measures by MEF](#) (16 December 2020). It was submitted to the Ministry of Economic Development and the Secretariat of the Competitiveness Council, and then presented at the meeting held by the Minister of Economic

⁷² MEF research was developed based on the ILO's Enterprise Survey Tool on COVID-19 for Employers' and Business Membership Organizations.

Development⁷³ with MEF and other EBMOs on the topic of analyzing the situation in the economy and the further elaboration of a new package of socio-economic measures, with a focus on short-term measures.

According to the announcements of the officials, the formation of a Guarantee Fund can be expected in Montenegro (after the adoption of the new budget), which is exactly one of the initiatives proposed by MEF in this fourth, as well as in the previous third *Proposal of measures by MEF*.

MEF actions focused on mitigation of the effects of the Covid-19 epidemic and NCB measures on business operations, the sustainability of enterprises and workplaces.

On 13 March 2020 MEF sent a letter to the social partners requesting an urgent Social Council session to be held. MEF deemed that the joint interest of the Government, trade unions and employers was to further actively contribute to ensuring correct, timely and complete information related to Public Health Institute, Health Fund and Ministry of Health recommendations, all aimed at providing full support to the preservation and protection of citizens' health and lives. However, for reasons unclear to MEF, the session never took place.

Having recognized the critical moment and the potential danger businesses might be exposed to throughout their continuous activity after the outbreak of the pandemic, MEF submitted four position papers to the Government and NCB:

- [The Proposal of Measures by the MEF Management Board](#) of 17 March 2020

(Structured around four pillars - institutional, financial, tax and labour relations, which were only partly reflected in the Government support measures, namely deferral of tax and loan payments and favourable loans available through an Investment Development Fund. MEF found the government package to be 'insufficient' and indicated the need to further supplement and adjust it to current circumstances);

- [The Updated \(second\) Proposal of Measures by the MEF Management Board](#) of 2 April 2020

(MEF proposed, among other things, wage subsidies for companies affected by state-imposed restrictions; reducing the amount of and postponing the deadlines for payroll tax payments; amending the law on VAT; further reduction of interest rates on existing loans; and tax relief for companies in the HORECA sector);

- [The Updated \(third\) Proposal of Measures by the MEF Management Board](#) of 27 May 2020

(The proposed measures are grouped in four sections: financial and credit support; taxes and parafiscal burdens; labour relations and the labour market; and other measures. The MEF document was included on the agenda of the [10th session of the National Competitiveness](#)

⁷³ One of the new ministries, within the newly elected Government of Montenegro

[Council](#), chaired by the Prime Minister of Montenegro. The Updated (third) Proposal of Measures by the MEF Board was created, inter alia, based on the results of the first MEF survey on the impact of Covid-19 on companies, which was also presented at the Council session).

- [The Updated \(fourth\) Proposal of Measures by the MEF](#) of 16 December 2020.

The above documents contain proposals for a large number of measures (both general and sector-focused) that should be undertaken to stabilize the economy and are related to measures under the jurisdiction of central and local authorities.

- Since decisions and measures by the NCB, especially at the very beginning, were very imprecise and unclear, in particular regarding their influence on labour relations, which the expected instructions by the line ministry omitted, MEF created a document [Labour relations in the time of Covid-19: MEF answers to employers' questions](#), available for members from 31 March 2020.
- With the support of ILO – ACT/EMP, MEF published and made available to employers a series of publications aimed at supporting them to overcome the problems their businesses faced due to the Covid-19 crisis:
 - [An employers' guide on managing your workplace during Covid-19](#)
 - [Business Continuity Planning for SMEs during Covid-19](#)
 - [An employers' guide on working from home in response to Covid-19](#)
 - [MEF statement on the Covid-19 crisis and how we as a nation can collectively respond](#)

Also, with the support of ILO, MEF published an **animated video** that guides SMEs on how to easily, in six steps, create a [Plan for maintaining business continuity under the conditions of Covid-19](#). The video was delivered to MEF members (via email), and posted on MEF's YouTube channel and social networks Facebook, LinkedIn and Twitter.

MEF will launch a new web site created with the support of ILO.

In November 2020, MEF presented in a position paper entitled [Ko\(vid\) je zaustavio biznis?](#) (Who(covid) stopped business?) information and data that shows very difficult economic situations and problems that are crucial to resolve for the survival of MSMEs (99.6 % of businesses).

From March to September 2020 (and until the end of 2020), the MEF General Secretariat submitted many letters and interventions to the Government, NCB, line ministries and other authorities in charge, pointing to the concrete needs, problems and expectations of general and sector-based employers, all to support and improve the position of employers and their companies as well as to preserve workplaces.

During the first half of 2020, the Government of Montenegro adopted three packages of measures to support the economy. The first package of socio-economic measures was adopted on 19 March; the second on 24 April; and the third on 23 June. Although the above-mentioned packages provided a certain amount of support to business entities, they were considered by the majority of employers to be untimely, insufficient and inadequately structured. During the implementation of the measures, employers had significant remarks such as that the measures were adopted late, that their implementation was not quick or transparent enough, and that not all employers had equal access to support measures, in particular to those measures implemented under the Investment-Development Fund.

Furthermore, some measures were not precise enough; some did not recognize certain categories of business entities that were severely affected by the NCB measures and the overall situation caused by the pandemic, so MEF had daily communication with NCB (via e-mail and telephone), line ministries and other institutions to resolve the shortcomings and eliminate any doubts.

At the end of January 2021, the new Government adopted the fourth package of measures to support the economy. The Government invited the business associations to provide their inputs to the process of formulating the measures. Some of the measures finally adopted in the fourth package were MEF's suggestions published in the Updated (fourth) Proposal of Measures by the MEF.

From the very beginning MEF pointed out that if the crisis continues and the Government does not respond with adequate and concrete support measures, Montenegro will be faced with a negative scenario for both enterprises (termination of work and shut downs) and employees (loss of workplaces) as well as for the state (budget deficit).

MEF knew well from the start that the economic measures of support to companies would be tough, painful and expensive, and that the state, with substantial internal and external debt, does not have significant resources available to support companies. However, since the beginning of the crisis and the first proposal for support measures submitted to the Government, MEF pointed out to decision-makers that this could not be a reason for inadequate solutions that did not correspond to the level of vulnerability suffered by the enterprises and the potential collapse of the economy, which is a threat also faced by many more developed economies.

Through daily communication with the members, MEF knew that the situation was more than dramatic with the great majority of companies, meaning a significant number, having to implement rationalization measures and decrease the costs of business operations. Reducing the number of employees is seen as the last measure to be taken by the majority of companies but the overall trends and prognosis indicate a large number of companies will be shut down, which will ultimately have consequences on the number of employees.

For all the above reasons, MEF pointed out once again that all stakeholders must demonstrate the highest degree of social responsibility and sustain businesses and workplaces. The initial precondition for this is an additional legislative regulation of businesses in the specific context of the Covid-19 epidemic, with a focus on particular provisions relating to labour relations.

Other useful information

MEF and Montenegro's capital Podgorica, in cooperation with three partner organizations and volunteers, have joined the initiative to provide the missing equipment for health workers at the Clinical Center, as well as other health institutions within the territory of Podgorica. They have put their 3D printing resources into the support of the healthcare system through their work at the Competence Center Podgorica and made a significant contribution to the production of several hundred protective visors. The visors are manufactured on five 3D printers that are part of valuable equipment provided by MEF as part of the cross-border EU project "competenceNET", implemented in Montenegro by MEF. In this way, during the Covid crisis, MEF has helped to produce protective equipment lacking for medical staff (a donation of more than 1,500 visors). [LINK: MEF helps to produce protective equipment lacking for medical staff \(donated more than 1,500 visors\)](#)

(Note: the EU cross-border project "competenceNET" is implemented within INTERREG IPA CBC Croatia – Bosnia and Herzegovina – Montenegro 2014-2020).

According to the assessments of many economic experts, the impact of this crisis will be felt for at least another five years. Montenegro is a small country, with only 623,000 inhabitants. According to the specialized website Worldometers.info, Montenegro ranks high in the number of cases of Covid-19 per million inhabitants.⁷⁴ The number of business entities in Montenegro in April 2020 was 35,707, of which 99.6% are MSMEs; official data showed that as at 30 November 2020, there were as many as 18,807 business entities with blocked accounts, which is about 52% of the total number of registered business entities in the country. Hence, MEF stresses that membership fees, which could be a challenge before the crisis, may be an even greater issue in the current context.

MEF Position documents/ Reports/ Publications:

- *3rd Proposal of Business Support Measures*, by the MEF Management Board – May 2020
- *4th Proposal of Business Support Measures*, by the MEF Management Board – December 2020
- MEF position document "Who(covid) stopped business?" – November 2020

⁷⁴ <https://www.worldometers.info/coronavirus/#countries>

- MEF Report - Findings of the first rapid assessment of the impact of the Covid-19 pandemic in Montenegro – May 2020
- Publication “Labour relations in the time of Covid-19: MEF answers employers’ questions” – March 2020
- MEF/ILO publication “Guide on managing the workplace during Covid-19” – July 2020

Business Confederation of Macedonia (BCM)

From the very beginning of the Covid-19 outbreak, the declaration of a state of pandemic, and during the ensuing crisis, BCM has been actively involved in helping and guiding companies. BCM helps the companies to properly face and deal with the challenge of how to continue with work and to remain efficient, without disrupting public health and without reducing the number of employees. The whole of society is affected by the new situation; no one is an exception. Therefore, all stakeholders need to follow the new trends and adapt to the new ways of working, using the most appropriate measures and tools.

In that regard, BCM has developed and enabled free download of the following rulebooks:

1. *“Manual for companies - what actions should entrepreneurs take during the Covid-19 pandemic?”*

The manual contains the necessary information on the definition of pandemic and on prevention; how to prevent the spread of infection; how to manage employees; how to maintain hygiene standards at business premises and how to organize business meetings.

2. *“A guide for employers to manage the workplace during the Covid-19 crisis”*

BCM and ILO developed this publication which contains guidelines and tips on how employers can protect the workplace; how to regulate work from home; safety and health at work during the pandemic; how to protect against dismissal, all under applicable national laws; and the measures and recommendations of the Government Northern Macedonia.

3. *“A manual for entrepreneurs on returning to work during and after the Covid-19 pandemic”*

This handbook addresses several key issues that every employer should consider in the process of preparing and establishing the usual way of doing business with a particular focus on regulating workplace safety and health.

4. *“A manual for employers on teleworking in response to the Covid-19 pandemic”*

Companies implement teleworking protocols as a precautionary measure or in response to a government order to limit contact. This handbook provides companies with recommendations, including the tasks and responsibilities of employers and workers, possible problems and

challenges and methods for addressing them. The manual also contains a template that should allow companies to develop a teleworking plan.

5. *"Business continuity manual for companies during the Covid-19 crisis"*

BCM and ILO developed this handbook to help companies to assess the potential risk arising from Covid-19 and to assess the impact on employees, processes, profits and partnerships. The handbook will also help companies create an effective business continuity plan that will protect both companies and employees in the future. A video containing a practical example on this topic was also prepared and published.

Additionally, BCM conducted a Needs Assessment Survey to identify the key challenges companies are facing due to Covid-19. This research was conducted among companies at the national level. The surveyed companies belonged to several sectors, including construction, education, finance, mining, agriculture with up to 100 employees. From the conducted research, an analysis was prepared of the current situation caused by the Covid-19 pandemic. BCM also participated in the implementation of research by ILO and EBRD. The results of the research were incorporated into the report on Covid-19 and the world of work - Rapid impact assessment on workplaces and policies in response to the Covid-19 crisis. A Report on the impact of Covid-19 on the Macedonian business sector and jobs was also prepared.

Concerning relations with potential member companies, BCM publicly invited all interested companies to join the Confederation free of charge for one year, taking into account the economic consequences of the crisis. The free-of-charge membership includes legal assistance, advice and information on the prevention of Covid-19 infection at the workplace and information of the Government's measures and recommendations and their implementation. Special attention was paid to the information regarding the Government's measures for the restrictions of movement and the exemption from restrictions (special permits) as well as to the set of measures determined by the Government to financially support companies.

Finally, the entire BCM team has been an active participant in social media and TV, as well as in international online webinars, conferences and summits organized by ILO, IOE and other reputable international organizations. This has enabled them to exchange experiences, to get some ideas and best-practice examples, and, to get acquainted with global trends regarding the most appropriate measures and tools to adjust work processes in the time of Covid-19.

Serbian Association of Employers (SAE)

Since the very beginning, SAE has been extremely active in supporting companies to cope with the impact of Covid-19 on doing business. Several types of action have been taken:

- regularly updating members through SAE's website, social networks and in written correspondence with employers on the new situation and the measures taken by the

Government and institutions based on information which SAE obtained through direct communication with the Ministries;

- providing additional information and interpretation of measures and practical advice – the scope of coverage, how to implement, where to find relevant documents, etc.;
- inviting members to address questions to the Association as well as proposals for measures to help them in doing business;
- submitting more than 15 initiatives to the ESC and relevant authorities aimed at preserving the liquidity of the economy;
- conducting a survey on the pandemic's impact on companies, with the technical support of ILO; and
- creating a special Covid-19 page on SAE's website.

The most notable successful results of SAE's lobbying for supportive measures include:

- postponed payment of taxes and contributions on salaries due for April, May and June 2020 to 2021;
- three minimum monthly wages for each employee paid by Government to SMEs; 50% of minimum monthly wage for each employee on paid leave of 45 days for big companies;
- more favourable loans from the Serbian Development Fund and commercial banks;
- postponed payment of corporate income tax for three months during the state of emergency
- no interest rate on due payments related to payment of tax debt in instalments during the state of emergency;
- postponed the deadline for submission of annual financial reports for three months after the end of the state of emergency;
- the non-taxable portion of salary increased to 12.3%; and
- prolonged the financial support for companies hiring an unemployed person for one year, until the end of 2021 - the Government will pay 70% of due taxes and contributions.

The second wave of Covid-19 hit Serbia sooner than the rest of Europe. At the time of writing, epidemiologists in Serbia are actually talking about a third wave, considering the beginning of the summer spread of transmission to be the second wave. Further pressures on the economy are unavoidable. Government measures are mostly considered to be appropriate, i.e. not

tailored ideally to the needs of the company but still quite supportive. On the other hand, members' reactions to SAE's actions taken from the onset of the Covid-19 outbreak are positive and some new members have even been attracted. Despite not all of SAE's proposals being taken up, its influence and overall impact are evident.

Serbia's labour law contains only two Articles on work outside the employer's premises, i.e. teleworking and working from home. However, companies were suddenly pushed to switching to teleworking, if possible. This triggered many questions and discussions, particularly from MSMEs, mostly related to occupational safety and health and costs, for example: how to provide safe working conditions for all workers, considering different environments in which they telework? Should an employer provide stable and strong Wi-Fi in a worker's home? Who will pay and how for additional electricity/heating costs? SAE's responses were only limited because of a lack of previous practical knowledge, as well as the lack of legal sources (law and bylaws).

Considering that amendments of the labour law are expected, at least in the long run, and the need to learn more to provide better services to members, SAE expressed interest in receiving assistance in the area of teleworking – a systematic overview of the EU's legal framework and agreement between social partners and their implementation.

Association of Employers of Slovenia (ZDS)

Measures and activities carried out by ZDS during the Covid-19 pandemic:

- Assisting members with "navigation" and interpretation of all measures, law, regulations etc., advice on filling out applications;
- Fighting and lobbying for subsidies, tax reliefs etc;
- Fighting against the rise of the minimum wage, or at least trying to convince the ministry not to burden employers with the minimum wage increase (subsidy for the raise); and
- Conducting a survey among all members on their satisfaction with and appropriateness of Covid measures, which identified the shortcomings of previous measures and thus ZDS provided the Government with the opinion of employers and helped shape future measures.

During the greatest economic crisis of the last 70 years, Slovenia is witnessing extreme pressure from trade unions to raise the minimum wage. Slovenia is already the leader in the EU in terms of the smallest difference between the minimum wage and the average wage in Slovenia. This means that the opportunity has been completely to reward those who work more and better, and there is movement to a level that further weakens the competitiveness of the Slovenian economy on a global scale.

To complement the examples of the activities and role of EBMOs in the region related to Covid-19, examples from other EBMOs in different countries, and different continents, are provided in Annex II. While these examples not always or entirely replicable, they can inspire the EBMOs of the region, and pave the way for possible services they could put in place for their members.

III. Employer and business membership organizations need to strengthen capacity

According to the outline drafted in the preparation of this document, and for the online meeting held in October 2020, it was necessary to determine the priorities of employer and business membership organizations (EBMOs), their specific needs in the different areas in which they operate, but also their needs when it comes to different structures of operation.

Therefore, the questions asked of EBMOs in the region referred to their internal structure; to the type of EBMO (national “peak associations” and affiliates) and the relation between confederation and membership associations; social dialogue including bipartite and tripartite relations and involvement in EU social dialogue, ending with a space for proposing any other important issue or problem EBMOs are faced with.

Sharing the common history of the early beginnings of the establishment of EBMOs in the region responds to the stipulation that this be a “demand-driven” project, to be able to produce, in a later phase, demand-driven education and/or training programmes/peer-learning etc. Demand-driven training has proven to be an excellent mechanism for enhancing the effectiveness and impact of training programmes. That is why the EBMOs were kindly requested to be as open as possible and to articulate their real needs and real priorities, so that further actions within the project can be determined by IOE.

“Why is demand-driven training like a long-term marriage?”⁷⁵ It is because it requires continuous investment with your partner. Investing time and effort, this paper aims to contribute to a better understanding of the circumstances of the emergence and development of EBMOs in this region, their specificities, and their needs in all areas of activity. The paper may also serve as the basis for future projects because it outlines the current situation, the Covid-19 crisis, and speaks honestly about the obstacles that EBMOs and employers face.

Before entering into the range of issues raised by the EBMOs during interviews and in writing, it is worth noting the following quotation from Slovenia, the sister organisation ZDS, which illustrates the most important issue: *“ Until we are provided an unambiguous definition of representative social partners on the employer side, which will give our association at least approximately equal opportunities to participate in social dialogue, especially in bipartite social dialogue, all other topics are irrelevant to ZDS.”* This is the first concrete request made by ZDS due to the situation of social partnership in the Republic of Slovenia, a situation which can also be found in other countries of the region.

This is quite justified because in the given conditions ZDS is fighting hard for its position and in the existing constellation there can be no improvement; it is simply impossible. Going back to the ZDS statement it is worth emphasizing the following:

⁷⁵ By [Fiona Macaulay](#)

- *“From the beginning on, ZDS has constant problems with the recognition of its representativeness both in the media space as well as in the professional field in its work with ministries and organizations within the ministries (Employment Service of Slovenia, etc.);*
- *both the Chamber of Commerce and Industry of Slovenia and The Chamber of Craft and Small Business of Slovenia had mandatory membership until the independence of Slovenia. It is true, that now they have a voluntary membership but this does not mean their true independence, as they are established by law and in many cases serve as the extended arm of the ministries. Although they have high revenues from public procurement in the country, they have (at least the Chamber of Commerce and Industry of Slovenia) had a high balance-sheet loss for many years now, so they are becoming increasingly dependent on the government;*
- *Both the chambers and the ministries have not recognized the definition of an employer organization for many years - that is, the establishment of an employer organization by the willingness of entrepreneurs and with voluntary membership;*
- *Chambers have begun to entitle themselves as employers' organizations in recent years and are recognized and appointed as such by both the ministries and the media. This, of course, misleads ZDS members and makes it even more difficult for ZDS to work with them. At the same time, they are indirectly constantly trying to push ZDS out of the social dialogue. Such activities are very favourable to trade unions because they divide the employers side and introduce disunity between employers and business employers organisations and chambers of commerce. Thus, social dialogue is increasingly becoming also a political dialogue, as the disunity of the employers side is very much favourable to some political parties.*

Slovenian, Croatian and other EBMOs in the Western Balkans are constantly warning of the vagueness or unclear argumentation surrounding the definition and tasks of employers' organizations. Building up over the years, this situation of vagueness and uncertainty, at least in Slovenia, is reaching a critical point.

Although this is not the appropriate place to delve further into this matter, the legal basis for this situation needs to be examined more closely. The interpretations and opinions expressed here are those of the author.

Here it is important to note that a law on the representatives of EBMOs does not exist, although different sources reveal that it was once the intention of the Government to regulate it, as such a law exists for trade unions.⁷⁶ The Collective Agreements Act (*Zakon o kolektivnih pogodbah, ZkolP, 2006*)⁷⁷ defines the absolute minimum rights and which actors are eligible for collective

⁷⁶ [SI0210102F](#)

⁷⁷ Zakon o kolektivnih pogodbah (Uradni list RS, št. [43/06](#) in [45/08](#) – ZArbit)

bargaining, the procedure for entering into a collective agreement and its contents, as well as the hierarchy of bargaining level. It stipulates⁷⁸ (article 2) that the collective agreements are concluded by trade unions or trade union associations as a party on the part of workers (hereinafter: the employee) and employers (hereinafter: the employer) or employers' associations as a party on the part of employers (hereinafter: the parties). There is nothing on representativity; it is only about the actors eligible for bargaining collectively and concluding collective agreements, in the singular or plural form. The only interesting point is the stipulation that allows “employers’ associations with compulsory membership to conclude collective agreements on behalf of the employers in transitional period of three (3) years after the entry into the force of this Law”.

The new *Chambers of Commerce Act (ZGZ)*⁷⁹ was introduced in 2006, with the last amendments in 2011. This Act⁸⁰ regulates the status of chambers of commerce, the procedure for the establishment, operation, transformation and dissolution of chambers of commerce and the transformation of the Chamber of Commerce and Industry of Slovenia. The Act stipulates that a chamber of commerce is an independent, voluntary, interest and non-profit association of legal and natural persons who perform an economic activity on the market. It further determines the objectives, which are to promote the economic activities of its members and the realization of their other common interests, defined in the Statute of the Chamber, and that it performs the following tasks for its members: *represents the interests of its members before state bodies; organizes education and training; organizes visits of business delegations, fairs, presentations, seminars and conferences and other events, informs members about business issues and advises members, participates in establishing business contacts and connections and professionally assists members*. The Chamber also *plans vocational and professional education, participates in practical education and conducts examinations following the law* (article 6). By law, or based on it, the Chamber may be granted public authority tasks/duties. All activities that are mentioned previously represent “traditional” chamber’s activities or the “traditional” scope of their business in all the theories on the role and function of chambers in society. Article 4 is about membership and representativity, but not about the representativity of EBMOs in terms of their participation in social dialogue, and not about any possible segment that may be linked to the issue of social partnership.

Therefore, while the Act (ZGZ) perfectly describes everything related to chambers in Slovenia, nothing in it would allow to conclude that it gives the Chamber of Commerce and Industry of Slovenia (GZS)⁸¹ the status of social partner as GZS informs society on its website in defining its four main roles as follows:

⁷⁸ Translation from Slovenian

⁷⁹ Zakon o gospodarskih zbornicah – ZGZ - Uradni list RS, št. 60/2006, 56/2008 - Skl. US, 32/2009 - Odl. US, 110/2009, 14/2010 - Skl. US, 51/2010 - Odl. US, 77/2011

⁸⁰ Text of the Act is translated from Slovenian

⁸¹ https://www.gzs.si/o_gzs

- the representative of the Slovenian economy;
- **social partner;**
- a lobbying centre for creating a more business-friendly economic system and economic policy; and
- a hub for networking, exchanging views and good practices.

The problem is not so much about the content of the website, which can easily be changed, but about the fact that GZS interprets the Law in its own way because based on the same Law it should act and perform relevant activities that are prescribed by the Law and also based on the same Law, the Statute should have been drafted and adopted.

Going back to the Act (ZGZ), according to article 4, the chamber is representative if it has so many members that their sales revenue represents at least ten per cent (10%) of sales revenue in the economy of the Republic of Slovenia for the previous accounting period and at least five per cent (5%) of all economic entities that may join the chamber according to paragraph 1 of this article (para 1 stipulates the members, mentioned above). The chamber has the right to access data from databases on which it justifies its representativeness, without paying compensation. The representativeness of the chamber is determined by a decision issued by the minister responsible for the economy based on an application submitted by the interested chamber. The application must be accompanied by a list of members and the information referred to in the previous paragraph. When it comes to determining representativeness a member's share can only be counted once; any member of several chambers must decide which chamber to vote for to calculate representativeness.

In addition to the tasks referred to in article 6 of this Act, (already described) representative chambers shall participate in particular in shaping the economic system and economic policy, and international chamber organizations. Also, logical, they belong to the relevant family of unions of chambers at the European and international level. Their representativeness (which has nothing to do with the labour and social sphere) is determined by the relevant Ministry in the field of economy, also logical.

The Act further describes what the content of the Statute should be, thus also determining the governing bodies, the Assembly, the Management Board, the Supervisory Board, the President, the role of Secretary, etc.

The chamber must adopt a financial plan and work programme for each calendar year, which determines the tasks and the amount of the chamber's financial resources and the purposes of their use, and the Assembly of the chamber must adopt for each calendar year reports on the implementation of the financial plan and work programme prepared by the Management Board (following article 20 and 21).

And last but not least, most important is article 19 (financial resources): financial resources for the chamber's performance are provided from:

- membership fees,
- **payments for services provided by the chamber,**
- donations,
- other sources,
- **from the state budget.**

The funds referred to in the fifth indent of the first paragraph of this article shall be provided to the chambers for tasks based on "public functions" which it performs according to the special law.

The GZS Statute (amended many times from 2011-2015) stipulates in the preamble that it was adopted by the Chamber's Assembly based on article 26, para 1 and 2 of the Chamber of Commerce Act (ZGZ). Article 26 determines the transformation of chambers according to the new Act (ZGZ), it means that chambers must harmonize their statute and activities with this new Act (within a five-month period of the Act's enforcement). The Statute in its first article stipulates that the Chamber of Commerce and Industry of Slovenia (hereinafter: GZS) is an independent, voluntary, interest and non-profit association of legal and natural persons that performs economic activity on the market for:

- exercising the influence of its members vis-à-vis the state, **trade unions**, bodies and institutions of the European Community and other partners in the adoption and implementation of economic policy and the economic system;
- the provision of economic promotion services; and
- exercise of **public functions**, following the law.

The basic purpose and goals of all activities of the Chamber of Commerce and Industry are to contribute to the improvement of business efficiency and competitiveness of members in the global market, and thus also to the growth and efficiency of the Slovenian economy.

Further on, article 1 determines that in **social dialogue** GZS has the role of one of the **employers' associations** in the Republic of Slovenia, according to the Chambers of Commerce Act and this Statute.

Article 64 defines the sources of income:

- GZS membership fee;
- specially earmarked funds provided by members on an interest basis;

- payments for services rendered;
- funds from the state budget for the implementation of delegated public tasks;
- donations and gifts; and
- other sources.

The Management Board inter alia determines compensation for the services of the Chamber of Commerce and Industry in the exercise of public services in agreement with the Government of the Republic of Slovenia (article 47).

It is also interesting to see which services are included in the membership fee (article 6 – the membership fee for the joint tasks of the Chamber of Commerce and its affiliates-associations and chambers).

The membership fee finances the representation of the interests of members in the procedures of adopting and implementing laws, strategies and other acts in the field of the economy and economic policies; tasks in **social dialogue** and other joint tasks from the annual programme of GZS and for the tasks performed according to the annual work programmes of affiliated associations and chambers following the rules of associations or chambers. Other services are charged *separately* by the Chamber of Commerce and Industry. The Chamber of Commerce and Industry (GZS) must publish financial statements, the last one, for 2017, is on its website.

Without taking the analysis further, the question is how is it possible that the GZS Statute adopted under the Chambers of Commerce Act simply invents new, very important, elements that define GZS as one of the social partners in the Republic of Slovenia? Nothing in the abovementioned Act would support the conclusion that the Act determines the performance and activities of the Chamber in the labour and social field; all the activities described and all the procedures described are typical for chambers.

GZS simply undertook two functions, unifying the role of chambers with the role of EBMOs in social dialogue (according to which law is unclear), it has a place in the Economic and Social Council (ESC) and is allowed to bargain collectively and sign collective agreements. It is especially strange that while the representativeness criteria for trade unions and their associations were determined many years ago, the issue of employer organisations' representativeness for the purposes of concluding collective agreements and representation on tripartite bodies remains unresolved to date. Perhaps something happened in the history of this development that is undocumented and unknown? Was there (once) mutual acceptance and/or agreement?

In any case, the problem ZDS is faced with will certainly be further discussed with colleagues from the Region, IOE and ILO. This is not a proper legal analysis, as already mentioned, it is simply a first summary of the basic legal issues. Tackling this issue will need more time and more

efforts, as well as something that is very important for the employers – a key value – solidarity, which will greatly help to solve the related challenges, as has always been the case in the region.

Issues related to internal organization and structure

Concerning internal organization and structure, the EBMOs reported some needs and/or emphasized some problems.

BA (Albania) is thinking about possible reorganization and their financial difficulties. Having so many problems, and being in an uncertain situation, it is difficult to determine priorities, and to decide on further education and/or training. BA would like for the moment to change the overall business climate and to take the leadership role in business representation.

UEARS (Republic of Srpska) is currently preparing a new organizational structure, which should be finalized by the end of the first quarter of 2021. The organization is fully aware of the fact that with the increased activities they have already introduced, there is a clear necessity to increase the number of employees. The plan is to employ two employees in 2021 and by the end of 2023, the total number should be seven. Therefore, they need financial assistance to be able to have the proper organizational structure.

HUP (Croatia), noting that there is always room for improvement, would like to learn more from the best practice examples of the best European EBMOs, in particular, those that are successfully functioning in times of crisis, best examples of *highly functional organization structures* (and with the best track record in the field of collective bargaining and social dialogue in general).

SAE (Serbia) emphasized the strong need for more employees, particularly lawyers and economists, but financial obstacles prevent them from employing more staff in the head office permanently, since other employees at the regional level/local level are paid by affiliates, according to the abilities and plans of regional associations.

SAE would appreciate IOE/ILO expert assistance in the area of improving their Statute(s). SAE's Statute has gone through changes over the years. It is considered to be a document that should follow the evolution of the organization and its needs. Assistance would be appreciated in bringing SAE's Statute closer to EU standards and practice.

Priorities concerning the relationship between the confederation and affiliates

Branch associations belonging to UEARS are legal entities; they are independent in financial and organizational terms. Branch associations pay membership fees to UEARS. UEARS would like to improve the communication between the Confederation and branch associations, also, branch activities should be increased and strengthened. The problem is also a lack of efficient human-

resource policies starting at the recruitment level and a relevant financial analysis of all the costs incurred by branches is lacking. They would appreciate benefiting from the expertise of well-developed EBMOs related to the abovementioned deficiencies.

Concerning additional training for junior staff members, HUP emphasized that some had already been included in relevant ITCILO industrial relations training programmes, which are highly recommended. Therefore, HUP would highly appreciate such a possibility continuing.

MEF would welcome training programmes to enable the exchange of experience with mature EBMOs in developing services and providing support to the work of MEF Committees/branch associations and also training for management structures within MEF Committees/branch associations.

SAE, while describing the development of branch associations in the past, raised a point that can be attributed to almost all the EBMOs in the region. Unlike the majority of European EBMOs that have already gathered existing sectoral organizations, SAE started by forming the central organization and then turned to organizing its members into sectors. This process has had its ups and downs because of a lack of members' rigid orientation in terms of belonging to one of the sectors listed by SAE and their clear orientation towards joint goals. At the end of the process, sectors remained a source of an internal division, with companies paying membership fee directly to SAE, but important steps have been taken to establish a firm, functional core in the majority of sectors with elected relevant bodies, organized meetings and discussions on relevant sectoral questions, etc.

This situation with confederations being established first may have arisen due to a legacy from the past and to delays in the development of freedom of association, and employers in the region had to catch up with developed Western European EBMOs. They simply had to make up for lost time.

In some cases resistance to change may be the cause of such a situation and sometimes the lack of sufficient membership within the specific sectors. Of course, all is well while members are satisfied with the way that the problems of the sector to which they belong are being addressed.

All EBMOs are aware that the simple introduction of new services is not enough; marketing those services is essential, not only to existing members but also to attract non-members. All remember some seminars and training-programmes on this topic, which underlines that the marketing of EBMO services is not like marketing and selling one simple concrete product. It can be harder to express the value-add of intangible products such as services. Also, EBMO services are very niche, belonging to very unique and specific organizations that have an important role in society as a whole. Training programmes could be used as an opportunity to improve the marketing of new services that have been developed during the Covid-19 crisis.

Concerning the issue raised by SAE that its members are not active enough, the situation is more or less the same in the whole region and this belongs to “standard” training topics related to membership issues: how to better communicate with members and receive their feedback? It is a long-term process and EBMOs must constantly invest effort and time in their relationship with members to encourage them to be active participants and to involve them in EBMO activities. According to EBMOs from Western Europe, significant time is needed to “convince” members of the value of being active and involved in the relevant agenda. For example, it took five years for these EBMOs to convince their members to become actively involved in the preparations for transitioning from national to EU legislation following accession.

Experience shows that members appreciate activities at local/regional level; they appreciate it when they are visited and listened to. Only then do they have the feeling of belonging to one “Employers’ family”, to belong to the EBMO in question. Whenever possible, it is recommended to individualize service provision and/or training. Another option is to identify members who risk leaving the organization and to invest more efforts and time in the relationship. It is also advisable to emphasize and promote cooperation among members.

Concerning involvement in concrete activities organized by the EBMO, it is a must to be able to prove the link between members’ responses and the resulting proposals (for example if the EBMO is gathering member feedback on a topic such as employers’ contributions to healthcare and pensions) and to be able to demonstrate the success of EBMO lobbying towards the Government.

Priorities related to social dialogue

BA, being unsatisfied with both bipartite and tripartite social dialogue, would welcome training programmes for junior staff in the field of social dialogue and industrial relations. BA is not satisfied with the current situation in the economy caused by the impact of Covid-19. The role of BA, and also the trade unions, has been eroded. Energy in the scope of activities of the social partners has disappeared. BA is not satisfied with the role and functioning of the National Labour Council. Expert intervention would be necessary to resolve this, but there should be a shared request by the three partners and the Government should probably take the first step.

UEARS considers bipartite social dialogue (at all levels) still to be very weak. Only a few branch collective agreements are concluded in industry. Trade unions are not representative at all in certain sectors, and there is low trade-union density in industry and lack of knowledge on both sides. Structural gaps include lack of representativeness and a mandate to negotiate, limited sectoral collective bargaining and low collective bargaining coverage, lack of social partners’ autonomy in some cases (TU) and lack of trust between the social partners. Therefore capacity building should be recommended for the enhancement of skills, abilities and powers of the social partners to engage effectively at different levels in social dialogue, collective bargaining, bipartite consultations and influencing public policymaking via advocacy. Also, and above all,

there is a lack of mutual trust between the social partners. Although several training programmes have been followed, there have been no concrete improvements.

UEARS is relatively satisfied with the efficiency of the work of the Economic and Social Committee but thinks that the Government should not negotiate separately with each of the social partners. Generally speaking, tripartism is not a *modus operandi* in ministries other than the Ministry of Labour and Social Affairs.

HUP would like to learn more from the best practice examples of the best European EBMOs, in particular, those that are successfully functioning in times of crisis; as well as best examples of highly functional organization structures and *with the best track record in the field of collective bargaining and social dialogue in general*.

HUP reports that for a long time the Government persists in not respecting social dialogue and violating it in several ways. The examples are described in detail in the first part of the annexes and are related to the procedures in the context of comments and opinions on draft legislation (timing, relevant format, circumventing previous agreements etc.) and to the fact that the Government invites representatives of the interested public to meetings convened for the social partners. Furthermore, there are cases where the social partners at the national level have not been included in the creation of important policies, such as the European Semester and, most recently, in the implementation of Covid-19 measures and the Recovery and Resilience Plan.

This can be put into perspective with the following principles (developed by the ILO supervisory bodies based on complaints made by EBMOs)⁸² related to *consultations*. In this case, the principles are developed by the the ILO Committee on Freedom of Association (CFA).

“Tripartite consultation should aim, in particular, at the joint consideration of matters of mutual concern with a view to arriving, to the fullest possible extent, at agreed solutions, including in relation to the preparation and implementation of laws and regulations affecting the interests of workers’ and employers’ organizations (see 334th Report, Case No. 2254, paragraph 1065⁸³). Employers’ and workers’ organizations should be consulted fully by the authorities on matters of mutual interest, including the preparation and application of legislation which affects their interest and the determination of minimum wages. This helps to give the laws, programmes and measures adopted or applied by public authorities a firmer justification and helps to ensure that they are well respected and successfully applied. The Government should seek general consensus as much as possible, given that employers’ and workers’ organizations should be able to share in the responsibility of securing the well-being and prosperity of the community as a whole. This is particularly important given the growing complexity of the problems faced by societies. No public authority can claim to have all the answers, nor assume that its proposals

⁸² Employers’ Organizations and the ILO Supervisory Machinery, ILO, International Training Centre, Turin, 2006

⁸³ All reports/cases relate to the Committee on Freedom of Association (CFA), that is one of the ILO Supervisory bodies

will naturally achieve all of their objectives (see 328th Report, Case No. 2167, paragraph 295). Tripartite consultation should take place before the Government submits a draft to the Legislative Assembly or establishes labour, social or economic policy, and such consultation should form part of the elements required for the Government to take its decision, specifically because the confederations principally representative of workers and employers represent them, that is to say, they represent employers and a very considerable proportion of the labour world (see 334th Report, Case No. 2254, paragraph 1066). It is important for consultations to take place in good faith, confidence and mutual respect, and for the parties to have sufficient time to express their views and discuss them in full with a view to reaching a suitable compromise. Governments should take these principles into account in social and economic matters, particularly with regard to setting minimum wages, drafting the code of labour procedure and developing tax laws, and should ensure that they attach the necessary importance to agreements reached between workers and employers (see 328th Report, Case No. 2167, paragraph 296).

This may be the opportunity for both EBMOs and workers' organizations (it is likely that they have the same problem) to jointly seek better solutions in the process of consultations and to have a stronger impact on the Government's attitude and decisions.

Some positive recent trends can also be reported; MEF describes the relationship with trade unions as professional, with mutual respect and the capacity to discuss all topics. A positive example was given of working with the unions to increase the minimum wage and reduce labour costs in 2019 and MEF expressed no need for further education and training in this area.

On the other hand, Montenegro needs flexibilization of labour legislation under the conditions of the Covid-19 pandemic, which means that MEF needs expert support for the processes that must very soon begin in this regard. Assistance in the part of the work that includes harmonization of legislation with EU directives and ILO conventions will be especially important to MEF.

According to BCM, collective bargaining is very poorly developed at almost every level. BCM would appreciate a training programme on EBMO lobbying and advocacy.

There are, like in Montenegro, positive trends in Serbia because mutual understanding and respect of the partner's perspectives and positions have matured over time and they are now communicating on a much higher level, replacing the heated arguments of the past.

Serbia's ESC has adopted 17 SAE initiatives over the past 18 months, by consensus of its tripartite constituents which include Government representatives. Notwithstanding, IOE/ILO assistance with more active follow-up from the Government side would be highly appreciated. Slow or no reaction from the Government side is partly coming from differences in ministries and due to ignorance of the nature of tripartite relations and the role of social partners. Therefore, IOE/ILO support for the legitimacy of SAE's role would be most welcome.

ZDS reports the common sticking point in all negotiations: the representativeness of the Chamber of Commerce, given that it is established by law and co-financed by the state. Although all countries in the Region implemented the relevant legal framework (except Slovenia, as further discussions will be needed between ZDS, IOE and ILO/ACTEMP, especially taking into account the first enabling condition for social dialogue – “Strong, *independent* workers' and employers' organizations with the technical capacity and the access to relevant information to participate in social dialogue”)⁸⁴, some systems are still immature, characterized by mistrust and/or by a predominance of a conflict-based relationship. Here, concrete steps have to be taken to improve relationships so that genuine partnerships can develop.

In the unequal match with the chambers of commerce, ZDS is in a very difficult position. ZDS would benefit from examples of good practice on how to respond in such conditions from countries with a long tradition of social dialogue. Given the small size of both ZDS and Slovenia, it is important to connect with e.g. EU as well as with EBMOs from other Balkan countries (AREC). Such partnerships would enable ZDS to formulate common priorities and joint statements and opportunities for more successful communication, both at the state level and at the EU level. An unambiguous definition of representative social partners on the employer side would give the association equal opportunities to participate in social dialogue, especially in bipartite social dialogue.

It is interesting to note that in certain cases common projects developed by social partners were “win/win” solutions (HUP) and the cooperation was fruitful, but, unfortunately only during the project’s preparatory phases. It is a pity that the cooperation did not continue and that it did not include the leaders of both social partners. Being the “natural” partners on the opposite side of the economic spectrum, but with the final goal that includes the prosperity of a country as a whole, EBMOs and trade union organizations (TUs) must be oriented towards each other.

Prerequisites are the establishment of clear priorities, better organization and more cooperative behaviours since this is one of the important tasks in making bipartite social dialogue more effective. Both sides should work on fostering a partnership culture. That is why the idea of the bipartite body (the Belgian case) emerged but as a model with an informal structure (the body in Belgium has a formal structure, expenses are paid by the Government) primarily because it may “force” EBMOs and TUs to organize themselves. How is the cooperation going to be developed if they do not meet and discuss anything at all? The “body” probably does not reflect the real intention, it should be a specific type of initiative or meetings within the framework of taking joint positions in the relevant area, or simply a bipartite collaboration system to strengthen the parties’ impact on government decisions. Meetings should be organized regularly and include leaders from both sides.

⁸⁴<https://www.ilo.org/ifpdial/areas-of-work/social-dialogue/lang--en/index.htm>

Priorities related to other topics

BA would appreciate training on lobbying and advocacy that will provide a wealth of practical advice, relevant tools, some best practice examples and exercises. BA needs to improve lobbying and advocacy effectiveness.

UEARS would need assistance on the following topics:

- the preparation of a strategic plan for increasing membership and mobilizing membership, to encourage members to be proactive and thus participate in the overall activities of UEARS; and
- the preparation of an efficient communications strategy and plan of communication activities.

Also, UEARS needs financial assistance/project to digitalize communications with members (CRM software, integration with social networks/platforms) and therefore, ToR should be drafted for UEARS. Financial resources are also needed to strengthen public relations activities, to organize relevant campaigns and to improve and increase overall activities related to advocacy.

In addition to the above, the priority linked to labour legislation for the moment is Occupational Safety and Health (OSH); the experience of well developed EBMOs would be very welcome.

Also, UEARS has already prepared a registry of parafiscal burdens on employers, but they would need a comparison with other countries, and policies and arguments that have been developed. There is another issue in the area of setting and adjusting the minimum wage, and it would be useful to have arguments that would help employers in the bargaining process. UEARS would appreciate help on a project/research on employers' needs when it comes to skills.

HUP/CEA would very much appreciate receiving additional information on the following:

- Negotiation skills (in the bipartite and tripartite context) for HUP/CEA employees;
- European Pillar of Social Rights and its consequences on social dialogue and EBMOs;
- European Semester and inclusion of social partners in it; and
- EC's proposal on minimum wages.

To accurately record MEF's problems, two points are important:

1 – Parliamentary elections were held in Montenegro on 30 August 2020. The election was held simultaneously with the local elections in five municipalities. For the first time in 30 years, MEF is witnessing a change of Government; the election resulted in a victory for the opposition parties and the fall from power of the ruling DPS, which had ruled the country since the introduction of the multi-party system in 1990.

These are big changes in already special circumstances for the whole country. MEF has an important role in the processes that follow – both in terms of supporting policymakers and decision-makers in future activities for building an environment for sustainable business development, and for action aimed at helping the economy affected by the Covid -19 crisis.

2 – The current situation in the Montenegrin economy shows that the problems recorded by MEF seven years ago, in its strategic document "5 business killers", still persist. They are not the exclusive product of the pandemic, but primarily a reflection of the long-standing state of the economy, which this crisis has made more real, deepened and brought to the fore.

MEF therefore needs support to strengthen its capacities and to successfully respond to the challenges of the Covid-19 crisis. It is expected that the economic situation in Montenegro will worsen (according to all the forecasts of the international financial and economic organizations). This will lead to a reduction in the number of companies, which will lead to a reduction in the number of MEF members. MEF also needs support towards achieving the efficient and effective tripartite social dialogue in Montenegro that was lacking during the Covid-19 crisis. MEF believes that in 2021 there must be more listening and understanding of the involvement of social partners in the process of tripartite decision-making in labour, economic and social policy.

MEF emphasized the importance of organizing an official visit of high-level representatives of IOE and ILO to MEF and Montenegro. MEF needs expert support for its effective participation in the impending process of labour legislation flexibilization because of the impact of the pandemic. As stated previously, assistance in the part of the work that includes the harmonization of national legislation with EU directives and ILO conventions will be especially important.

It would be very useful if ILO and IOE could support the implementation of MEF's projects. The 1st group of projects are those aimed at the development of entrepreneurship and MSMEs. This includes training for trainers, organization of training for MEF's member companies (including online training), conducting research, creating and writing thematic publications, etc. A special target group for training would be women and young people because they are particularly affected by the Covid-19 crisis. The 2nd group of projects aims to support the process of digital transformation in companies. This includes 1) support for the introduction of digital technologies in all areas of business; and 2) support for the education of employees in the field of digital skills. Project support for the development of certain business applications (web and mobile) that MEF could offer to its members would also be very useful. Capacity-building support for the General Secretariat stands out as particularly significant to MEF.

Training needs:

- Effective advocacy and policy influence (evidence-based advocacy, stakeholders' mapping, etc.);

- Analysis of the business environment (tools available – EESE, Market systems analysis, etc);
- Membership retention and increase strategies;
- Services (types of services that can be set up, including online training for members);
- New topics for EBMOs (green economy, digital transformation, productivity, skills etc);
- Responsible business practices; and
- Training of MEF technical staff /employees of the General Secretariat (ToT) based on the ILO Start and Improve Your Business methodology (SIYB) and Gender and Entrepreneurship Together (GET Ahead) training.

BCM also emphasized the importance of an official visit by high-level representatives of IOE and ILO. The shared experience in the Region is that such visits result in concrete outcomes in terms of actions, changes, and improvements. All other tools and endeavours lack the impact of one single visit of “somebody very important” from the relevant international organization. BCM would like to gain additional education in the field of digital transformation, considering this to be a very important issue for member companies. Within the agenda of digital transformation, BCM identified cybersecurity as one aspect worth further consideration.

SAE is interested in learning more about digitalization/digital transformation; SME development; parafiscal fees; future of work (skills needed for the future) that are common topics for the Region. SAE believes that comparative analysis of solutions and practices of mature EBMOs in EU countries in any of the abovementioned fields would be extremely useful for all EBMOs in their Region and that the selection of the particular issue(s) could be based on IOE’s expertise and ability to provide experts.

SAE would particularly welcome assistance related to its efforts to reduce and bring more order to issues related to taxes and contributions. Information from EBMOs in leading EU countries and strong economies on what these include, how they are calculated, what tax reliefs there are, etc. would significantly back up SAE’s efforts in creating a conducive business environment. This is because, every time SAE makes a proposal in this area, there is a counter-question on where such a proposal is already successfully in force/applied.

One of the topics that arose during the pandemic was teleworking and SAE reports the need to learn more to provide better services to members in this area, and especially to MSMEs. Considering that amendments to the labour law are expected, SAE would appreciate assistance in this field, such as a systematic overview of the EU’s legal framework and of the agreement signed between EU social partners.

SAE is investing every effort into meeting the needs of its members, irrespective of sector, size, or place of operation, by providing a variety of services. However, encouraging more companies

to use their services remains a problem and SAE would appreciate help on how to make their services more popular and appealing. Another area where assistance is required is in incentivizing/encouraging members to become more actively involved in SAE's activities.

When it comes to the role of EBMOs in combating the consequences of Covid-19, it should be stressed that the Region showed remarkable success. Despite limited resources, either human or financial, the EBMOs demonstrated all the necessary elements of excellent performance in times of crisis (not only related to the pandemic). They demonstrated timely responsiveness to the new situation; resilience and determination; the visibility and relevance of EBMOs were maintained (if not improved); they found creative ways of providing services to members; and they showed the kind of advocacy and engagement with social partners (although they were sometimes not asked for contributions) that had to be pursued in search for the solution to the crisis.

Annexes: All you need to know about the EBMOs in the Region before and during Covid-19

I. Employer and business membership organizations in the Adriatic and Western Balkans region

Albania - BiznesAlbania (BA)

a) Some history...

The Union of Albanian Business - BiznesAlbania (BA) is an independent, non-governmental, non-political and non-profit organization based on voluntary membership. BA was founded and registered on 7 December 2010 according to Court Decision no. 2968, dated 07.12.2010. BA is Albania's largest business association, made up of 45 members, the biggest business associations and direct companies. BA is an independent voice of Albanian business at the national and international level.

BA is formally (officially) represented in the most important policy forums in Albania. It sits in the National Labour Council (the tripartite council comprising employers organizations, trade unions and government representatives); all the commissions of the National Labour Council, the National Economic Council (the highest economic forum chaired by the Prime Minister of Albania), the Administrative Council of the National Employment Service, the National VET Council, the National Reconciliation Office (composed of two business representatives, two trade union representatives and chaired by the Ministry of Labour representative, it conducts a procedure similar to arbitration), and on all the boards of Albania's vocational schools.

It is internationally recognized, as a member of IOE, partner of ILO, and a candidate for membership of BusinessEurope.

BA has managed to develop and maintain permanent channels of communication with policymaking bodies (ministries such as the Ministry of Labour, the Ministry of Business and Trade, and the Ministry of Finance) and at administrative levels (executive agencies such as the General Department of Taxes, the General Department of Customs, the Albanian Investment Development Agency. Its availability and flexibility in addressing problems from a wide range of business categories (many very different sectors, business sizes, geographical areas) have made BA unique in providing business access to government agencies. Many members state that BA has made their life easier.

BA actively contributes to the improvement of the business climate and the elimination of business barriers and provides a wide variety of services to its members, as well as representing the interests of employers in tripartite working groups and bodies at the national and regional level that work on the development of legislation, strategies and action plans. BA services include the provision of legal advice in areas relevant to enterprise operations, economic

studies and analyses, seminars and training, publications, the implementation of EU-funded projects, and networking activities at national and international level.

There are no BA regional offices.

b) internal organization

For the moment there are only three permanent BA employees. BA also engages external experts for relevant and specific tasks. All staff hold a university degree and other qualifications in their fields. There are different financial obstacles to employing more people (a pandemic situation, difficulties of members to pay the membership fee, the mentality of members paying only when they have problems and need the support of BA, etc.). Three departments are established within the head office – International Relations and Projects, Financial, and Legal. BA is planning to employ more experts permanently, but for the moment it is not possible.

BA's governing bodies are a General Assembly, Governing Board and President.

The General Assembly is the highest (supreme) decision-making body of BA. The Assembly is composed of the full representatives of BA members. Each BA member has the right to participate in the work of the Assembly and the right to vote through its representative or authorized representative in the Assembly. The Assembly elects the President, with a mandate of three years with the right to be re-elected. The Assembly is convened at least once a year (regular Assembly). It is called by the President, or by one of his deputies with his authorization, by 30 June of the following year, with a decision of the Steering Board.

Work and operations of the BA are managed by the Governing Board. The Governing Board is convened, at the invitation of the President, at least six times a year (every two months), in ordinary meetings and extraordinary meetings each time the President deems it appropriate, or when a request is made by at least one-third of its members. Governing Board members step down from the Board at the end of the three-year mandate, with the right of re-election. For its work, the Governing Board reports to the Assembly. The President is elected by the General Assembly, in the manner provided for by BA's Statute, from among the presidents of member associations or their legal representatives. The President shall hold the office for three years, with the right to be re-elected.

c) Structure (national "peak association" and their affiliates)

BA's mission is to promote and protect the common interests of members. The fundamental value upon which BA was built is solidarity among its members.

BA has voluntary membership - entrepreneurs, large enterprises and business associations. BA's membership comprises 45 of the biggest business associations and companies as direct members. Business associations are from different sectors of the economy such as construction, tourism, hydrocarbon, food and drink, agro-processing, tourist operators,

transporters, clothing and shoe producers, wood processors, insurers, etc. The largest companies are direct members and also from different sectors of the economy.

BA's affiliate associations are independent in financial and organizational terms. Unfortunately, due to the financial problems caused by Covid-19 some of the affiliate associations have difficulties collecting membership fees, which is reflected in BA's budget. New members are also targeted through projects and actions that BA has realized over the last five years through a specific set of services developed within projects. Increasing membership is always a priority and challenge, primarily because of the impact on the representativeness and strength of the organization, as well as membership fees that contribute to financial sustainability. So far, BA has succeeded in being a dominant part of the largest and most important economic entities among its membership. The most significant obstacle to attracting more members is the mentality of Albanian employers, as well as insufficient awareness of the importance and strength of unifying employer and business attitudes and interests.

Services for members – BA provides business information and informs members about legislative and other legal acts important for the smooth functioning of business; protects the interests of members in relations with the Government, trade unions and other administrative authorities, as well as other domestic and foreign institutions and organizations; advises on legal issues free of charge; provides free-of-charge access to workshops and round tables that can also be tailor-made to the needs of companies; and provides participation in national and international events, fairs and business forums.

Along with representing the interests of employers in tripartite working groups and bodies at the national level that work on the development of legislation, strategies and action plans, BA services include the provision of legal advice in areas relevant to enterprise operations, economic studies and analyses, seminars and training, publications, the implementation of EU-funded projects, and networking activities at national and international level. Within BA's total revenue structure, the share of membership-fee revenue is about 30%. The rest comes from revenues from implemented projects and services. Revenues from projects are very important.

Other useful information:

BA cooperates with numerous EBMOs, international forums and bodies and other entities at the international level. Cooperation agreements are signed with the North Macedonian Employers Organization (BCM), the Montenegrin Employers' Federation (MEF) etc. BA founded the National Chamber of Handicrafts and helped in the foundation of other EBMOs at the local and sectoral level.

d) Social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue

Social dialogue in Albania has a short history. It celebrates its 20th anniversary this year, with the creation of the National Labour Council (NLC) as the highest tripartite consultative body, which was created in 1996 based on the Labour Code of the Republic of Albania.

Social dialogue has experienced ups and downs like Albanian society itself, sometimes with strong social partners, sometimes with ones weakened by the political environment and other pressures. Coming from a closed, self-isolating society and a prolix transition, social dialogue has reached a structured stage but is still far from operating within EU parameters and standards. Tripartite social dialogue is realized through the participation of social partners in tripartite institutions at national and regional levels. The Council examines issues of common interests for the organizations of employers and employees to find an acceptable solution for the parties.

Consultations are held especially on the preparation and implementation of labour legislation; amendments to the National Labour Council (NLC) and the content of by-laws; policies and national organizations dealing with employment, vocational training and qualification; protection of employees; OSH and well-being issues; programmes for economic and social development, as well as the application of ILO standards.

The NLC aims at maintaining social stability through harmonization of interests of the parties; supporting dialogue between the Government and social partners; minimizing social conflicts; reaching an agreement acceptable to all parties through information exchange and review of alternative proposals and other issues that are the same in all countries.

The NLC consists of 27 members where the Government is represented by seven members (Ministers) and the employers' and employees' organizations are represented each by ten. The EBMOs and trade unions participating in the NLC are appointed every three years by decision of the Council of Ministers based on representativeness indicators defined in cooperation with and with the consensus of these organizations.

The NLC Chair is the Minister of Social Welfare and Youth. The NLC has an independent budget. The NLC approves a meeting agenda and meets in observance of the programme or upon the written request of each party to the NLC Chair in compliance with the internal standing rules laid down for the operation of the NLC. The Council meets four times a year.

The NLC was restructured in December 2013. The members and candidates of the NLC have been appointed according to the proposals of the employers' and employees' organizations with the Order of the Minister No. 287, dated 18.12.2013 "On the appointment of members and candidates of the NLC, representatives from employers' and employees' organizations".

Six specialized tripartite commissions function alongside the NLC (Law Commission, Commission of Employment, Vocational Education and Training, Payroll and Pensions

Committee and the Social Safety Committee, Working Conditions, Health and Safety, Equal Opportunities Commission, Disability and Youth and the Commission of Economy and Finance), and are previously consulted on all matters scheduled for discussion by the NLC.

Consultation takes place in the following tripartite councils:

- Administrative Tripartite Council of the National Employment Service
- Administrative Tripartite Council at the State Social Insurance Institute
- Administrative Tripartite Council at the Institute of Health Insurance
- National Council of Education and Vocational Training
- Tripartite Councils at the regional employment offices
- Executive Councils in public vocational training institutions

Some ninety unions are established in Albania, which are registered in the Ministry of Social Welfare and Youth. Some execute their activity under the auspices of the confederations, while the rest operate independently. Two large and highly sensitive influential confederations are the Confederation of Trade Unions of Albania (CTUA) and the Union of Independent Trade Unions of Albania (UITUA), which are represented in the National Labour Council. Two major confederations represent about 90% of union members in Albania. CTUA and UITUA are represented in the 12 districts of Albania and operate mainly in the sectors of education and science, state-administration employees and retirees, industry, agriculture and food industry, public health sector, transport, petroleum, construction, textiles and handicrafts, trade, metallurgy and chemistry, telecoms. Unions are present in both the public sector and private enterprises (former state enterprises) though their representation in the private sector is weak primarily because of the fragmentation of the private sector where SMEs prevail.

Social dialogue at the sectoral level is not developed enough and this is explained not only by weak TUs in these sectors but also by the lack of a culture of dialogue, and scepticism in general. Collective bargaining is more developed in urban areas, especially in Tirana, Durrës, Shkodra, Vlorë where there is a concentration of large enterprises.

At the sectoral level, 17 collective agreements have been signed concerning the public and private sector in education, health, art, culture, agriculture, environment, public safety, construction, air transport, oil and energy.

Social dialogue is reflected in the following documents and strategies of the government of Albania:

- National Strategy for Employment and Training 2014-2020;
- Policy Action Plan for Safety and Health at Work 2015 - 2020 and

- National Plan for European Integration 2015-2020.

Strengthening social dialogue at the national level is considered a priority and the practice of social dialogue is accepted as an essential tool in industrial relations and society in general. However, the functioning of social dialogue at the regional and local level remains a long-term challenge. In three of these strategic documents, social dialogue is regarded as the main tool for improving the labour market, the drafting, monitoring and evaluation of national education policies, vocational education and training qualifications, the drafting and implementation of high standards of health and safety at work. On 28 October 2015 ILO conducted bilateral and tripartite meetings for the new programme priorities of the Decent Work Agenda 2016-2018, where the improvement of social dialogue was defined as one of the top priorities: Strengthening tripartite institutions/ Strengthening the social partners – workers’ and employers’ organisations/ Knowledge sharing & capacity building for better representation and voice in decision making on decent work/Greater representation for trade unions and employers’ organizations in the global debate.

Although BA is a relatively new EBMO it has become a strong voice in support of the interests of Albanian employers. Over a short period of time, it has managed to become a key player in the world of labour and the economy. In many cases, the Government has taken into account its suggestions for changes made in social, economic and fiscal packages. BA has representatives in regional reconciliation and dispute resolution agencies, all regions of the country, and assigns the chair of the Board of all vocational schools in the country.

BA works with its members to be a realistic and reliable source of social dialogue by providing strategic advice for the interests of employers and businesses.

The labour market is characterized by a dichotomy of private enterprises, where a considerable number of companies suffer from a relatively high degree of industrial conflict with neither acceptance of the other party’s legitimacy, nor mutual trust. However, some enterprises – a portion of big enterprises in the private sector – enjoy good labour-management relations, where collective agreements are for the most part respected and there is periodic communication established.

There are two bargaining levels in Albania: industry (sectoral level) and company level. Currently, the majority of collective agreements are signed at the company level. However, bargaining on wages and working time can take place at both levels.

Tripartite social dialogue continues to be poor and often formal, and lacking at local level. Arrogance is often manifested by the policy- and decision-makers. The state continues to be passive in the development of social dialogue by often placing the social partners before a *fait accompli* policy. Trade unions complain also that social dialogue is not treated as a complex issue and inclusive of all three actors equally.

BA used to have many complaints about the functioning and composition of the National Labour Council. Government proposals to make changes to labour legislation were approved as submitted, without taking into account the proposals of trade unions and EBMOs, or in better cases, only a few were taken into account that did not have any significant impact. On many occasions, there was no information regarding the items of the agenda to be discussed in the following meeting. Sometimes “decision-making” was even fictitious, meaning that the decisions had already been taken even before the meeting took place. This showed a complete disregard toward social partners’ representatives in the Council. The outcomes were very limited tripartite social dialogue and the loss of trust among the partners.

In April 2015 the Government approved new draft legislation related to amendments to the Labour Code for the institutionalization of social dialogue at the regional level through the establishment of 12 Regional Tripartite Consultative Councils according to the model, and experience, of the National Labour Council. This is a new approach and an effort to give an impetus to the strengthening of social dialogue at the regional and local level. The idea is to explore issues of common interest to EBMOs and trade unions to find solutions that are acceptable to the parties involved at the regional level. The consultations relate to regional policies for employment, education and vocational training, worker protection, health and safety, production, welfare, issues of education and the economy. The composition of these regional structures will include 15 members, of which five representatives of EBMOs and workers respectively and five regional governments.

In the recent EU Progress Report on Albania it is clearly stated that “In the field of social dialogue, the new National Labour Council held meetings in December, April and June.” However, work is still needed to make collective bargaining possible at all levels and to increase social partners’ autonomy and capacity to negotiate a collective agreement. There has been some progress in the field of social policy and employment. Efforts have been made towards alignment with the EU acquis on health and safety at work, but further action is needed to ensure effective implementation. The employment rate and labour market participation remain low and the informal economy is still a significant job provider. Several new strategies remain to be implemented and a monitoring mechanism needs to be put in place. Key reforms in the area of social protection have not started yet. Labour market statistics need to be further improved. Overall, preparations in this area are starting.

BA’s recommendations related to social dialogue in Albania

To make effective social dialogue possible in Albania, all social partners need to commit themselves in the implementation of the existing legal framework for the respect of rights at work and ensure optimal safety and health standards in the workplace and to reduce the high level of informal employment. It is essential to increase and strengthen the role of social partners as decent representatives of the interest groups they represent.

- It is necessary to increase the awareness of members of EBMOs and trade union organizations of the role and benefits that these functional organizations play. It is essential to work towards increasing the capacities of organizations at the enterprise and sectoral level to develop social dialogue as a means to managing and solving problems.
- It is very important to apply the law for the establishment of Tripartite Regional Advisory Councils modelled on the National Labour Council. Following the new administrative-territorial reform and practice of tripartism PLUS, the new municipalities should consider the possibility of promoting and coordinating forums for social dialogue with the broad participation of stakeholders.
- It is necessary to increase the level of engagement and cooperation with the media and other actors of civil society to address rights at work and the challenges of employment at the local level.
- Political will and mutual trust are milestones for the implementation of social dialogue in the country. The practice of identifying common priorities for decent work for 2016-2018 by all parties was a good experience for the coordination of cooperation from all partners. An Enabling Environment for Business, Improved Social Dialogue, and the Informal Economy will be priorities in the coming years.

Bosnia and Herzegovina (entity level) - Union of Associations of Employers of the Republic of Srpska (UEARS)

a) Some history ...

The Union of Associations of Employers of the Republic of Srpska (UEARS) was founded on 2 April 2004 in Banja Luka. Thirteen branch associations of employers decided to establish one organization that had already been representing employers' interests in tripartite social dialogue for the previous nine years. UEARS is the only representative organization in the Republic of Srpska that brings together 500 member companies from the private and public sector employing more than 50,000 workers. The Labour Law determined its representativity in 2008.

UEARS is a voluntary and independent organization with the aim of:

- representing the interests of employers in the fields of economic and social matters;
- providing appropriate services to its members following the goals of the Union; and
- establishing and improving the business network at the national level and abroad.

The vision of UEARS is to be the organization that gathers the highest number of employers and is the definitive partner in tripartite relations with the Government and trade unions. UEARS has a huge impact on the adoption of laws and by-laws of essential importance for the effective functioning of the free market. Long-term strategic goals are optimizing its organizational structure; increasing the number of members; financial stability; strengthening internal capacity; improving current services/developing new services and improving lobbying activities and advocacy.

b) Internal organization

UEARS' main bodies are the Assembly and the President. UEARS has approximately six Assembly sessions per year. For the moment, the office has three employees, all with university degrees.

UEARS is currently preparing the draft of Statute amendments that are expected to be adopted at the Assembly session in the first quarter of 2021. Some Statute improvements are related to introducing the possibility of direct membership and possible changes in the Assembly composition. In addition, UEARS is planning to introduce new types/forms of organization at the territorial level and to establish the Executive Board as soon as possible.

c) Structure (national "peak association" and affiliates)

UEARS has a confederation structure, encompassing the following fifteen branch associations:

- Association of Electro, Chemical, Rubber and Industry of non-metals Production and Processing Employers of the Republic of Srpska;
- Association of Energy Sector Employers of the Republic of Srpska;
- Association of Civil Engineering and Building Material Industry Employers of the Republic of the Srpska;
- Association of Graphics and Informatics , Cinematography, Cellulose production, Paper and Paper products Employers of the Republic of Srpska
- Association of Metal Industry and Mining Industry Employers of the Republic of Srpska
- Association Wood Processing Employers of the Republic of Srpska
- Association of Tourism and Catering Industry Employers of the Republic of Srpska
- Association of Agriculture and Food Industry Employers of the Republic of Srpska
- Association of Transport and Communication Sector Employers of the Republic of Srpska
- Association Service Sector Employers of the Republic of Srpska
- Association of Forestry Sector Employers of the Republic of Srpska
- Association Textile and Leather-processing Industry Employers of the Republic of Srpska
- Association of Banking, Financing and Insurance Sector Employers of the Republic of Srpska

- Association of ICT Sector Employers of the Republic of Srpska
- Association of Trade Sector Employers of the Republic of Srpska

The branch associations are legal entities; they are independent in financial and organizational terms; and they pay membership fees to UEARS.

d) Social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue

Bipartite social dialogue is still very weak. The Republic of Srpska has only a few branch collective agreements concluded in industry. The main cause is that trade unions are not representative at all in certain sectors and they are not recognized enough generally speaking. Low trade union density and lack of knowledge about social dialogue on the employers' side should also be stressed as factors. .

Concerning tripartite relations in the Republic of Srpska, the highest body at the tripartite level is the Economic and Social Committee (ESC). There are two other tripartite bodies: the Commission for Informal Labour and the Commission for OSH, unfortunately, with a low level of efficiency and very little impact.

ESC has six seats, three employers' representatives, three workers' representatives and three government's representatives. The three employers' seats belong to UEARS. It is a consultative body; it is not obliged to take all arguments/opinions of the social partners into account. Recently, the voice of UEARS has become stronger and more visible. This does not mean that UEARS is satisfied with the efficiency of the work of ESC, UEARS thinks that ministries other than the Ministry of Labour and Social Affairs should deliver the relevant documents (in the sphere of interests of employers and workers) to ESC and that the Government should not negotiate separately with workers and separately with employers. Generally speaking, tripartism is not a *modus operandi* in ministries other than the Ministry of Labour and Social Affairs and UEARS thinks this should not be the case. UEARS would like to have representatives on the Executive Board of the Health Insurance Fund of the Republic of Srpska, which is not currently the case.

Concerning events organised by UEARS, in most cases the Government accepts invitations and actively participates, thus answering the employers' questions. From this point of view, cooperation is satisfactory.

UEARS's voice has grown more visible in recent years; this is also evident from the Memorandum that was signed with the Government, which is valid from 2017 – 2020. The Memorandum defines the reduction of taxes and contributions, and includes corruption and the issue of the grey economy and how to combat it. One part is dedicated to education development. Almost 90% of the aims set out have been achieved, which is a good sign of UEARS's enhanced position. UEARS also prepared a comprehensive set of proposals and recommendations for the economic reform programme of the Republic of Srpska for the period 2021-2023.

UEARS is ready to prepare a pilot project (if it were possible to receive financial support) for one or two municipalities in the Republic of Srpska that would establish cooperation between entrepreneurs and local employment agencies. This would be the project for the development of local UEARS organizations.

Croatia - Croatian Employers' Association (HUP/CEA)

The Croatian Employers' Association (HUP/CEA) is a voluntary, non-profit, independent association, protecting and promoting its members' rights and interests. Founded in the first half of 1993, HUP/CEA was the first organization established in Croatia to represent private sector interests, while also being the first EBMO in the region, (a Slovenian EBMO was established a year later, only then followed by the others in the SEE region.)

Since 1994, HUP/CEA has been the only employers' representative within the national Social-Economic Council, the highest tripartite social body for social dialogue in Croatia. The Council was established to determine, defend and promote the economic and social rights of business people and workers, to maintain harmonized economic, social and development policy, to encourage collective bargaining as well as the application of Collective Agreements but also to promote their harmonization with economic, social and development policy.

According to the Labour Act of 1996, HUP/CEA, as a voluntary, independent and legitimate employers' association, was given the legitimate right to negotiate in the process of collective bargaining and to sign Collective Agreements on behalf of employers.

HUP/CEA is organized through 30 branch associations that advocate and lobby for the specific economic interests of different sectors.

With its headquarters in Zagreb, and four regional offices in Rijeka, Osijek, Split and Varaždin, HUP/CEA forms a powerful business network in all Croatian regions.

HUP/CEA's main activities:

- Protection and promotion of member companies' rights and interests in the field of labour-social legislation;
- Representation of member companies in relations with State institutions, regional and local authorities and trade unions;
- Representation of members in the field of collective bargaining, closing of collective agreements and labour disputes; and
- Promotion of business rights and interests, protection of private property, development and regulation of the free market, development of competitiveness and a favourable climate for business.

HUP/CEA's membership consists of some 6,000 business people and employers from all industries, employing 600,000 workers, active through thirty (30) sectoral associations. Any business and employer-owner of a company registered in Croatia, as well as any foreign business and employer having a subsidiary in Croatia or operating in Croatia under the legislation in force can become a member of HUP/CEA.

Membership fees are the core source of finance of HUP/CEA activities.

b) Internal organization

HUP/CEA employs 40 persons; seven in regional offices: two in Rijeka, two in Split, two in Osijek and one in the newest regional office in Varaždin. The others are employed in the Zagreb HQ.

There are several departments: Legal Department (eight persons), EU Policies and International Relations Department (one person), Accountancy and Finances Department (three persons) and Sectoral Organizations Department: (14 persons covering 30 sectoral associations). There is also a Director General's Office with two secretaries, as well as Reception and Housekeeping (3 persons).

Education level:

- Doctors of Science (PhD) - three employees
- Masters of Science (M.Sc.) - one employee
- Masters of the profession (Mag.) - seven employees
- University degree – 14 employees
- Higher education- one employee
- Bachelors / Bachelors (Bacc.) - five employees
- Secondary education - medium education - nine employees

HUP/CEA has the following bodies:

- Assembly
- Council of Members
- Advisory Board
- Executive Board
- Supervisory Board

Regional offices:

- Executive Board of the Regional Office in Osijek
- Executive Board of the Regional Office in Rijeka
- Executive Board of the Regional Office in Split
- Executive Board of the Regional Office in Varaždin

The existing structure, proven effective over the test of time, functions well, although there is always room for improvement.

The structure of HUP/CEA is flat and relatively simple. HUP/CEA does not see obstacles, merely challenges, faced by the entire world in this Covid-19 pandemic.

The world of work is changing, the modalities of work are changing, the situation with EBMOs is changing. All organizations have to change to better respond to their members' needs if they want to remain relevant. Inadmissible for HUP/CEA is that a recent Croatian legal case involving working from home, which was a matter of great legal uncertainty because it is governed by only one paragraph in Croatian Labour Law, is becoming more and more a norm, not an exception.

Labour legislation is currently being discussed. While this is one of the most challenging situations in the daily work of any EBMO, HUP/CEA finds that by cooperation with the members and gathering their input on what is needed and what they expect from their membership of HUP/CEA, they get valuable input and directions.

HUP/CEA has been gathering best practice examples in this area and has received examples from other EBMOs that are relevant or comparable with the Croatian situation. HUP/CEA has learned how other similar EBMOs have solved the same issue. In that regard, HUP/CEA has gathered a lot of information from the website of IOE, BusinessEurope, OECD/BIAC and Eurofound.

c) Structure (national, "peak association" and their affiliates)

HUP/CEA is a higher-level organization, as stipulated in the Croatian Law on Representativeness of employers' organizations and trade unions.

Sectoral organizations are not independent, because, again (according to the Croatian Law on representativeness), they do not have legal personality. Also, membership fees are paid to the main HUP/CEA's account, there are no separate sectoral bank accounts, therefore they do not have financial independence.

There is financial solidarity between the sectoral organisations. Except for the current Covid-19 pandemic which has hit all sectors of the Croatian economy, in previous crises (e.g. in 2008) different sectors were hit with different levels of intensity. Solidarity between the sectoral

organizations means that those sectors that have better financial results financially support other sectoral organizations that might find themselves in financial difficulties.

One way of organizing the structure is as good as the next, as long as it serves its purpose and members. There is no one-size-fits-all organizational structure; what is acceptable for BDI for example, may not be appropriate for Confindustria, let alone for HUP/CEA.

d) Social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue

HUP/CEA is a representative social partner to the Government of the Republic of Croatia as are representative trade unions according to the Agreement on the Establishment of the Economic and Social Council (Official Gazette No. 28/2020) signed by the Government and social partners.

This Agreement stipulates the obligation of state bodies to discuss national policies, draft laws, regulations, programmes and other documents, discussions with social partners at appropriate working bodies (working groups for drafting proposals, GSV, GSV commissions). This exclusive way of communicating with the social partners is called social dialogue.

Social dialogue is different from consultations with the interested public, which are open to all other stakeholders in society (including the Croatian Chamber of Commerce and the Croatian Chamber of Crafts and Arts). So the only stakeholders who have a special way of communicating are the representative trade unions and HUP/CEA.

For example, the procedure for drafting a law is to work in a working group in which the social partners are involved. Once this work is completed, a public discussion with the interested public via e-consultation follows. Anyone can participate in the public consultation, including chambers, other associations, NGOs. After the e-consultation, a version of the draft law is prepared based on the comments submitted by the interested public, and this version is submitted to the social partners. This version is further discussed through social dialogue at the ESC session and/or ESC bodies. After discussion with the social partners, the only amendments that may be made are on the proposal of the social partners if they are accepted by the Government, and this version is then submitted to the Government for discussion. After a discussion in the Government, the Government, if there are no objections, sends the Law to the Parliament. If the Government has any proposals, they are again sent to the social partners for an opinion, which is also communicated in the parliamentary debate.

For the social partners to monitor all planned legal changes of the Government, each year the Government sends the ESC Work Programme to the social partners, which is prepared based on the Annual Plan of Normative Activities and the Programme for Transposition and Implementation of the Acquis for the current year. According to the ESC Work Programme, the social partners express their opinion on the changes in the draft laws in which they wish to participate and in what way, and propose legal changes that are not in the Government's plan.

Despite the clear definition by the Government, which is part of the agreement with the EU and part of the EU regulatory legacy, as well as its obligations prescribed by the above Agreement, the Government of the Republic of Croatia, has for a long time and continuously, failed to respect social dialogue and violates it in several ways:

- The Government does not involve HUP/CEA at all in the drafting of individual draft regulations and/or documents, for which HUP/CEA has clearly expressed interest in the plan of regulatory changes. Also, in the case of changing the law that is not anticipated in the plan, the Government is obliged to ask the social partners if they have an interest in participating.
- The Government involves HUP/CEA by providing the version of the proposal that is no longer current or relevant to the discussion. Often HUP/CEA does not get a real and relevant working version of the Law, and often several versions of the Law are under discussion at the same time.
- HUP/CEA is informed, or learns from the news or the Government's portal, when the proposal has already been adopted by the Government and has already been forwarded to the parliamentary legislative procedure.
- The Government changes the proposals discussed with the social partners after the discussion, but not in the direction of HUP/CEA's proposals, and even after passing the Government.
- The Government invites representatives of the interested public to meetings convened for the social partners, where it is clear that people in the ministries do not distinguish the social partners from the rest of the interested public.
- The Government delivers proposals in physical format, which makes re-distribution difficult for HUP/CEA's members.

The result of such a confusing procedure for passing laws is their low or lower quality, which results in poor, or in some cases impossible, implementation, and ultimately ineffective law. Also, such actions are contrary to the procedure, confuse the social partners and create mistrust in the Government as a social partner. They waste time and deploy resources inefficiently, and show misunderstanding and ignorance of the procedure and indistinguishability between the concepts of public consultation and social dialogue. The question also arises as to the long-term survival of social dialogue, ie whether it is possible to be serious and equal in such a dialogue in which the partners do not act in good faith and do not fulfil their obligations.

It should be emphasized once again that the stakeholders of social dialogue are the representative unions, the representative associations of employers and the Government, and all other stakeholders are only the interested public.

In Croatia, the Chamber is not so much of a problem, per se. In any modern society, there is room for chambers of commerce and there's also room for EBMOs such as HUP/CEA.

The real problem with the Chamber of Commerce is its functioning since its inception: it was established by Government decree and behaves like a governmental body with mandatory membership and all issues arising from it.

HUP/CEA has been advocating for its transformation, since the Chamber is currently more of a para-fiscal burden for employers than anything else.

Concerning the possible bipartite body, a similar bipartite body has been established within the scope of an EU-funded project. Some bipartite issues have been discussed, on many topics and sectors. Although it was well-intentioned, this kind of cooperation never yielded tangible results for several reasons: the cooperation was "left" to the lower-ranking officials on both sides, while more senior officials never actually adopted the idea, probably fearing the idea of cooperation of experts on both EBMO and TU sides. Also, there is a lot of mistrust on both sides, and the negotiations, especially on the Labour Law, always exacerbate the situation, with both sides accusing each other of "side-taking with the Government".

The social partners have a special role to play in monitoring the process of economic transformation and in devising balanced measures and solutions that contribute to economic and social progress. Social dialogue at all levels is particularly important for efficient labour markets.

In this context, as a member of BusinessEurope, HUP/CEA participated in the development of the 6th Autonomous Work Programme of the European Social Partners that supports the objectives of the "New Start for Social Dialogue": strengthening social dialogue at European and national level; encouraging the role and influence of the national social partners in the European Semester; strengthening support for capacity building for national social partners, in particular through the European Social Fund.

At the national level, HUP/CEA has repeatedly urged the Croatian Government to closely include the social partners, both HUP/CEA and TU, in the creation of important policies, the European Semester in particular, but also more recently in its Recovery and Resilience Plan. At the end of the day, HUP/CEA learns more about the social partners' inclusion in the creation of different policies from direct communication with BusinessEurope's members. That was the case with the implementation of Covid-19 measures and the national Recovery and Resilience Plans.

When HUP/CEA realised that the Government has no intention of including it in the preparation of the National R&R Plan, it acted proactively and sent HUP/CEA's version of the measures that are urgently needed to the Government. It would have been better to have discussed it directly with the Government, but since it was not possible, it acted proactively and sent relevant proposals.

During the first Croatian Presidency, as well as six months before it, representatives of HUP/CEA were actively involved and participated in the two successive Tripartite Social Summits in Brussels. Also during the Presidency, the President of HUP/CEA acted as Vice-President of BusinessEurope, thus actively contributing to the creation of European Social Partners policies. HUP/CEA is also actively participating in the work of Eurofound, the European Union tripartite agency.

The list of knowledge and experience that can be shared or transferred via peer learning is endless; it is mentioned as a topic of EU social dialogue, but all, so-called “EU topics” can be included, starting with the implementation of the *acquis* and the role of EBMOs in the process of EU labour and social legislation transposition into national legislation.

The Government is promoting tripartite, but not yet so much bipartite, social dialogue in Croatia. Autonomous bipartite dialogue is relatively underdeveloped due to the dominant role of the Government in both creating and enacting legislation, and due to the mistrust between employers’ organizations and trade unions, where the Government tends to act as a mediator, and, as such, controls the process.

Montenegro - Montenegrin Employers Federation (MEF)

a) Some history...

The Montenegrin Employers Federation (MEF) is an independent, non-governmental, non-political and not-for-profit organization based on voluntary membership. MEF was founded and registered on 9 April 2002 according to Ministry of Justice decision no. 02-1976/02. With Ministry of Labour and Social Affairs decision no. 0101-6048/2 of 30 August 2005, MEF was granted the status of representativity whereby it becomes an umbrella employers’ organization in Montenegro representing as such an independent voice of business at national and international level. Having signed the National Tripartite Agreement on 28 December 2006, MEF became a social partner – an official representative of employers with Government and trade unions. MEF is a legal entity with rights and obligations established by the law.

MEF actively contributes to the improvement of the business climate and the elimination of business barriers, providing a wide variety of services to its members. In addition to representing the interests of employers in tripartite working groups and bodies at the national level that work on the development of legislation, strategies and action plans, MEF services include the provision of legal advice in areas relevant to enterprise operations, economic studies and analyses, seminars and training delivery, production of publications, implementation of EU-funded projects, and networking activities at national and international level. There are no MEF regional offices.

b) Internal organization

Bodies of MEF are the Assembly, Management Board, Executive Board, and President. MEF organs are the MEF Council and Branch Committees.

The Assembly is the highest (supreme) body of MEF. The Assembly is composed of the full representatives of MEF members, elected in a way and procedure defined by the members. Each MEF member has the right to participate in the work of the Assembly and the right to vote through its representative or authorized representative in the Assembly of the MEF. The Assembly has a President, with a mandate of four years. The Assembly is convened once a year (regular Assembly) by the document of the President of the Assembly and on the proposal of the Management Board. The President of the Assembly is obliged to convene the regular Assembly at least 30 days from the day of the adoption of the decision by the Management Board with the proposal of the agenda. The work and operations of the Federation are managed by the Management Board between the two regular meetings of the Assembly sessions. The President of MEF is the Chairman of the Management Board and convenes and chairs sessions of this body. For its work, the Management Board reports to the Assembly. MEF's Management Board consists of the President of MEF, Vice-Presidents of MEF, representatives of employers from different economic areas, associations, sectors, branches or groups of activities. The mandate of the members of the Management Board is four years (it is not limited and the same person may be re-elected as a Management Board member). Following the Statute, the Executive Board of MEF consists of the MEF President, MEF Vice-Presidents as well as the representatives of employers from the industrial branches (on the proposal of the MEF President). At the moment, in addition to the President, the Board consists of three Vice-Presidents and five other members who are representatives of employers.

The President is elected by the Assembly on the proposal of the Management Board, and with the mandate of four years (according to the Statute, the mandate is not limited and the same person can be re-elected as President).

For the period of his/her mandate, the MEF President designates MEF Vice-Presidents for specific fields of industrial relations and their number is not less than two or more than seven. The mandate of the Vice-President is four years (the term of office is not limited and the same person can be re-elected as Vice-President). In appointing the Vice-Presidents, the President of the Federation ensures that they are persons with experience in the business sector and are dedicated to affirming and developing MEF's objectives, social dialogue and collective bargaining with stakeholders from the industrial and social arena in Montenegro. At the moment, there are three Vice-Presidents of MEF.

The MEF Council is established as an advisory body discussing matters important for creating and improving the business environment in Montenegro and making a position of them. The Council is elected by the Executive Board on the proposal of the MEF President. Council members can be persons who are highly respected in scientific, professional and business

circles. This body has a President elected by members on the proposal of the MEF President. The Council meets as required.

Branch Committees are established to monitor economic policies in specific industrial branches and they actively participate in the development and implementation of social dialogue and collective bargaining in matters important for the respective branches of industry. Branch Committees can be established for more similar industrial branches.

The Secretary-General is a professional person who independently manages the General Secretariat of MEF and is responsible for its efficient functioning. On the proposal of the President, the Secretary-General is appointed, and dismissed, by the Executive Board for five years (the term of office is not restricted; the same person may be re-elected as Secretary-General). The Secretary-General reports to the President and the Executive Board.

Finally, MEF has a General Secretariat for the conduct of professional, administrative and support services. The internal organization of the Secretariat is regulated by the act on internal organization and the systematization of tasks, adopted by the Executive Board, and on the proposal of the Secretary-General. At the moment, the Secretariat has 11 employees, two with a high-school diploma and nine with a university degree.

c) Structure (national "peak association" and their affiliates)

MEF Membership is voluntary and includes entrepreneurs, small and medium-sized enterprises, large enterprises and business associations. MEF membership comprises 1,248 individual members (legal entities) as well as 53 associations as collective members.

Economic representation and number of members:

- Economic representation by member enterprises (percentage of national GDP): *Estimated at 50%*
- The percentage of member enterprises of all registered national enterprises: *Estimated at 20% of all registered enterprises.*
- Number of workers collectively employed by member enterprises and its percentage concerning all national employees: *Estimated at around 50%*

MEF membership has increased by 6.5% in the last two years (before the onset of the Covid-19 crisis). The main reason for the increase was a more proactive approach to attracting new members by the Department for Members Support. New members were also targeted through projects that MEF has realized over the last two to three years through a specific set of services developed within projects. Also, some companies, and (especially) associations, have joined MEF during the Covid-19 crisis - thanks to the proactive attitude and support provided by MEF to Montenegrin companies and entrepreneurs.

To attract more members, MEF needs to develop new and sector-specific services and this requires certain financial investments that the MEF cannot allocate at this time.

During 2020, by the decision of MEF's Management Board, several Committees for member companies operating in certain sectors of the economy were formed. These are the Committee for Private Health Institutions; the Committee for Trade in Clothing and Footwear; and the Committee for Hairdressing and Cosmetic Services. In January 2021, MEF also formed the Committee for Digital Transformation.

Other useful information:

The most significant entity that can be considered a type of competition to MEF is the Chamber of Economy of Montenegro. There are significant differences between MEF and this organization (e.g. membership in the Chamber of Commerce is mandatory), their structure and funding, but actions sometimes overlap. Also, there are several other organizations in Montenegro that, compared to MEF, have significantly fewer members and more modest technical and operational capabilities. These are the American Chamber of Commerce, the Montenegro Business Alliance, the Foreign Investors Council, the Association of Managers, etc.

MEF is recognized at the national, regional and international level. MEF is a member of IOE (since 2006) and Business Europe (since 2008), it is one of the founders of the Adriatic Region Employers Centre (AREC) and it is the first signatory of the UN Global Compact (UN strategic initiative for enterprises) in Montenegro. MEF closely cooperates with ILO - it was founded with ILO support and acts according to its Conventions and Recommendations.

MEF cooperates with numerous EBMOs, international forums and bodies, and other entities at the international level. Cooperation agreements are signed with the Slovenian Employers Organization (ZDS), Serbian Employers Association (UPS), Croatian Employers Association (HUP), Association of Employers of Bosnia and Herzegovina (APBIH), Confederation of Employers of Macedonia (CERM) and Albania (KOPSH), the Confederation of Industry of the Czech Republic, Association "Italia Opera", and Maltese Employers Association.

[The Civil Society Joint Consultative Committee](#) (JCC) - a civil society platform established between the European Economic and Social Committee (EESC) and Montenegrin civil society (social partners and other civil society organisations). It complements the EU institutional framework related to the Stabilization and Association Agreement between the EU and Montenegro with a civil society perspective. The Civil Society Joint Consultative Committee comprises 12 members. MEF is a member of JCC since its foundation in 2013.

MEF has founded an Association of Business Women and helped the foundation of other employers' associations at the local and sector level.

MEF has formed coordination bodies for cooperation with the Tax Administration, Customs Administration and Ministry of Economy, and with the working body of the Directorate for Anti-Corruption Initiative.

d) Social dialogue at the national level (bipartite and tripartite relations); EU social dialogue

MEF is authorized to conduct negotiations and conclude branch collective agreements. The state of bipartite social dialogue can generally be described as satisfactory; most negotiations have resulted in the conclusion of a branch collective agreement, some negotiations are pending and some have been completely suspended. Collective bargaining at the branch level is conducted with a trade union organization that is represented in a given branch of the economy, and this bargaining is usually more complex than that which takes place at the tripartite level since it expects and implies a greater scope of rights for employees than those provided by the Labour Law or the General Collective Agreement.

Speaking of bipartite social dialogue at the level of the employer, MEF believes that there is the greatest room for improvement. The structure of the Montenegrin economy, according to the number of employees, to some extent provides an answer to the question of why there is no mass trade union organization in economic entities. Namely, over 99% are micro and small enterprises, while about 95% are micro - they employ from 1 to 10 employees. Trade union association and collective bargaining at the level of the employer are most present in large economic entities, namely companies with foreign equity (finance, insurance, telecommunications) and state-owned companies.

Tripartite social dialogue at the national level is conducted between the Government, MEF and two representative trade unions: the Union of Free Trade Unions, the Federation of Trade Unions of Montenegro. Tripartite social dialogue is a complex mechanism, so it is not easy to rate its quality. MEF certainly recognizes relevant improvements from year to year, but there is a lot of room for the situation to improve further. First of all, the position of the Government, as the body who exercises executive power and proposes laws that affect the status of employers and employees. MEF believes that, in addition to the Ministry of Labour and Social Welfare, which is fully aware of the importance of social dialogue and acts accordingly, other ministries and other competent bodies should involve the social partners wherever relevant, directly or indirectly, because that is the essence of social dialogue. So far, there are different practices regarding the involvement of social partners in the process of creating regulations and other acts. This practice depends on the body in question or who is personally in charge of that body, which MEF recognizes as a problem. The involvement of the social partners should become the standard and only in this way may it be concluded that the public administration fully understands the role and importance of social dialogue.

The big test for tripartite social dialogue was the many years of joint work on the new Labour Law, which was eventually adopted and started to be applied at the beginning of 2020. The impression is that this Law achieved a large number of compromises and significantly reduced

the part which the Ministry of Labour and Social Welfare, with its authority, "cut" and where it made decisions.

The general collective agreement (GCA) in Montenegro "covers" all employers and employees. This important act of social dialogue is also negotiated through tripartite social dialogue. The current GCA expired on 31 December 2020 and negotiations are underway to conclude a new GCA. In the meantime, the representative trade unions submitted a proposal to the Parliament to extend the duration of the General Collective Agreement until 31 December 2021, by amending the Labour Law, and that proposal has been adopted.

With the formation of the new Government, the ministries were reorganized, so the Directorate for Labour and Labour Relations was transferred from the former Ministry of Labour and Social Welfare to the newly established Ministry of Economic Development. The intention to include labour, labour relations and employment in "economic development" sounds encouraging, but it is too early to draw any conclusions.

National Social Council

Institutionally, the central point of tripartite social dialogue in Montenegro is the Social Council of Montenegro. This body consists of a total of 24 members, eight from each of the social partners (Government, representative trade union organizations, MEF as the representative association of employers). Although MEF notes the improvements that this body has made from year to year, it believes that there is much room for further improvement. Namely, the Social Council is conceived as a body that should deal with the establishment and development of social dialogue on issues important for the realization of the economic and social position of employees and employers and the conditions of their life and work. The Social Council also represents the so-called "Second Parliament", and the recommendations of this body should have special "weight" given its tripartite character. However, it seems that the Social Council in Montenegro still does not take its rightful place. As with tripartite social dialogue, MEF believes that here the cause can be sought in the insufficient awareness of individual state bodies or their leaders about the role and importance of social dialogue. And in the case of the Social Council, the Ministry of Labour and Social Welfare made a great contribution to the affirmation and showed the right attitude that the entire administration should have towards this body. The year 2021 will also be marked by the fact that the Social Council is chaired by the Montenegrin Employers Federation. MEF will make the most of this advantage and, together with the new Government, achieve success and further improve the role and importance of the Social Council.

With this in mind, MEF expects that the new Government will show openness and readiness for dialogue with the social partners and, in a good spirit of cooperation, will provide intensive support in the mitigation of the economic crisis through measures that will include adequate solutions and ensure the liquidity and continuity of businesses as well as the preservation of jobs. MEF is ready to share the burden of the crisis and bear it together with the Government.

That is why the policy of the state and the cooperation of the social partners must be at a high level.

The interests of the business community cannot be represented by the Chamber of Commerce which is an extended arm of the state administration in Montenegro.

North Macedonia - Business Confederation of Macedonia (BCM)

a) *Some history...*

The Business Confederation of Macedonia (BCM) was established under the initiative of ILO and contacts with the Union of Employers of Serbia in 2001. At that time, there was no legal opportunity for official registration of a business association in the country. The beginnings were seriously difficult; BCM had to act as an association of citizens–employers. After intensive discussions, meetings and lobbying, a draft Labour Law was submitted and adopted, allowing organizations such as BCM to be registered as EBMOs. From the very beginning, BCM represented and supported the interests of its members and the business community in the country. The organization advocates for the interests of its members at the national and international level, and promotes the economic and social development of the country. BCM works actively on promoting the development of industrial relations in enterprises by improving expertise and knowledge on industrial relations and restructuring. BCM promotes supportive employment measures and economic development in the national and international economy. BCM acts as a social partner of the Government and trade union, and acts as a mediator between the business community, employees' representatives and policymakers. BCM actively participates in different working groups and committees on economic development, SDGs, competitiveness, business and human rights, and education. BCM has both the managerial and administrative capacity to assume responsibility for achieving goals/results of these activities.

b) *Internal organization*

BCM has a staff of seven full-time professionals, 33 outsourced experts and four regional offices in Skopje, Prilep, Tetovo and Gevgelija. The knowledge and views of BCM are based on constant communication with the members – due diligence, in-depth analyses and measurement of the conditions in various social spheres at local, regional and national level. The BCM team works on monitoring the process for the adoption of laws and by-laws. BCM provides information and advisory services to members of the business community on issues of common interest; the area of taxation, labour, training, legislation for industry, environmental protection, promotion and market research.

c) *Structure (national “peak association” and their affiliates)*

BCM has 12 sectoral member–organizations, representing the main industry branches of North Macedonia. Each section has its Board. Representatives (30) of the sectoral organizations and the biggest direct members of BCM constitute the Assembly of BCM. The BCM Management Board has 10 members: nine representatives of the sectors, and the Executive President. Experts from companies are actively involved in advisory committees and working committee of BCM (Incomes Policy Committee, Labour Legislation and Social Policy Committee, Tax System Committee, Occupational Safety and Health Committee). BCM has concluded cooperation with various industry associations.

BCM is a member of the following bodies at the national level:

- CSR-Corporative Social Responsibility-member of the coordinative body;
- Minimum Wage Committee;
- Employment-National Strategy on Employment Policy;
- IPA-coordinator of social partners at sectoral monitoring committee
- JCC-EU/MK Joint Consultative Committee EU-MKD;
- Local Economic Social Councils;
- NCEC-National Council for Entrepreneurship and Competitiveness;
- Interdepartmental Group on Higher Education Committee;
- Business and Human Rights Committee; and
- National Interest Committee on Anti-corruption and Business Integrity;

BCM is a member of the following organizations at the international level:

- International Organization of Employers (IOE);
- The Global Compact;
- EMOTA and
- a signatory organization to the Global Deal.

d) Social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue

The ESC is the only tripartite social dialogue institution at the national level, with a consultative role to the Government in the development and implementation of economic and social policies. In the Republic of North Macedonia, ESC is a tripartite body where trade unions, employers' organizations and the Government take part. The State nominates representatives from relevant ministries who participate in the work of the ESC.

Specifically, all legitimate and legal entities in the form of trade unions and employers' organizations have the right to be involved. Therefore, all social partners have the right to give their opinion and comment on the topics under discussion during ESC meetings and beyond. Depending on the different situations and by using various tools, all social partners can express their opinions and submit them to the other parties for consideration.

During the ESC meetings, social partners discuss current topics and, as a result, they create and submit their position on important issues in the field of labour, economics and the social area to the Government. Later, in the process of decision-making, the Government is obligated to take into consideration these documents.

ESC meetings are held in two parts: the preparatory and the main part. All social partners have a right to take part in the first part of the meeting, but only representative trade unions and representative employers' organizations participate in the second part and have the right to vote. The current situation in the country is such that there is only one representative from each side because of the legal setting, which makes representativeness almost impossible to achieve.

The Government has not accepted or implemented many of BCM's proposals and recommendations. The Government is not obligated to implement them, only to consider them in the process of decision-making.

The most important and influential factor affecting the improvement of social dialogue in the country is ILO. Through the "Strengthening Social Dialogue Project", ILO supports the participation of social dialogue institutions in policy-making at national and local levels and fosters the practice of regular consultations through the national and local economic and social councils. ILO's commitment to strengthening social dialogue through this project certainly provides enormous support for BCM as a social partner, but also for all other parties that directly or indirectly benefit from this process. However, it remains incumbent on BCM (and other actors) to set and achieve aims to become better, to build their capacities and to share the experience with others.

In this regard, BCM is directly involved in making an effort to build effective social dialogue in the country. The ultimate goal of tripartite social dialogue is to build consensus on economic, social and labour policy issues. Therefore, it is necessary to constantly give comments, suggestions and recommendations about present-day issues in various forms. At the same time, it is necessary to promote the capacity building of social partners and the need for mutual respect and trust between employers, employees and government to achieve effective social dialogue. This means that each side has to put themselves in the shoes of the other and to develop an environment of mutual understanding instead of trying to dominate.

Collective bargaining is very poorly developed in North Macedonia at almost every level.

Concerning EU social dialogue, several factors have a huge impact. North Macedonia is not yet approaching the point of starting negotiations for harmonization with EU accession legislation. However, that fact does not deter BCM from a more serious engagement and substantial cooperation with the natural social partners from the EU. Additionally and unfortunately ECOSOC has decided to freeze activities within the Joint Consultative Committee EU-MKD, this is a sufficient indicator of BCM's participation in EU social dialogue. However, there is cooperation and partnership with certain employers' organizations and international organizations and BCM draws on knowledge from such organizations.

BCM tries to implement and promote European values in social dialogue; there are different levels of understanding, acceptance and implementation. Peer learning from the EU helps BCM to follow trends, which puts it in a reputable position at national level.

Serbia - Serbian Association Of Employers (SAE)

a) Some history...

When a group of businessmen and friends gathered over dinner in 1994, nobody knew that by the end of the evening a firm decision on forming an organization to protect business interests would be confirmed by the signature of each one of them on a paper napkin. The idea quickly spread, won more and more subscribers, and eventually led to official registration. What no one also knew was that it would take a full 11 years of lobbying for the adoption of a legal framework to allow the organization to re-register as an EBMO, rather than a citizens' organization. This represented a huge milestone successfully achieved. Obtaining representativity two months later was an easy, but equally important, step forward. However, over the next year, overall progress in development was slowed down by some unexpected challenges.

There were attempts to include the Chamber of Commerce, which is characterized by obligatory membership, in social dialogue. However, with the strong support of ILO and IOE, this threat to voluntary and independent social dialogue was eliminated. There were also aspirations to establish new EBMOs. One included predominantly state-owned companies, while in the second one the majority of listed members were closed or inactive companies. SAE strongly opposed and prevented their acceptance as social partners following internationally accepted norms on social dialogue. SAE experienced yet another test when its representativity was challenged. It was forced to go through an exhausting procedure of re-confirming its representativity which involved all staff members for days, again successfully. Also, SAE went through difficult experiences that affected the whole country and its economy – the pressures of the Milosevic regime, the painful dissolution of Yugoslavia, the 2008 economic crisis, devastating floods in 2014.

Looking back at SAE's history, management and staff members are particularly proud of a couple of achievements. One is SAE's successful lobbying for the ability of an EBMO in Serbia to be registered as a legal entity. It was a glorious day for SAE when it received the Decision on being registered as number one. Equally significant and outstanding accomplishments were SAE's acceptance into membership of IOE and BusinessEurope.

b) Internal organization

The number of staff members has varied over the years depending on SAE's financial situation. At the moment, SAE's headquarters has ten employees – eight with university degrees and two

with high-school diplomas, all working full-time permanently. The professional staff include, in addition to the Director, Secretary and PR, three departments – Members, International Cooperation, and General and Legal Department. There is a strong need for more employees, particularly lawyers and economists, but financial obstacles prevent SAE from employing more staff permanently. At times, additional staff is secured for a limited period of time through the Government’s support to employment or some project. Apart from head office, several offices operate at the local level, through the collective SAE members organized at regional level/local level – for the region of Vojvodina, in the cities of Novi Sad, Zrenjanin, Backa Palanka, Leskovac, Krusevac, Mladenovac, Bac, Pancevo, Ruma, Pirot. Their staff members are paid by the local/regional organizations, according to their abilities and plans.

SAE has the following bodies:

- Assembly: composed of all SAE members who have fulfilled their obligation to pay their membership fee following the decision on membership fee amounts; it meets at least once a year;
- Presidency: can have a maximum of 26 members: ten representatives of SMEs, elected by the Assembly, 15 members elected by the Presidency of the Association on the proposal of the Council of Founders and Chairperson of the Council of Founders; it meets once every two months or more frequently if needed;
- President; and
- Executive Board: consists of the President of the Executive Board, Director of the Association, the Directors of the local offices of the Association, at least three members of the Association elected by the Presidency upon the proposal of the President of the Executive Board; it meets twice a month or more frequently if needed.

The Secretary-General represents and presents the Association within authorities given by the President and the Presidency of the Association in relations with the authorities, TUs, international organizations, NGOs, etc.

SAE also has the Council of Founders (advisory and control function) and the Honorary President who has the right to participate in the work of all bodies of the Association, without the right to vote.

SAE’s Statute has gone through changes over the years. It is considered to be a document that should follow the evolution of the organization and its needs. SAE would appreciate IOE/ILO expert assistance in bringing it closer to EU standards and practice.

c) Structure (national “peak association” and their affiliates)

Unlike the majority of European EBMOs which gathered together already existing sectoral organizations, SAE started by forming the central organization and then turned to organizing its

members into sectors. This process had its ups and downs considering the lack of members' firm orientation in belonging to one of the sectors listed by SAE and their clear orientation towards achieving joint goals. On the other hand, SAE's efforts did not include forming sectors as separate legal entities. Now, the application form for membership has been expanded with a list of sectors so that new members can decide for themselves to which sector they want to belong. More firm steps were taken in March 2018 by the adoption of the Rulebook on the sectoral organization of SAE, which defined 24 sectors and their goals, areas of action, internal organization and bodies. Sectors remain an internal division with companies paying membership fees directly to SAE, but important steps have been taken to create a firm, functional core in a majority of sectors - with an elected President, meetings, and discussions on relevant issues, etc.

d) social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue

There are two trade unions (TU) which are representative at the national level. Mutual relations have varied in quality and intensity, depending on the changing environment in which the economy has operated and the topic on the table. Collective bargaining is always an issue for TUs as is their constant complaint regarding very few collective agreements signed at a sectoral level. This is true, only two are valid at the moment, but not without reason. SAE is always facing the problem of companies withdrawing from membership believing that CAs are valid only for SAE members and the threshold for obtaining extended application is very high and difficult to reach, while SAE members are put in a less advantageous position compared to non-members. On the other hand, TU membership mostly comes from state-owned companies, while SAE represents the private sector. However, mutual understanding and respect of the partner's perspective and positions have grown over time and they are now on a much higher level, replacing the heated arguments of the past. We jointly participate in some international projects regardless of whether it is the TU or the EMBO that is the leading partner, and we have quality channels of communication at all levels (Presidents, DGs, staff). SAE considers that forming a bipartite body would not be necessary, only further strengthening the ESC.

The relation between the Chambers of Commerce and SAE used to be tense, at times when the Chambers used to show an interest in being part of the social dialogue process. For quite some time SAE has been investing a lot of energy in presenting and substantiating the fact that the Chamber, by virtue of its legally-binding membership for companies, cannot be considered as a social partner. The crown of SAE's persistence was signing the Agreement on Cooperation between SAE and the Chamber of Commerce of Serbia in 2015. It clearly defined the respective roles in providing relevant support and services to companies, while acknowledging the importance of each of the signatories for business success.

SAE's competition, conditionally speaking, is presented by some other organizations – the Foreign Investors' Council and the National Alliance for Local Economic Development. Conditionally – because these are not partners in social dialogue, nor classic EBMOs. Some parts

of the public and political establishment have accepted or formed them as entities speaking on behalf of and for the good of business and economic development. SAE's contacts with them are undertaken in a positive atmosphere, but not in a systematic way. On the other hand, SAE has excellent cooperation with organizations such as Confindustria Serbia, the German-Serbian Chamber of Commerce and others.

For a long time, SAE has been listening and learning about EU social dialogue: how it operates, who are its participants and stakeholders, the *acquis* and its implementation, etc. On the other hand, as members of various working groups for amendments to labour-related and other legislation, the social partners (SAE and two TUs) take part in transposing EU legislation. Both sides of the national social dialogue also understand how the outcomes of EU social dialogue (framework agreements) affect the national one. However, even though the social partners discuss topics covered by EU social dialogue, discussions at a high level are never related directly to the EU. Similarly, both sides are members of their respective employers' and workers' organizations at EU level, but each side knows very little, or nothing, about the level of involvement and activities (type, frequency, etc.) of the other.

SAE became an observer member of BusinessEurope in 2011. Since 2019 SAE's status has been upgraded to associate member, and, as such, SAE can attend the meetings of Presidents and Directors General without voting rights. This has brought more insight and understanding of how BusinessEurope operates, how the meetings are organized and held, etc. but SAE's involvement in EU social dialogue has remained at observer level. A lack of a sufficient number of staff members and language skills prevent SAE from following more closely a wide range of EU issues. As a consequence, SAE's attention and involvement (staff, management, members) in this direction is not substantial.

However, SAE is a member of the EU – Serbia Joint Consultative Committee which follows the EU accession process from the perspective of civil society. SAE holds two employers' seats on the Serbian side, out of three, while the third seat is held by the Chamber of Commerce of Serbia considering its expertise in international trade and other areas where it could support employers' positions and interests.

There have been times when certain political circles were highly interested in shaping the social dialogue scene by supporting some actors or forming new organizations, but this is all consigned to history. Today, there is no such interference from the Government's side, nor when it comes to relations between SAE and TUs. When it comes to government involvement in tripartite dialogue, it varies.

The Social-Economic Council of the Republic of Serbia (ESC) is established based on the law adopted in 2004. It includes 18 representatives of all three sides on an equal footing: SAE is the only representative of employers with six seats, six workers' seats are shared between two TUs and six Government's seats are shared between the Prime Minister and Ministries of Labour, Economy, Finance, Health and Education. Except for the Ministry of Labour, other ministries are

mostly represented by lower-rank officials with limited decision-making capacities. ESC has several working groups (economic issues, collective bargaining, legal issues) which are also formed on a tripartite basis in which SAE is also represented - one staff member per tripartite social partner, four in total (two TUs). ESC meetings are now held regularly (once a month) compared to some previous periods, but the Prime Minister has attended only two meetings over the last two years. The agenda is shaped by the ESC Collegium formed of heads of tripartite constituents (Minister of Labour, SAE and two TUs) and it includes a variety of issues. Ministries are supposed to send ESC draft laws for obtaining ESC's opinion before sending them to Parliament for discussion and adoption, but that is not always the case. On the other hand, mutual understanding and respect of partners' perspective and positions are on a much higher level, replacing the heated arguments of the past. Also, there are no more situations of TUs leaving the ESC meeting before the official end as a sign of dissatisfaction. Instead, civilized discussion and partial understanding, if there is no agreement on the whole, has become the norm. The change has taken place gradually over the last few years. An illustration of this improved atmosphere is that ESC adopted 17 initiatives submitted by SAE over the last 18 months, aimed at improving the business environment. This is a significant step forward compared to the previous atmosphere in ESC and its work. ESC is now, as a result, more recognized and seen in public as a driver of change, i.e. a body that influences the legal framework.

In general, SAE considers ESC to be the highest body for placing its initiatives for changes of legislation and other proposals to make the business environment more friendly for the good of the whole country. But there is still room for improvement.

Certain ministries form tripartite groups on relevant issues when needed. However their meetings and work in general are organized slowly or not at all. The effectiveness of the social partners is also inhibited by the fact that many draft laws are either sent to Parliament without prior consultations with the social partners, or they are sent too late for meaningful consultations. The solution would be for the social partners to be involved in the draft preparation phase. In this regard, SAE would welcome IOE/ILO urging the Government to respect social dialogue and regularly implement the adopted labour standards.

Looking at ESC meetings, tripartism is not the *modus operandi* of all ministries, at least not at the highest level. The Minister of Labour regularly attends ESC meetings and the Minister of Finances only occasionally does so. As previously said, not all ministries send draft laws to ESC for their opinion, nor do all of them always include SAE representatives in the drafting procedure.

On the other hand, SAE is permanently represented in the variety of tripartite bodies: the National Employment Service, the National Council for Education, the Council for Vocational and Adult Education, and the Management and Supervisory body of the Solidarity Fund, etc.

Slovenia - The Association of Employers of Slovenia (ZDS)

a) Some history

The Association of Employers of Slovenia (ZDS) was established in 1994 and is the first voluntary, economic (non-profit) interest association in Slovenia. Its main objective is to represent and protect employers' interests. ZDS is a full member of BusinessEurope, IOE (ILO) and BIAC (OECD). ZDS has a seat in the national Social Economic Council and various other tripartite councils and boards in Slovenia and abroad. Conducting social dialogue is the main task of ZDS.

ZDS is involved in negotiations of collective agreements at all levels (Social Agreement at the national level – tripartite; agreements at branch level - bipartite; and it supports companies in negotiating at the company level). ZDS is actively involved in social and labour market policy issues, in the preparation and adoption of new legislation and participating as social partner representative in various government working groups. ZDS provides various services to its members such as consulting, training, and education. ZDS represents businesses of all sizes and sectors, pressing decision and policymakers to deliver a business-friendly environment in which companies can flourish and create wealth in a socially inclusive and responsible way. Over 1,000 members of ZDS represent more than 50 % of businesses by number of employees and total revenue in Slovenia. The social partnership among employers, the Government and trade unions provide for the arrangement of relations in the socio-economic area and stable business conditions for companies. Establishing the employers' legal interests and framing common positions in the relationship towards social partners is subject to a successful implementation of expectations and requirements of employers. This can only be achieved with a membership that is largely diversified. The power of an association as a partner in the negotiations depends both on the power and influence of members as well as the association's size/reach. ZDS members represent the main industry sectors of Slovenia and come from all regions of Slovenia. They are organized into as the following sections: Agriculture and Food Technology; Energy; Construction; Trade; Catering, Tourism and Restaurant Business; Transport and Communications; Services; Textile and Leather; Wood and Paper; Chemicals; and Metals.

b) Internal organization

ZDS employs 14 full-time, permanent employees. The staff consists of the following experts: Secretary-General, Adviser to the Secretary-General, four Project Managers, Senior Adviser for Economic Affairs, Business Secretary, Head of the Legal Department, two Senior Legal Advisers, Head of the Wage Policy Department, Senior Adviser on Labour Costs and Head of the Taxation Department. ZDS employs a professional team with special expertise to deal with the problems of working relationships, collective bargaining and to prepare materials for constructive tripartite social dialogue. The team has expert multi- and cross-disciplinary knowledge and expertise in bargaining, education and organizing of educational workshops. ZDS also has fully

renovated and modern business premises where it executes its activities and organizes thematic and educational workshops.

From the beginning, ZDS has had constant problems with the recognition of its representativeness both in the media space as well as in the professional field in its work with ministries and organizations within the ministries. Both the chambers of commerce and the ministries have not recognized the definition of an EBMO for many years. Moreover, the chambers have begun to describe themselves as EBMOs in recent years and are recognized and appointed as such by both the ministries and the media. This, of course, misleads ZDS members and makes it even more difficult for ZDS to work with them. At the same time, they are indirectly and constantly trying to push ZDS out of the social dialogue space. Such activities are very favourable to trade unions because they divide the employers' side and introduce disunity between EBMOs and chambers of commerce. Thus, social dialogue is increasingly becoming also a political dialogue, as the disunity within the employers' side is very favourable to some political parties.

Even though the Slovenian, Croatian and other EBMOs in the Western Balkans are constantly warning of the vagueness or unclear argumentation regarding the definition and tasks of EBMOs over the years, this situation of vagueness and uncertainty, at least in Slovenia, is constantly consolidating.

c) Structure (national "peak association" and their affiliates)

ZDS has 11 sections, each of which has a board of five to nine members. The Presidents of the Section boards are members of the Management Board at the same time. The 11 sections are:

- Agriculture, Food Technology and Forestry
- Energy Section
- Construction Industry
- Trade
- Catering and Tourism
- Transport and Communications
- Services
- Textile and Leather
- Wood and Paper
- Chemicals
- Metals

ZDS has a Management Board which consists of 15 members: a President, two Vice-Presidents, a Secretary-General and 11 Presidents of the Section boards. Altogether there are 14 people full-time, permanent employees. They all have at least a university education.

ZDS operates exclusively on the basis of voluntary membership and is financially stable with a positive balance sheet for all its years of existence. ZDS uses all new forms of communication in their work, both with members, as well as with the representatives of the state and the media.

d) Social dialogue at the national level (bipartite and tripartite relations); involvement in EU social dialogue.

At the bipartite level, ZDS co-signs with other social partners (GZS, TZS...) and representative trade unions approximately 26 branch collective agreements. Most of these are supplemented and changed every year through negotiations. Negotiations for each industry collective agreement are different, depending on the current situation in the industry as well as the willingness of representative unions to negotiate. The common thread in all these negotiations is, of course, the representativeness of the Chamber of Commerce, given that it is established by law and co-financed by the state.

ESC was established in June 1994 by the social partners – EBMOs, trade unions and the government of the Republic of Slovenia – when the Wage Policy Agreement for the non-government sector was adopted. It is the highest-level body representing the social partners in Slovenia. ESC's working procedures are governed by the Rules of Procedure of the Economic and Social Council adopted in 1994 and last amended in 2007.

ESC is organized following the ILO pattern of tripartism. It is a tripartite body in which the Government plays an active role as the third partner alongside the employers' and trade unions' associations.

ESC was founded as the main consultative and coordinating institution for social dialogue in Slovenia. It was primarily set up to deal with issues related to the social agreement and wage policy, social policy, labour relations, employment and employment-related topics, industrial relations (system of collective bargaining, etc), prices and taxes, the economic system and economic policy, legal security plus other areas that are relevant for social partners. As well as dealing with areas requiring tripartite agreement, ESC can also examine other matters of an economic and social nature.

In addition to its advisory role, ESC has a key role in negotiations for social agreements and, until some years ago, also wage policy agreements, which were adopted within the sphere of its activities. So far, four social agreements have been adopted through ESC, the latest in October 2007. This agreement, obtained after eighteen months of negotiations, applied until 2009. After that period had elapsed the social partners believed that in the time of economic crisis a new social pact would be needed, but due to very different expectations of the three groups, it has not been realized so far.

ESC examines draft legislation covering the entire spectrum of economic and social relations between employers and employees. In this respect, the 1999 agreement reached between the social partners on pension system reform and the 2002 Labour Relations Act are considered major achievements. In 2006 amendments to the Labour Relations Act came under discussion between the social partners and the Government and after long and tough negotiations consensus was achieved in June 2007. On the other hand, the new proposal for pension reform in 2010 did not get the support of the trade unions, even after long negotiations, while new amendments to the Labour Relations Act are still waiting to be discussed by the social partners.

ESC also examines strategic development papers put forward by the Government, such as Slovenia's development strategy and the economic and social reform package to enhance the competitiveness of the Slovenian economy. ESC was also consulted on the reform programme for the implementation of the Lisbon Strategy and thereafter on the yearly reports on the implementation of the programme. In 2011 ESC discussed the National Reform Programme, connected to the Europe 2020 Strategy and was acquainted with the Euro pact.

The practice has been developed whereby the Government consults the social partners already in the early stages of preparation of drafting of documents. This work is done mostly in expert groups, which all the social partners consider very useful.

ESC is also active regarding international cooperation with the European Economic and Social Committee, other national economic and social councils, ILO, etc.

According to the latest amendments to the Rules of Procedure, each of the categories of social partner and the government can have up to eight members, and alternate members, within ESC. ESC is currently made up of 24 members and their alternates. The initial number of 15 members (five per group) was changed due to the increased number of trade union associations fulfilling the criterion of representativeness at the national level.

The Government is represented by five Ministers (of Labour, Family and Social Affairs, Finance; the Economy; of Public Administration; for Development and European Affairs), the Director of the Institute of Macroeconomic Analysis and Development, the Secretary of State for Social Dialogue in the Prime Minister's office and the Secretary-General of the Government. The employees' and EBMOs' group for the most part is made up of the Chairs of their respective organizations or other persons of high rank.

The President of ESC and their Deputy are appointed on the nomination of the partners. The groups take turns in nominating the President and deputy. Each of the groups has a right to a one-year term of office. Within each of the social partner groups, the members can agree to subdivide this into shorter periods, but only the trade union confederations have made use of this option so far. The EBMOs assume the presidency in turns.

ESC usually meets in plenary sessions, with meetings held either at the request of one of the groups of social partners or at least once a month. The ESC President convenes and chairs the

sessions. The agenda is set by the President, following the President's plans as well as the proposals from other members or groups as a whole. The sessions are closed to the public and media. ESC can also set up standing and temporary working groups to deal with individual projects or to handle the technical groundwork leading up to decisions. These working groups are usually made up of representatives of social partners and the Government, sometimes also of independent experts. ESC produces opinions, position papers, proposals and recommendations on the various issues it deals with. These are submitted to the relevant ministry, the Government, parliament and/or other institutions concerned. Although ESC decisions are binding for the institutions represented in the Council, according to the Rules of Procedure, there are no legal sanctions for not following the opinion of ESC.

ESC decisions are taken by consensus, with each of the social partners and the Government carrying one vote. If consensus or unanimity cannot be reached amongst the partners even after negotiation, ESC may not formally adopt a common position on the given issue. If consensus is not reached amongst the members of one of the social partners' groups, that group will engage in separate negotiations to endeavour to reach a consensus.

ESC has neither a special body as secretariat nor a special budget. The ESC administration is run by the Government, more specifically by its General Secretariat, which also ensures that suitable working conditions and any necessary technical support are provided. The Secretary-General of the ESC is a civil servant appointed by ESC and paid by the Government. The funds for running ESC are provided by the Government.

Social dialogue at European level takes place through EXCO (Executive Committee BusinessEurope) as well as IOE-ILO. Consultations on the most important economic and social issues also take place through CEI (Central European Initiative).

II. Role and activities during Covid-19: examples from employer and business membership organizations outside the region

Bulgaria

The Bulgarian Industrial Association (BIA)

The Bulgarian Industrial Association - Union of Bulgarian Business (BIA) is a non-governmental organization, established on 25 April 1980. In its 40-year history, BIA has established itself as one of the leading partners of the state in defining economic policy while maintaining its governmental and party impartiality and guided solely by the principles of nationally responsible behaviour, competence and correctness. BIA is recognized as a representative organization of employers at the national level. It actively participates in the system of social

dialogue at the national and international level, where it defends the interests of Bulgarian business.

At the outset of the pandemic, BIA created a special section on its website – Covid-19⁸⁵. The employers may find there very useful information related to Covid-19, the smaller part of this section is in English and it has two subsections – *Standpoints* and *News*. By reading the articles in the *Standpoints* subsection employers may be fully apprised of all BIA's efforts in lobbying activities and advocacy since there are several dozen BIA's proposals, opinions and recommendations related to the overall Covid-19 impact on businesses.

Some examples are BIA's statement on the anti-crisis measures proposed by the Ministry of the Economy that were discussed in July 2020 with representatives of the EBMOs; BIA's statement and the opinion of Ivan Velkov, a member of BIA's Board, on new measures to support business in November 2020; information about the emergency online meeting of the National Council for Tripartite Cooperation (NCTC) convened by the Deputy Prime Minister for Economic and Demographic Policy and the Minister of Tourism related to the Draft Decree that provided the extension of the measure, known as 60/40⁸⁶, which was extended until 31 March 2021 etc. The *News* subsection also includes relevant European Commission strategies and generally speaking news related to EU matters (ie. EU increases its contribution to COVAX to €500 million to secure Covid-19 vaccines; Coronavirus: EU Interoperability gateway goes live, first contact tracing and warning Apps linked to the system; the strategy for staying safe from Covid-19 during winter, etc.)

Other useful information for employers is in Bulgarian and is primarily related to the obligations of companies in the event of a Covid-19 case, Guidelines for SMEs and BIA's surveys. On 12 March 2020, BIA launched a survey of companies to assist in the analysis of the situation, which will make it possible to identify measures based on objective information. In just the first hour after the launch of the survey, more than 200 companies took part. The respondents are 727 companies from all regions of the country and almost all economic sectors (but mostly in tourism, hospitality and restaurants).

The results were the following:⁸⁷

Businesses are divided in terms of the assessment of what has been done so far in connection with measures. The prevailing (35%) estimates that the measures are late, insufficient and inadequate, and one in four (24%) believes that excessively high restrictions are in place that do not correspond to the objective situation.

⁸⁵ <https://en.bia-bg.com/focus/view/26649/>

⁸⁶ The amount of support from the state remains 60% of the insurance income and 60% of the social security contributions due by the employer for October 2020.

⁸⁷ Translated from Bulgarian

Almost as many (26%) answered that the measures are adequate to the situation. 14% find it difficult to judge. The biggest problem is the loss of customers and the absence of workers.

Businesses are pessimistic! According to 60% of respondents, at the peak of the crisis the problems are about to deepen, 19% expect stabilization in up to two-three months, and according to 15%, this will happen within one month. There were also expectations for this period to be longer, even a year or more.

The next issue relates to the lack of preventative planning. Unfortunately, 70% of respondents acknowledge that they are reacting according to the situation and do not have an anti-crisis plan to follow. Another 21% have prepared an emergency plan given the current situation, and only 8% have an action plan in such situations prepared before the coronavirus crisis. Another conclusion is that there is no reliable legal protection. It is very worrying that the vast majority of companies do not have *force majeure* clauses⁸⁸ in their contracts with contractors. It is not a small percentage that do not know about this legal opportunity to defend themselves in the event of a crisis such as the current one. Fewer than one in five of the businesses had provided for *force majeure* clauses in their contracts.

BIA asked an open question about the valuation of the damage, to the extent possible ("If you report losses, please estimate them as much as possible, in BGN"). Since the question was open, there were a variety of answers, which can be summarized as follows:

The average loss of turnover is 53%. For the respondents in a fixed amount: the average loss is BGN⁸⁹ 64,382. For those who answered in a different way (average per day, week or month) the averages losses are as follows:

- BGN 1,737 / day
- BGN 8,686 / week
- BGN 34,742 / month

BIA also prepared Guidelines for SMEs, on the BSMEPA information portal. BIA's recommendations were made in the following areas: BIA recommendations for employers; Possible actions of employers in emergencies from the point of view of Bulgarian labour legislation; Recommendations from the Ministry of Health for persons travelling to risky destinations; WHO recommendations; Recommendations of the Ministry of Labour; Recommendations of the Chief Labour Inspectorates and Guides to safe and healthy coronavirus workplaces.

⁸⁸ This is a common clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, epidemic prevents one or both parties from fulfilling their obligations under the contract.

⁸⁹ Bulgarian Leva is the Bulgarian currency: 1 EURO is 1.95583 BGN (18 January 2020)

According to Martin Stoyanov, one interesting example of what BIA created during the pandemic is a kind of online mutual aid exchange, a space where companies can publish what they offer and what they need. It is not a domain for members only and companies usually present the product they offer and present their needs for some specific products. It could be called a Mutual Aid Exchange⁹⁰ (www.bia-bg.com/offer).

On the above-mentioned website, several links to other websites may also be useful for employers, like the Government information portal for Covid-19; the information portal on the measures taken; the specialized website of the European Commission for coronavirus and the GOOGLE platform with useful information and links on the topic.

The remaining information includes some assessment and analysis, such as an Assessment of the effect of Covid-19 on the Sofia economy; ILO analysis of the effects of Covid-19 on the labour market; Information on all the anti-crisis measures taken by Bulgaria; and the Timeline of EU measures. Interactive maps show the number of Covid-19 cases in Bulgaria and at the world level.

Austria

The Federation of Austrian Industries (IV)

The Federation of Austrian Industries (IV) is the voluntary and independent representative body of Austrian industry and its related sectors. Since 1946 IV has taken part in all legislative processes as a recognized and representative partner in the policy arena. The federal organization, nine regional groups and IV's office in Brussels represent the interests of more than 4,400 members in the manufacturing, credit and insurance, and infrastructure and industry-oriented services sectors in Austria and Europe. IV's members represent more than 80% of domestic manufacturing companies.

Since the first lockdown in March and April 2020, IV started to inform all members of the Government's plans and measures via daily newsletter. Additionally, IV board members were informed weekly about ongoing activities.

IV started at the beginning of the pandemic with a series of actions realized via the following communication tools:

- Press releases
- *IV-exclusive* (news for members only, IV website)
- Interviews with the IV President and General Secretary

⁹⁰ Translated from Bulgarian.

Here, as an example, is the interview with President Knill: *“Further strengthen investments to accelerate recovery and secure jobs - Make sufficient funds available.”*

IV-President Knill

Concrete investment incentives are the most effective means of overcoming the economic crisis triggered by COVID-19. It is precisely here that the investment premium has already triggered urgently needed impulses. The announced extension of the application deadline for the investment bonus by a further three months until May is a correct and important step that gives companies more planning security in a more than challenging situation.

So far, the premium has already generated an investment volume of around EUR 28 billion. To increase the positive effect of the bonus, it is therefore crucial that sufficient funds are available in the coming months "so that Austria's investment train can continue to pick up speed". An extension of the period between application and project completion and an increase in the upper limit would also make sense in the continuous support of domestic companies and their employees.

It is important to create the conditions for sustainable growth now and a strong industrial position after the crisis. Investments in Austria confirm on the one hand the firm belief in the future and on the other hand the attractiveness of the domestic industrial locations”, concluded Knill.⁹¹

- Different statements and position papers by the President, General Secretary and Chief Economist;
- Advertisements
- Two very successful social media campaigns, shown on all the main Austrian TV channels:
- [“Die Industrie hält Österreich am Laufen”](#) (“Industry keeps Austria running”) – released within 24 hours of the government decision on the first lockdown, March 2020
- [“Wir nehmen es an”](#) (“We accept this”) was the campaign aiming at encouraging business people and workers, in fact, society as a whole. It was organized from May to July 2020. Many business people were interviewed to share experiences of their activities during the pandemic and the ways in which they were coping with the economic consequences.

Many lobbying activities were also organized related to tax policy, where IV presented relevant proposals to the Government, some of which were taken into account.

Here are some examples:

⁹¹ on 21 January 2021

- Introduction of an investment bonus as an incentive for investment (to strengthen Austria as a business location, the federal government has decided on an investment premium for companies that has a volume of EUR 3 billion and encourages investments of up to EUR 50 million;
- Tax-free bonus for employees; and
- Introduction of the possibility of degressive depreciation and amortization.

IV also demanded the strengthening of equity (which has not yet been implemented).

Japan

KEIDANREN (Japan Business Federation)

KEIDANREN⁹² is a comprehensive economic organization with a membership of 1,444 representative companies in Japan, 109 nationwide industry associations and regional economic organizations for all 47 prefectures (as at 1 April, 2020).

Its mission as a comprehensive economic organization is to draw upon the dynamism of corporations, individuals and local communities to support corporate activities which contribute to the sustainable development of the Japanese economy and improvement in the quality of life for the Japanese people.

Regarding activities in terms of Covid-19 measures, Keidanren has primarily been engaged in lobbying policy formulation on behalf of its member companies and member associations.

On a daily basis, Keidanren has disseminated information on the new measures, laws, and the revision of laws to members.

Lobbying activities were performed by employing different tools: executives' statements, press conferences, policy proposals (especially in the area of a comprehensive strategy), interviews etc.

Here are some examples:

Keidanren issued a policy paper/policy proposal on 30 March 2020, soon after the second outbreak was introduced, *Urgent proposal to counter the coronavirus disease (Covid-19) pandemic*⁹³:

The Covid-19 pandemic has completely altered corporate activity and everyday life. Travel restrictions and production shutdowns aiming at controlling the spread of infection have hit the

⁹² <https://www.keidanren.or.jp/en/profile/pro001.html>

⁹³ The entire document with more specific measures can be found at: [Keidanren's Urgent Proposal to counter the coronavirus disease \(covid-19\) Pandemic \(2020-03-30\)](#)

world economy by drastically hindering the movement of natural persons and goods, and thereby, adversely affecting the connectivity of global supply chains. In a situation requiring stronger global collaboration and avoidance of international discord, each country is now in the midst of a serious challenge of reconciling the trade-off between preventing the spread of infection and maintaining economic activity.

To resolve this dilemma, which is unprecedented in modern times, the Government of Japan should take fiscal measures on a scale equal to or greater than the measures taken during the financial crisis of 2007-2008. In implementing such policy amid uncertain prospects, it is important that the measures are taken according to the circumstances, including the implementation of additional measures, as well as providing focused support to workers and businesses who are truly in need is essential. Besides, it is necessary to quickly realize Society 5.0 by intensively investing in the digital transformation which is essential for the future of the Japanese economy, utilizing digital technologies and establishing regulatory frameworks. It should be noted that the consumption tax cut is not appropriate. Based on the above principles, measures should be taken in line with the following policies.

Firstly, policies need to be prompt and effective. As an initial step, national and local governments should cooperate extensively in efforts to dispel people's unease and encourage appropriate public action through day-to-day dissemination of scientifically-grounded information. Furthermore, it is necessary to bring the pandemic to an end by devoting ample resources to the swift development and deployment of vaccines and therapeutic drugs. While government requests under the state of emergency are to be complied with, concrete criteria need to be set based on government views to avert any excessive contraction in economic activity which is essential in keeping society functioning. International collaboration is also essential to stabilize financial and capital markets. Emergency measures during this period, including those outlined above, should fully mobilize policies to ensure safety and security in people's lives, and the public and private sectors should work together to return to normality.

Secondly, Japan needs to consider post-crisis policy initiatives to restore its potential growth rate. The Government should implement comprehensive measures to stimulate consumption and increase investment at the best time while considering the impact of postponing the Tokyo Olympic and Paralympic Games.

Thirdly, investment is required to realize Society 5.0 to create the society of the future. The Government should constantly and steadily take steps to encourage investment in digital innovation and investment in the environment, energy, and achievement of the UN sustainable development goals (SDGs) as well as policies to promote the transformation of society, including the implementation of digital government at national and regional levels.

With full appreciation for the tireless efforts of medical practitioners and all others involved in controlling Covid-19, the business community will act on its initiative in the aim of resolving this crisis as swiftly as possible. Based on the approach outlined in the preceding paragraphs,

Keidanren will propose to the government measures to be taken in the individual areas listed below and disseminate information on business initiatives.

Work Style reform⁹⁴

The Covid-19 crisis has prompted Japanese companies to reexamine the way their employees work, a move that has included the introduction of remote work/teleworking. While this has resulted in clear benefits in the form of productivity improvements, on the other hand, it has also highlighted bottlenecks and problems in the areas of time management and equipment environments for working from home. Coming up with concrete ways to reimagine working styles in Japan is a task for future deliberation, but to speed up reforms to achieve work styles that are flexible and increase worker engagement, Keidanren will pursue consideration of the review of the Labour Standards Act, based on a more systematic positioning of remote working, as well as strict time management.

Response to Covid-19

The number of new cases of the novel coronavirus (Covid-19) in the Tokyo Metropolitan Area has exceeded 100 for five days straight. This could not be described as an explosive expansion of the contagion. With Japan's strategies for preventing the spread of Covid-19 centring on individual codes of behaviour, a certain increase in new cases is to be expected. All that can be done is to keep asking individuals to behave mindfully, including avoiding the Three Cs (closed spaces with poor ventilation, crowded places, and close-contact settings such as close-range conversations), handwashing, and wearing masks. The business community will continue to coordinate with the national and local governments to deal with this crisis.

Regarding the employment situation, although few people have lost their jobs completely, the number of people whose employment has been suspended has increased, and there is no cause for optimism. The employment adjustment subsidy and other fiscal support measures will not continue indefinitely. If bankruptcies and business closures increase, maintaining employment levels will be out of the question. Timely and effective measures should be taken, while closely monitoring the situation.

Policy proposal (Comprehensive strategy/Approaches to current issues) – one excerpt related to Covid-19 (9 November 9 2020)

Current Conditions of and Outlook for the Japanese Economy

⁹⁴ Keidanren Chairman Nakanishi's statement (6 July 2020)

The Japanese economy is currently in a severe situation due to a significant contraction of economic activities both in Japan and overseas. However, the downturn bottomed out in May 2020 when the state of emergency was lifted and recovery is underway.

Looking ahead, the continuation of this rally will depend largely on the spread of the novel coronavirus (Covid-19) in Japan and abroad from now on, and it is highly possible that the pace of recovery will slow and the economy will take a long time to normalize.

Rigorous measures to prevent infection and achieve swift economic recovery and normalization remain pressing issues, and the Government needs to responsively inject fiscal stimulus while closely watching people's livelihoods, corporate cash-flow, and so forth.

Responses to the novel Coronavirus

There is still no sign of an end to the global spread of the Covid-19 pandemic, and this has had a tremendous impact on people's livelihoods, and the economic environment.

Keidanren will take the lead in making efforts to prevent the spread of the disease. Furthermore, it will lobby the Government and the ruling parties with the aim of revitalizing economic and social activity in an era of living with Covid-19 and seeking measures for expanding PCR testing capacity and easing immigration restrictions.

Work Style Reform and Human Resource Development

As well as continuing to urge companies to maintain employment, Keidanren will call upon the Government to extend special measures for the employment adjustment subsidy introduced in response to the Covid-19 pandemic (due to expire on 31 December 2020) and boldly inject funds from general revenue sources.

Keidanren will also focus on improving employee engagement and promote the extension of work style reforms. As part of these efforts, they will examine personnel evaluation and labour management issues arising from teleworking to promote working methods not reliant on place and time, and aim to create new working-hours systems suited to autonomous work styles, such as the expansion of eligibility for discretionary working-hours systems.

Keidanren will implement Action Plan 10 compiled by the Industry-Academia Council on the Future of Recruitment and University Education, including implementation of internships leading to job-based recruitment, summarizing of issues relating to online education, double-tracking of university entrance and graduation periods, as well as diversification and double-tracking of corporate recruitment, and promotion of joint industry-university partnerships on an organization-to-organization basis. Through such initiatives, industry and universities will cooperate in developing human resources to support Society 5.0.

Australia

The Australian Chamber of Commerce and Industry (ACCI)

ACCI is Australia's largest and most representative business network⁹⁵. The Chamber's members are state and territory chambers of commerce, national industry associations and a council of business leaders from individual enterprises. Together, they represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of the country. ACCI provides a platform for industry association leaders and senior managers to influence government policy, communicate with political leaders and policy decision-makers, network with counterparts and engage in policy debates.

ACCI was and remains here to help support the Australian business community during the Covid-19 pandemic and has from the very beginning of the pandemic crisis been involved in numerous activities to help the business community. Material on Covid-19 support for Australian businesses⁹⁶ is updated regularly to provide timely resources and information, including guides to navigate temporary legislation and new employment frameworks. ACCI's Covid-19 website has several sections:

- a) Business, finance & regulatory support guides;
- b) Workplaces, employees and skills;
- c) Supply chains, trade & international affairs;
- d) Tourism, migration & visas;
- e) Business surveys & additional resources.

The first section includes a series of guides:

- Info Sheet – JobKeeper 2.0 – Second Extension Period: this information guide includes key dates and actions for employers and seeks to explain and answer some of the more common questions employers may have around the payment scheme.
- Fair Work Flexibilities – Legacy Employer Guide: this guide assists businesses with understanding and complying with the extended IR flexibility for legacy employers who no longer qualify for JobKeeper 2.0. It seeks to explain and answer some of the more common questions employers may have around the modified Fair Work Act flexibilities available.
- Covid-19 Employer Guide: this information booklet has been set out in a way to address the key safety and employment issues, outlining the base position and then additional questions that may arise. It answers the question of what employers should be

⁹⁵ <https://www.australianchamber.com.au/about-us/>

⁹⁶ <https://australianchambercovid.com/>

considering and doing to manage through the Covid-19 pandemic and beyond, with the concept of “business as usual” being completely redefined.

- Government Assistance Guide: ACCI has designed this guide to provide a general overview around what financial and regulatory relief governments are providing to businesses and employees affected by Covid-19, as well as answering some of the more common questions arising for businesses.
- Roadmap Out - Headline Measures Fact Sheet: The Headline Measures Fact Sheet sets out the various National Cabinet and Chief Medical Officer Directives throughout the pandemic. This includes information on social distancing measures, mass gatherings, travel restrictions, self-isolation requirements, declared emergency status and school closures. It is updated regularly following announcements from National Cabinet.

Section b) of ACCI’s Covid-19 website elaborates on *workplace relations; work health & safety and skills*.

This section is to remind employers of the tools ACCI has prepared for them related to the payment scheme, including eligibility as well as the related Fair Work Act changes (new temporary amendments to the Fair Work Act). It also elaborates on employers covered by enterprise agreements who may wish to review scope to vary their enterprise agreements to introduce additional flexibility to help address the impact of the Covid-19 pandemic and adds the useful summary of the law and considerations in this area, prepared by the Fair Work Commission ([Covid-19 & enterprise agreements](#)).

Concerning *work health & safety* ACCI and other members of the Mentally Healthy Workplace Alliance and Ahead for Business have created three new guides to support mentally healthy workplaces across Australia.

The guides have been designed to provide Australian businesses and workplaces with evidence-based, easy to use information to support the mental health and wellbeing of their employees and to encourage mentally healthy workplaces during Covid-19. Specifically, the three resources have been developed for:

- Sole traders
- Small business, and
- Medium to large business.

These guides are on the National Mental Health Commission’s [website](#).

Since ACCI is an employer-representative member of Safe Work Australia, it is working closely with SWA to answer questions employers are raising around managing Covid-19 WHS issues. This section, therefore, also includes relevant information on the [Safe Work Australia](#)

[website](#) that provides a central hub of work health and safety (WHS) guidance and tools to help Australian workplaces manage the health and safety risks posed by Covid-19.

The website gives users easy access to guidance. It includes guidance about physical distancing, personal protective equipment, cleaning, workers' compensation, how to conduct risk assessments and design emergency plans, as well as providing case studies to help explain how to manage the risk of Covid-19 in the workplace.

The Covid-19 [Small business hub](#) includes [animated videos](#) on risk assessments, physical distancing, cleaning, and hygiene.

ACCI also provides relevant information and the resources available to assist small- business owners who may be feeling stressed and anxious. These resources include:

- Beyond Blue has developed [free resources](#) to assist small businesses in finding the information they need to feel confident in playing a support role. These can be accessed at [org.au](#)
- The [My Business Health](#) web portal offers dedicated holistic support to small businesses to manage outgoings, to access financial support, to prepare, respond and recover as the economy reopens, as well as guidance on seeking out emotional support.
- Every mind's [Ahead for Business](#) is another online resource specially designed to help small business owners to understand their mental health, manage business stress, providing tailored recommendations, information and programmes.

Section c) deals with skills, explaining the wage subsidies for apprentices and trainees and about the new developments related to skills investments as an essential part of the solution to the current unemployment and underemployment crisis. ACCI's media release welcoming the announcement [can be found here](#).

It also informs about the activities of The National Skills Commission (NSC) and the Australian Industry and Skills Committee (AISC) as a part of the national Covid-19 response. For example, the AISC has established the Emergency Response Sub-committee to address these critical issues. Also, it is developing resources for the delivery of a new skill set: Covid-19 Critical Skills Point of Care Testing, which so far includes the following units: [Point of care testing for Covid-19 diagnosis](#) and [Testing for aftercare diagnosis](#).

Section c) deals with supply chains, trade and international affairs, and is devoted to International Chamber of Commerce activities related to the impact of Covid-19, as well as to some other national chambers of commerce at the international level.

Section d) is devoted to tourism, migration & visas, dealing with travel restrictions, border openings, international travel, domestic aviation support and JobKeeper & Tourism Support.

In April 2020 a Tourism Restart Taskforce was established by ACCI under the auspices of the Australian Chamber – Tourism. These are by far and away the most challenging times travel and tourism have faced in the last 70 years or more, and there is much to be gained by compiling and advocating strong ideas on how best to get tourism moving again. Australian Chamber – Tourism is also facilitating similar discussions through the tourism committee and ensuring a valuable ideas exchange between the groups to strengthen the outcomes.

Section (d) presents surveys conducted, the last of which (November 2020) was a joint ACCI-UniSA⁹⁷ survey on the Impact of Covid-19 on Australian business (<https://australianchambercovid.com/additional-resources/>)

Covid-19 Normal will become the new normal for Australian businesses. The impact of the pandemic has changed the way the world trades, operates and communicates. The survey also shows the necessity for governments and the private sector to begin the process of de-risking the economy from further outbreaks or similarly crippling events.

Three surveys were conducted by ACCI, the last one being: ACCI SME Business Conditions Survey, in August 2020.

The content is available at <https://australianchambercovid.com/additional-resources/>.

The first two editions are Covid-19 Business Conditions Survey Report (April and May 2020).

The surveys are available at <https://australianchambercovid.com/additional-resources/>.

In the early stages of the pandemic, when negotiations began between workers and employers related to the wage subsidy in March 2020, there was not enough supporting information on how to access and apply the payments or how to avoid the various moral hazards associated with how the scheme was initially designed. This was because the subsidy was devised in a hurry and tens of thousands of businesses and their employees were in desperate need of information and relevant assistance. It is a source of pride to ACCI, that at that time ACCI stepped in and provided important information free of charge to the business community and developed guidance in a very short period of time. It would probably take government departments months to generate such information. Uniquely, ACCI stepped outside its traditional policy and advocacy role to pivot to providing advice when employers needed it most.

Another interesting development was that the ACCI team produced versions of the guide with the names and logos of their member associations. So, they helped them by providing a tangible product and showing solidarity in times of crisis. Two additional ACCI activities are worth noting: the first one being the social dialogue with their workers to change some of the rules on hours of work, standing down, where people work, their duties and leave conditions, to give employers options to keep people on rather than laying them off; the second was taking their

⁹⁷ University of South Australia - <https://www.unisa.edu.au/>

member events online via Zoom⁹⁸. ACCI secured the participation of national ministers (the Prime Minister, Employment Minister, Finance Minister, Trade Minister) for their Zoom events with members during lockdown and thus demonstrated ACCI's importance and impact in times of crisis.

Most important is the need for national EBMOs to show value to keep employers on board. This should be recognized very quickly and they should step in to find new ways to deliver value because only then will their members themselves be able to deliver value. In this way, they will maintain revenues and ACCI believes this is the key to riding out this crisis as strong networks.

Switzerland

Fédération des Entreprises Romandes (FER)

FER was founded in 1947; it brings together six cantonal inter-professional employers' associations, representing almost all of the French-speaking cantons. FER has more than 45,000 members and is involved in negotiations with the trade unions, lobbying, and the provision of services and business networking opportunities for its members.

It is the only employers' organization in the French-speaking part of Switzerland to be consulted by the Federal Council on draft laws and, as such, it rules on more than sixty proceedings per year and its observations are frequently cited by the federal authorities in their comments.

FER was active, from the early beginning of the Covid-19 crisis, on the lobbying side together with the umbrella organisation but it was also active at the local, regional and national level. The second type of activity includes providing a wide array of advice about safety measures, but also about claims, form-filling and allowances.

FER is working in consultation with its members to overcome the dramatic economic situation linked to the Covid-19 crisis which has significant consequences for society and the economy. To address this situation, FER member associations are actively working hard to defend the interests of their members as well as to find solutions, regardless of the size of the company.

The member federations of FER are all listening to their members and working to find solutions in the continuous flow of information that arrives as decisions are taken by the government. Each cantonal federation is thus in direct contact with the authorities of its canton and actively intervenes to defend the interests of its members at a cantonal level while asking cantonal governments to relay these concerns to the federal level. These concerns are also discussed within FER Romande, which relays this information to umbrella associations (UPS, EconomieSuisse) that are part of the task force at the federal level. Being a federal-state

⁹⁸ <https://www.australianchamber.com.au/wp-content/uploads/2020/12/Annual-Report-2020-Online-Page.pdf>
The text is ACCI's Annual Report 2020, page 48 onwards – concerning the events held online

therefore implies asking for good coordination between the federal and the state level, which is not always easy.

From the announcement of the health measures taken by the Federal Council to mitigate the spread of the coronavirus, FER intervened so that these measures have a bearable impact on the economy. The voices raised were heard and the government quickly took several measures in favour of businesses. Although decisions taken so far have made it possible to resolve certain problems, in particular, that of RHT⁹⁹ (reduction in working hours) for employees and the widening of the scope of beneficiaries of these allowances, the solutions provided still need to be adapted on certain other essential points. Also, related to the APG (income loss compensation), FER managed to successfully negotiate with the Government and due to these activities, self-employed persons obtained the right to receive compensation.

At the beginning of the pandemic FER developed dedicated pages on its website (*Coronavirus*).

The section dedicated to Covid-19 issues consists of several parts. The employers can find here [FAQ de droit du travail en lien avec le coronavirus](#) (FAQ about the labour law related to coronavirus) but also answers to some specific questions related to the pandemic.

Summary:

- [Réduction de l'horaire de travail \(RHT\)](#) - (Reduction of working hours RHT, in total 37 FAQ)
- [Allocations pour perte de gain coronavirus \(APG COVID-19\)](#) - (Compensation for loss of income due to pandemic, APG COVID-19)
- [Attestation et justificatif de déplacement pour la France](#) - (Attestation forms for travel to and within France – required trip document)
- [Plans de protection](#) - (Protection plans)
- [Vidéos formation-conseils](#) - (Videos related to training – advice)
- [FAQ concernant le télétravail](#) - (FAQ related to teleworking)

In addition to the above, FER has developed graphs and tables that clearly show which categories of employers (and/or employees) are entitled to receive the relevant compensations and allowances. The evolution of this right, according to the relevant dates, is also shown [COVID-19: évolution du cercle des ayant droit RHT](#) (pdf) (21 January 2021).

⁹⁹ Réduction de l'horaire de travail – reduction of working hours

Besides the abovementioned RHT (reduction in working hours), the most complicated work done by FER related to the [APG COVID-19](#)¹⁰⁰ (*Allocations perte de gain COVID-19* - allowance/compensation for income loss). This was because this right was not established for self-employed persons affected by the pandemic. FER's lobbying activities and advocacy were successful and the final outcome was that self-employed persons also obtained the right to receive the APG compensation.

The Covid-19 law adopted on 25 September 2020 regulates the continuation of compensation measures for income loss due to the measures implemented to combat the coronavirus. At its meeting on 4 November 2020, the Federal Council adopted amendments to the Covid-19 loss-of-income order, which specifies the conditions for obtaining Covid-19 APG compensations. The circle of beneficiaries of Covid-19 APGs has been widened, with retroactive effect and applicable for the period 17 September 2020 until 30 June 2021.

FER again managed to provide great assistance related to Covid-19 APG compensation since it managed to clearly and unambiguously present all the conditions that need to be met to exercise the right to the compensation.

In a press release of 16 April 2020¹⁰¹, FER welcomes the measures in favour of self-employed persons.

"FER welcomes the decisions announced today in favour of the self-employed. It includes the recovery measures taken in different stages which allow adaptation to changes in the health situation but would have liked more clarity on the opening of stores. During its press conference today, the Federal Council finally announced support measures for self-employed indirectly affected by the restrictions imposed by the authorities in the context of the coronavirus pandemic. Self-employed persons with an income subject to AVS¹⁰² of between 10,000 and 90,000 francs may receive assistance at 196 francs max per day. This extension of APG beneficiaries, retroactive to March 17, is scheduled to last a maximum of two months and will end with the lifting of the restrictions. This aid, anticipated in various forms by certain cantons, was eagerly awaited and requested by FER for many weeks. It covers the vast majority of self-employed persons, which is excellent news, although the produced threshold effect is to be regretted."

FER assists in two very important issues for employers to help them better navigate through a multitude of forms and regulations.

For example, it developed the [mémorandum sur le formulaire de demande et décompte d'indemnité en cas de RHT COVID-19](#), which provides enormous, and very detailed, assistance

¹⁰⁰ <https://www.ciam-avs.ch/en-US/web/ciam-avs/coronavirus>

¹⁰¹ https://www.fer-ge.ch/documents/40027/5082001/CP_FER_mesures_independants_16.04.2020.pdf/3aaeb1ea-fcaa-1f4b-5318-78ef8edda365

¹⁰² Social insurance

on how to complete the form for the reduction in working hours statement. Furthermore, it gives relevant email addresses where the forms should be sent and some additional information that employers might need in this situation.

FER also gives all information related to the measures employers should implement in the Covid-19 crisis and the sites they should consult:

- [SECO](#) (for the employers)
- [SECO](#) (working conditions)
- [OFSP](#) (vulnerable person)
- [OFSP](#) (protection plans)

FER provides regular information about new decisions taken by the Federal Council. Such as, for example, the information about the new beneficiaries in case of serious hardship (*Nouveaux bénéficiaires aux cas de rigueur*). Following the decisions of the Federal Council to broaden the scope of eligible companies to hardship cases and the subsequent modification of the ruling concerned, the cantonal legal and regulatory framework has to be adapted. The potential new beneficiaries (restaurants, gyms, shops, etc.) will be able to apply only in cases and when the new rule is introduced. Given the political calendar, this should be possible during the first half of January 2021.

Last but not least, there are a lot of interesting and useful press releases related to practical information for cantonal enterprises and FER's opinions and observations including the description of FER's mission in society, as well as relevant contacts).

A recent interview with FER's President sets out their opinion on the new decisions of the Federal Council. (*13 January 2021, Coup de grâce pour une économie à terre - The final deathblow for an economy already on its knees*).

Excerpt from the interview:

"The Fédération des Entreprises Romandes (FER) expresses its deep disappointment at the recent decisions of the Federal Council. The preeminence of health over the economy without substantial accompanying measures is alarming. The FER welcomes the easing of the conditions for access to federal aid but is surprised at an overall envelope that remains unchanged and insufficient. Companies find it incomprehensible to increase the use of teleworking, which has never been made compulsory before, without new proven evidence that the work environment represents a particular risk of contamination."

Norway

The Confederation of Norwegian Enterprise (NHO)

NHO is Norway's largest organization for employers and the country's leading business lobbyist. The current membership of 28,000+ companies ranges from small family-owned businesses to multinational companies in most sectors. NHO is the leading voice of business and industry in Norway. Having expert knowledge and an extensive business network, NHO plays an important and constructive role in Norwegian society. NHO is made up of 16 Sectoral Federations¹⁰³ and ten Regional Offices.¹⁰⁴ While NHO has a cross-sectoral responsibility for members' interests, each sectoral federation covers industry-specific issues.

NHO is a Confederation and thus during the pandemic sectoral organizations are now in closer, almost daily, contact with member companies. The company's primary link to NHO is often through the national association.

NHO has a longstanding tradition of conducting surveys and asking its members about the current situation, the problems they are faced with, the type of assistance needed; they usually do this two to four times per year. From the beginning of the Covid-19 crisis, surveys were conducted weekly, and later, every second week. The number of respondents grew significantly. This proved to be a very effective tool for informing meetings with the Government and discussing the measures and support of various kinds. Contrary to other organizations NHO was able refer to the results of the surveys and put forward relevant and data-based arguments in advocating for members' benefits. While contact with the various ministries has always been close, but over recent months the relationship between the Government and the social partners has been extremely close. The most important activities for NHO involved lobbying to influence Government decisions.

NHO press release of August 2020.¹⁰⁵

"We have been through a very tough period and are still in a challenging situation in Norwegian business in the future. Early on, NHO became a key player during the closure in the work on measures for workplaces and companies. NHO's position, as well as their active work and views, meant that we were quickly included in the most important decision-making processes and path choices with the possibility of influence. In the first phases, the focus was on ensuring access to capital, tax and duty reductions, redundancy rules, consequences of various infection control measures and a package of measures for the various industries that were hit hardest in the early phase. It was about ensuring companies' existence in the short term and facilitating resumed activity responsibly and sensibly."

¹⁰³ <https://www.nho.no/en/english/nho-sectoral-federations/>

¹⁰⁴ <https://www.nho.no/en/english/regional-offices/>

¹⁰⁵ Translated from Norwegian

Besides lobbying and advocacy activities, NHO geared up its digital efforts and developed a special website dedicated to the information that companies desperately needed to cope with Covid-19. Extra resources have been allocated to help members and almost all employees have been engaged in the preparation and drafting of new manuals, guidelines, articles, Q & As etc. It was obvious at the outset of the pandemic that web traffic has increased dramatically and, for the moment at least, it is the first port of call for information on what companies can and must do concerning their employees and how and where to get access to financial support from the Government.

The website, in Norwegian, is <https://arbinn.nho.no/korona-aktuelt-innhold/>, containing information that is accessible for everyone, but one section is for members only. NHO's employer portal Arbinn.no simplifies everyday managerial life during the Covid-19 pandemic and provides useful information and tools related to compensation schemes, quarantine, infection control, home office, redundancy and support schemes.

The title is *Corona Pandemic: Useful Information and Tools*; here NHO has gathered relevant knowledge for many companies in connection with the corona pandemic.¹⁰⁶ Topics include *Compensation for companies with a large drop in turnover*, related to the *Storting*¹⁰⁷ scheme developed for the period from September 2020 to February 2021; *Subsidy scheme for companies with expenses for entry quarantine* (many companies have incurred costs as a result of the rules on entry quarantine during Covid-19 when using foreign labour and the *Storting* has therefore adopted a subsidy scheme for companies in this situation). In addition: *What rules apply to teleworking* because many workers work at home and it may be unclear which rules regulate such work.

Further explained is how the implementation of “home office regulations” depends on the duration and scope of the home office scheme. Some other topics related to *Layoff – step by step*, which is a perfect example of a result of NHO’s lobbying activities. The scheme for temporary layoffs (covering situations where the company is unable to employ the worker in a financially sound manner and thus the workers can be laid off for a certain period) has already existed in Norway for many years and this scheme was amended to meet the new circumstances of the pandemic. Thanks to NHO, government support was more generous, to both the workers who were laid off temporarily and to the companies that lost all their income practically overnight when they had to close down their businesses.

One section of this website is in English¹⁰⁸ but the content relates to all interesting topics for employers and their everyday life, not specifically linked to the pandemic (i.e. layoffs, staff reductions, temporary employment, dismissals during the trial period, HSE¹⁰⁹, Staff Handbook,

¹⁰⁶ Translated from Norwegian

¹⁰⁷ Storting (in Norwegian Stortinget) is the Parliament of Norway

¹⁰⁸ https://arbinn.nho.no/Medlemsfordeler/medlemsfordeler-nho/information-in-english/employment_dismissal/

¹⁰⁹ Health, Safety and Environment

etc.), again, with the Members-only section that explains the content in detail. The new website has proved to be a very influential and powerful tool and is often referred to by people outside NHO and beyond its members.

Kenya

The Federation of Kenya Employers (FKE)

FKE is the national umbrella body and the voice of employers in Kenya, established in 1959. It serves as a platform for the articulation of key concerns of Kenya employers in the areas of socio-economic development. FKE is the most representative employers' organization in the country, representing employers' interests both locally and internationally.

It is charged with representing the interests of employers at the tripartite level involving the Government, Employers and Workers, and since its establishment has served as a platform for the advocacy of key employer concerns in the areas of employment, labour relations and social policy.

FKE has been very active from the very beginning of pandemic; here are the key activities, interventions and contributions made in support of industries:

1. Enforcing Compliance with Government Directives

As soon as the pandemic was announced, FKE immediately issued an advisory to members to comply with the directives from the Government of Kenya (GoK) to minimize the risk of Covid-19 infection at the workplace. Various updates on compliance have been made to members thereafter.

2. Memorandum of Understanding (MoU) among Tripartite Social Partners

In April 2020, the Tripartite Social Partners entered into a Memorandum of Understanding (MoU) detailing a joint approach to managing labour relations during the turbulent period. The Agreement emphasized the need for social dialogue at all levels. This MoU has been useful in creating harmony, and in stabilizing and containing industrial relations conflicts during the pandemic. It has been adopted and used in various sectors such as aviation, horticulture, manufacturing, transport and hospitality, among others, to manage labour relations. FKE Officers have continued to provide support to employers in negotiating with their unions and adopting the provisions of the MoU. Further, Kenya's Employment and Labour Relations Court has during this period relied on the MoU to issue judgements encouraging parties in dispute to explore social dialogue as espoused in the MoU to stem the loss of jobs and for the survival of enterprises.

<https://citizentv.co.ke/business/govt-in-talks-with-employers-on-how-to-cushion-workers-against-effects-of-covid-19-332679/>

3. Lobbying and Advocacy Initiatives to save jobs and promote survival of Enterprises

As part of its advocacy initiatives, FKE engaged the Government on several issues to help companies and workers deal with this unfortunate situation. Key among these was the revision of tax measures. Following FKE's intervention and engagement with the Government, the Government introduced tax incentive measures to cushion the country against the economic effects of Covid -19. These include the reduction of VAT, corporate tax, turnover tax and PAYE adjustments for citizens.

<https://www.businessdailyafrica.com/bd/news/employers-call-for-payee-vat-relief-to-cushion-workers-and-firms-2284774>

<https://www.businessdailyafrica.com/bd/economy/president-kenyatta-announces-stimulus-package-to-save-economy-amid-pandemic-2285042>

The Federation worked closely with the Ministry of Labour and Social Protection as part of the Rapid Response Team and Multi-Agency Taskforce to track issues affecting enterprises and advocate for enterprise sustainability measures on behalf of its members. Through high-level social consultations, FKE has assisted industry players to maintain peace in industrial relations during this period of the pandemic and continues to do so for the recovery of enterprises.

4. Issuance of Advisories to Employers on the Management of Employment & Labour Relations

As soon as the pandemic was declared, FKE enhanced its digital ways of accessing and advising members. FKE hosted eleven (11) free member events to guide employers on various employment-related matters. Close collaborations were enhanced with local industry players, professionals, government agencies such as the Directorate of Occupational Safety and Health (DOSHS) as well as international partners to address various topics for the benefit of members and as a result, member engagement levels were enhanced.

5. Issuance of Protocols and Guidelines for Safe Return to work

Through support from ILO ACT/EMP, FKE prepared and issued Protocols and Guidelines on Safe Return to Work and has been at the forefront in promoting safe workplaces.

6. Conducting Research & Surveys to gather information to inform business decisions and strategies

FKE conducted an Impact Assessment Survey in April and another in August 2020 to assess the impact of Covid-19 on enterprises, in which data and information were gathered from employers to inform the strategies for recovery of enterprises.

7. Training & Capacity Development

FKE is using this opportunity to build the skills and capacity of its members and industry to quickly adapt to the changing world of work. FKE started offering a Virtual Master Class Training Series to equip the labour force with the necessary skills required in the case of pandemic and beyond. FKE continues to offer legal & industrial relations representation and consultation services. Between 18 and 20 November 2020, FKE successfully hosted the Annual Employers Conference virtually and had participation from high-level local and international experts and partners, as well as government officials.

The FKE Survey:

The Covid-19 pandemic has had an extensive impact on businesses across various industries and sectors and FKE surveyed its member organizations to better understand how businesses can emerge from the pandemic. This survey was conducted in August 2020 and sought to assess the business environment before the Covid-19 pandemic, the current impact of the pandemic, and the areas of support required to recover from and prosper after the pandemic¹¹⁰. The results of the survey were presented on 25 September 2020. Here are some of the data regarding relevant information, conclusions and recommendations for companies.

A total of 122 organizations participated in the survey. The majority were located in Nairobi followed by Mombasa, Kisumu and Nakuru representing in that order 64.75%, 9.02%, 4.92% and 0.82% of FKE member organizations respectively. It is also important to note that a significant number were located in counties other than the four mentioned above and these represented 20.49% of all participating organizations.

Concerning the impact on employment and staffing, the mean number of employees per organization was 405 as at 29 February 2020 and this number fell to 372 employees as at 1 August 2020. This means an average of 33 employees lost their jobs per responding enterprise.

Many businesses reported that the business environment before the onset of the Covid-19 pandemic was either fair, good or superb. However, the pandemic has adversely affected a majority of aspects of their operations, forcing them to adopt many mitigating measures to shield them from the adverse effects of the pandemic. Some of these measures included reduction of staff numbers, hiring freeze, reduction and or delayed increase in wages or bonuses, sending employees on unpaid leave and a reduction in staff development costs.

The pandemic has changed the way organizations conduct their operations. These changes include teleworking and embracing the use of ICT. More firms now have a significant proportion of their staff working via online platforms, and through virtual interaction with public authorities. Moreover, more firms have realized that more aspects of their operations will need to shift to online platforms and more are willing to adopt these.

¹¹⁰ Full survey results available at: [Downloads & Publications \(fke-kenya.org\)](https://www.fke-kenya.org/downloads-publications)

Government efforts to ease the effects of the pandemic on businesses have been acknowledged as useful and adequate, but some, such as tax exemptions and reduced costs of online transactions, were noted as inadequate and this needs to be looked into further so that future efforts are targeted at those areas where they will have the greatest positive impact. This shortcoming could be attributed to the nature and frequency of engagements with the Government on ways to develop, transform and innovate the various sectors or industries in which organizations operate. Sufficient future engagements with the governments will ensure that a more targeted approach will be more effective.

FKE efforts seem to be popular with member organizations, with a majority of them regarding them as useful. Moving forward, most organizations acknowledge that it will not be “business as usual” and that they need to automate more of their operations. The majority of organizations have automated only up to 40% of their operations and this will need to be reviewed moving into the post-Covid era. Most organizations acknowledge that there needs to be a shift in how they conduct their operations and this is evidenced by their admission that they will likely introduce new advanced technologies into their operations after Covid-19.

Recommendations:

- Concentration of risk hence concentration of potential: Since Nairobi is both the epicentre of Covid-19 and the economic hub, concentrating support to Nairobi businesses is key and could have a special focus and great multiplier effect.
- Size matters: There is a high correlation between organizational size and the economic impact of Covid-19. Therefore, larger companies will need special attention since they are also the mainstay of the economy.
- Hot spot sectors: Nearly 60% of the economy has been hit (services & industry). The knock-on effect will also be huge and longlasting. This requires a strategic intervention to change the “reality”.
- Labour cost is a hindrance: the cost of labour has led to significant job losses and also slowed job creation. This creates the need to evaluate statutory labour costs as seen in salary cuts and deferrals.
- It is time to support local industries: Covid-19 has taught the Kenyan economy the need to build a local economy. This crisis presents an opportunity for local industry, and government needs to be a catalyst by introducing economic incentives.
- Information asymmetry: it is time to reduce information asymmetry to give more local Kenyan businesses a chance to enjoy foreign markets. Government agencies that deal with foreign trade need to be strengthened.
- Key skills to develop: in the context of such a pandemic, technical, strategic, problem-solving and collaborative skills reign supreme. The Government needs to change tack on

human-capital building for the economy and government agencies like the National Industrial Training Authorities (NITA) may come in handy. In this regard, the kind of skills employers are looking for has more to do with abilities than qualifications.

- Physical infrastructure is not a barrier: as digital infrastructure becomes prominent, physical infrastructure reduces in prominence. Government budgeting processes need to be aligned to this new reality by having an incremental budget on digital infrastructure. However, shifting to online platforms for service delivery is still more of the talk than the walk.
- ICT strategy is relevant: the ICT strategy of the country is on track as a digital payment system supported the economy in the Covid-19 context. More of these need to be planned and budgeted for. There is even more need for ICT solutions in the economy, hence lobbying for the digital economy is the way forward. More investment in broadband connectivity is key and running a knowledge-based economy is the way to go.
- More accessible Government: the business community needs to have more forums to engage the Government. More forums to discuss specific solutions to business challenges are needed.
- Inevitable job losses: but there will be a new economy with new jobs coming on stream. There is a need for stakeholders to take a fresh look at the future of work with new eyes.
- Finance and cash-flow management is key: the fact that most businesses had these challenges shows that financial management and risk management are needed as part of support to businesses in the economy. There is a need for this support or capacity building to be offered to businesses to bridge the gap.
- The offering of PPE and information is key: during such pandemics, businesses suffer due to lack of timely and accurate information. They may also just need some small but concrete support from the state.
- Working from home does not work: the tripartite partners need to develop guidelines on working from home. This is because there is a lot of talk about teleworking, but the reality is that not many companies were able to avail themselves; only a small proportion of staff were able to work from home. In this regard, the proposed guidelines need to come in quickly and in an easily accessible way.
- Supply-side related incentives are not enough: the Government has mostly offered supply-side related incentives to the economy, like PAYE reduction, tax reductions and cost of transactions, loan restructuring, CRB. But this has not improved the business climate since the demand side is dormant. This needs to be the second focus of Government in fighting Covid-19.

- The shrinking role of the state: the fact that government intervention is seen as not having much impact whether positive or negative indicates that the Government of Kenya needs to improve its economic relevance not only on enforcing the collection of taxes but by boosting the economy to even grow its tax collection. This highlights the issue of dialogue and the involvement of private sector players by the Government. The private sector currently feels un-involved.
- Building a self-reliant economy: with the effect of Covid-19, there is a need for the Kenyan economy to improve local industries. Government incentives will play a key role by creating and implementing policies that encourage more local than foreign content. Expansion of regional collaborations would also boost Kenyan competitiveness.
- Automation of products and services: incentives to enhance automation, machine learning and artificial intelligence are required. Additional human capital to drive this is needed.

As previously said, the Memorandum of Understanding (MoU) was signed in April 2020, and it emphasized the need for social dialogues, at all levels. The MoU has been very useful in improving the harmonization and stabilization in industrial relations during the pandemic and in preventing possible conflicts.

France

MEDEF

MEDEF is the leading business network in France. Over 95% of the businesses that belong to MEDEF are SMEs. It is a social partner and in this capacity it helps build constructive social dialogue in a concerted manner with the trade union organizations. It is in touch with the realities on the ground. MEDEF places job creation and sustainable growth at the heart of its actions. It promotes entrepreneurship and defends free enterprise.

In this Covid-19 crisis, practically all MEDEF departments are focusing only on helping the business community to overcome it and gain confidence in their business's ability to survive, even with state aid.

MEDEF carried out two surveys during the health crisis to have a better understanding of the impact that it had on the state of mind of managers and employees: the study "Leaders facing the health crisis", carried out among 1,203 business leaders between 27 May and 5 June 2020. The second study was "The perception of the climate at work (working atmosphere) during the health crisis", carried out between 6 and 18 May 2020 involving 1,502 individuals from a national sample representative of the French population employed in the private sector and aged 16 and over.

MAPPING THE IMPACTS OF THE HEALTH CRISIS ON THE PERFORMANCE AND WELL-BEING OF MANAGERS AND ENTREPRENEURS

Managers facing the health crisis

Questions asked:

Five topics are emerging that allow measurement of the impact of the Covid-19 crisis on members of the business community.

a) Personal performance:

Do the leaders manage to ensure (during this period of strong disruption) their level of performance and their managerial capacities?

b) Employee and co-worker performance and motivation:

Do employees seem committed and motivated to participate in the resumption of post-containment activity?

c) Medium-term prospects for the company:

Are the managers confident in their company's ability to cope with the context, thanks to state aid?

d) Personal and professional life balance:

How do managers manage to reconcile personal and professional life in this period of teleworking and/or partial unemployment?

e) Well-being:

What is the impact of containment & the health crisis on the morale and physical/mental health of leaders?

Analysis

1. What changes do you anticipate in your business after the crisis?

Teleworking: in the vast majority of comments, a desire was noted to rethink the organization of work around teleworking (by creating charters or agreements, using it more frequently and more widely than before the crisis). Comments detracting from teleworking are very isolated. This desire is accompanied by a need to strengthen the digitization of internal processes.

To organize: following the upheavals of lockdown, many managers indicated that they wanted to reorganize activity (around new processes and digital tools), teams (reduce staff, rethink schedules) as well as financial activities (reorganize priority projects and limit expenses).

To reduce: the comments indicate a desire to reduce - mainly expenses (fixed costs, charges, investments), and personnel costs (reduction in working time, layoffs and hiring freeze). Other comments indicate a desire to reduce the ecological impact (by relocating consumption to France, less daily or commercial trips) and the costs associated with premises (directly linked to the development of teleworking and the reduction of the workforce).

2. Given the current situation, what are you lacking today to work in the best possible conditions?

Customer Orders: the need to secure new orders from customers is highlighted by many executives as a first step to counteract the current lack of visibility and secure business. Customer relations and management are at the heart of the comments since they are directly linked to the achievement of turnover.

Visibility: managers deplore a lack of visibility, both on the evolution of the crisis, and on its impact on their structure. Managers are concerned about the financial health of their clients, with whom they wish to get closer to probe their post-crisis stability.

Resumption of activity: managers hope for a recovery in activity both in their sector (overall economic recovery) and in their structure (recovery of all teams, resumption of commercial activity). To a lesser extent, this term is associated with the necessary return of confidence, of both customers and markets. It is associated also with the return to school which would relieve managers - parents of school-age children, or whose return of employees remains constrained by parental responsibilities.

3. What do you need today to consider better the future of your business?

Resumption of activity: The (rapid) resumption of activity is at the heart of the comments on this question. Managers hope for an economic rebound supported by all the current forces (public authorities, companies, social workers), a reopening of the market towards the international market, and the structuring of aid plans, from banks and state for possible future periods of crisis.

Visibility: for this question, again, managers deplore a lack of visibility, both internally (on their medium and long-term financial stability), on the financial health of their clients, on the evolution of the crisis (financial strength) and public investments/government aids.

Resumption of activity: for this question too, executives overwhelmingly mention customer orders as the primary need for resumption of activity, which will allow them to strengthen their cash flow and have better visibility in the medium term. There is still some concern about the financial strength of said customers to allow this resumption of commercial activity.

Main lessons

Economic difficulties: Business leaders report insufficient activity and are not necessarily confident about their company's ability to survive the crisis, even with state aid. They mainly need orders/business resumption and visibility to consider better the future of their business.

However, business leaders are not giving up: despite the economic situation, their morale is quite good and they report stress as a stimulus rather than a burden.

Confidence in the collective ability of the company for recovery: the great majority of company directors have confidence in the ability of their teams to put in the energy necessary to relaunch activity and most find that their employees are not reluctant to come back to work in person.

A desire to transform companies following the crisis: in particular by developing teleworking and digitization, but also by reorganizing and re-prioritizing activity, teams and financial activities. Reductions in expenses (fixed costs, investments, etc.) and personnel costs are being considered to compensate for the loss in turnover. The reduction of ecological impact is also regularly mentioned in the planned changes.

Business leaders also need to take care of themselves: business leaders report that they find it difficult to take time for themselves outside of their company and that it is difficult to balance their personal life and their work, which is a risk to their health and well-being.

The second research was about the climate at work during the health crisis

Main lessons:

- The vast majority of employees/co-workers questioned declared that their company and their managers were up to the task during lockdown (on the communication of information on the situation of the company, good understanding by the managers, confidence felt by the employees ...)
- The main factors of lockdown inequalities are work situations and family set-up.
- 89% of the 602 respondents - teleworkers - consider that their working conditions during lockdown have allowed them to work productively.
- The main barriers to productivity (for people who gave the negative answer to the previous question) are of technical and/or logistical nature like limited internet connection, insufficient equipment, no space to isolate etc.
- There is a significant difference in the feeling of the usefulness of one's work and its recognition according to the socio-professional category and age of the respondent.
- The main work practices to maintain or improve according to the employees are:
 - better work / personal life balance;

- greater autonomy at work;
- regularity/rituals of exchanging information with managers and colleagues;
- transparency among all employees concerning the situation in the company; and
- greater use of digital tools, occasional teleworking; these working practices are facilitated by teleworking, but it is not regular teleworking per se that is popular, rather the managerial practices that come with it.

While the two above-mentioned surveys were being carried out, MEDEF put actions in place to take into account the impact of the health crisis on the management in companies. Here are some of the webinars and practical information-sheets prepared for the members:

- Webinar “Discussions/ exchanges of information on managerial practices linked to resumption of activity in anticipation of progressive exit from lockdown”
- Webinar "Drawing managerial lessons from the crisis"
- Webinar "Discussion session on moral support for business leaders and their employees"
- Practical information sheet "Supporting managers and their teams during the crisis"
- Practical information sheet "Managerial preparation for the recovery"
- Practical information sheet "Managing your teams remotely"
- Practical information sheet "Guide for teleworkers"
- Practical information sheet "Taking care of the morale of your teams"
- Practical information sheet "Drawing managerial lessons from the crisis"

The practical information sheet "*Supporting managers and their teams during the crisis*" can be seen as a “one-stop-shop” or, “everything you need to know from A to Z”.

What is the content of this sheet?

The first observation is about two phases of Covid-19; the beginning of the crisis, and the second phase where it is evident that it will be more lasting than anticipated, with significant economic and social impacts, and that it will force us to transform, improve productivity and develop. “The key success factor in this period will be the ability to mobilize teams and therefore to take care of the psychological health at work of business leaders, their managers and employees”, stipulates the quotation.

Further, the sheet describes in detail five areas for business leaders’ action:

1. Accept the reality;

2. Set up measurement indicators;
3. Set up systems to detect and take care of employees in difficulty;
4. Take advantage of the period to develop the resources and skills of teams, and in particular managers; and
5. Take steps to build trust and bond.

It has to be accepted that the psychological health of the worker today, whether owner, manager or employee, is not at its best.

Being a good business leader also means taking care of your health. There are physical issues (diet, physical activity, sleep, etc.) to begin with, but the matter of the leader's mental load and psychological health is essential. A better leader is one who is in good shape. Taking care of oneself by using psychological support is not an admission of incompetence or weakness but rather of good health practice.

It is important to have "sensors", indicators, to be aware of the state of employees, their stress level, their concerns and, indirectly, their ability to mobilize. Putting in place mechanisms that allow knowing the psychological state of employees is very important because those will be the levers for the facilitation of the return to work. The business person cannot necessarily deal with personal problems (work / personal life balance, marital problems, addictions, etc.) and professional support can be beneficial because even if cases are not numerous, they are often problematic. We are not responsible for the crisis, but we are suffering the consequences every day. To live this period well, it is important to develop, not so much operational skills, but emotional and inter-personal skills because we have to understand the impact of the strong emotions being experienced on working methods and behaviour.

"It is important to develop a common, shared goal and to adapt working methods. We can also try to invent new ways of working for this period, which is likely to be prolonged. "

"The challenge is to create a consensus with employees to find solutions to end the crisis."

TOOLKIT: DEVICES THAT CAN BE IMPLEMENTED:

Support tools

Subscriptions to support platforms: these give company heads or employees access (via internet platform, toll-free number, etc.) to psychologists or social workers, either freely or by appointment, by videoconference, by e-mail, or by telephone. The company is informed each quarter of the consumption of the service and receives consolidated and anonymous data, with a few elements on the risk factors or the situations mentioned by the employees (some

examples: Fédération Syntec Conseil ; Fédération SYNERPA ; MEDEF Meurthe et Moselle ; MEDEF Lille Métropole with different psychological programmes of support).

Surveys or studies

The offer: administration of a questionnaire to interview employees to assess whether they are doing well or badly, and the motivational or risk factors to which they are exposed. There is also an analysis of these questionnaires, which provides indicators for better management of the business. The employer is not necessarily authorized to conduct this type of questionnaire, on the one hand for confidentiality reasons, but also because the "raw" material must be analyzed in a way that is understandable and that above all invites action.

One example - *Supermood's* corporate solidarity offer allows companies to conduct surveys online for employees to find out their feelings and needs. The license is offered during the pandemic for companies with fewer than 1,500 employees.

Develop emotional skills

Tools in terms of skills to provide employees (even remotely, for example, with webinars) sessions to work on developing skills adapted to the period (e.g. how to collaborate remotely, how to maintain energy levels during lockdown...)

The offer: BPI France Université for enterprises offers a platform of more than 200 training courses to help PME–ETI¹¹¹ managers to solve the management and development issues of their company. The platform is available free of charge.

360Learning for Businesses is a collaborative learning platform for optimizing business training. The solution is available free of charge during the pandemic for organizations seeking to serve the general interest.

Communicate better to make use of support:

Set up a system of trust that is discreet and anonymous and have a communication-flow that can be described as guilt-free: there are often obstacles to saying that you go to see a psychologist, a social worker, or that you are close to bankruptcy. It is, however, normal for a business person to have a difficult period. Sometimes you should not communicate at the emotional level, but rather on relationship difficulties. By this indirect means (by asking the person about their relationships with others), we manage to address the fundamental psychological element that causes the person to be in a difficult situation. Communicate at the level of mental preparation, on concepts more related to performance, as great sportsmen do for example. Use the notion of "coaching" rather than psychological support.

¹¹¹ (PME – small and medium-sized companies, ETI – companies that have 250 – 4,999 employees and either a turnover less than 1.5 billion euros or a total balance sheet less than 2 billion euros).

And last but not least, in addition to all the offers listed, there is information on the application process, contacts, links and websites.

Other resources:

RECOVERY PLAN ACTION

In its December 2020 Newsletter MEDEF elaborates in details on the governmental system of support for companies and informs about new health restrictions.

WHICH SUPPORT SYSTEMS FOR WHICH COMPANIES? NEW HEALTH RESTRICTIONS – 16 December 2020

Useful resources: summary of support measures by the Ministry of the Economy; FAQ on support measures by the Ministry of the Economy - Updated on November 18, 2020; all FAQs on support measures; Covid-19: support measures for businesses; online help tool aimed at answering all questions from business persons developed by the Ministry of the Economy; Coronavirus - Measures useful for businesses, CCI web page; What aid for businesses impacted by Covid-19? - Bpifrance¹¹²; special issue of information on emergency measures for companies and associations in difficulty; one-stop-shop for companies in the tourism plan.

Focus on announced projects CALLS FOR PROJECTS IN PROGRESS ALLOWING TO OBTAIN INVESTMENT AID.

MEDEF Extranet:

All this information can be found on the MEDEF Extranet in the “*Recovery Action*” file. The section dedicated to regional measures in the section “General, regional and AAP measures” allows business actors to find regional aid that can help them. This file is updated regularly.

Belgium

VBO-FEB

VBO-FEB is the voice of business in Belgium; it promotes an optimal business and investment environment. The mission/vision/strategy is captured in three short aspirational sentences—*“We hope, dream, set targets, achieve and win. FEB and its sectoral federations have every confidence in the future: a future that is in our hands. Together, we can and must push back existing boundaries.”*

VBO-FEB’s Vision and Mission 2030 are *“Businesses are the driving force behind social progress: this is the cornerstone of our vision and mission. Although we have performed the same essential role since 1895, our environment has changed radically. The Federation of Enterprises in*

¹¹² BpiFrance is the French Sovereign Fund, it invests in start-ups, SMEs and Mid-caps through direct investment

Belgium (FEB) is constantly evolving. Better still, it looks ahead, allowing it to remain a vital part of the fabric of socio-economic stakeholders and beyond.”

It is important to note that VBO-FEB was consulted by the Government on all decisions, in an early “drafting” stage and at all levels, due also to their in-house OSH expertise. Concerning relevant achievements related to the creation of measures and tools to assist members during the pandemic, practical and illustrated generic *Guidance to combat pandemic in the workplace* was developed¹¹³. It was endorsed by the Government and embedded in legislation.

Achievements related to economic support measures include:

- A specific scheme established to facilitate enterprises’ access to a temporary unemployment scheme as a result of Covid-19. It allows employers, in a flexible way, to temporarily suspend work as well as the payment of wages;
- Protection against bankruptcy;

(Given its exceptional nature, it is generally accepted that companies need to be supported to weather this crisis. [Special Decree Nr. 15](#) of 24 April 2020, concerning the temporary suspension of enforcement measures in favour of businesses, temporarily protected Belgian companies against, inter alia, bankruptcy petitions and – certain - enforcement measures. Fundamentally healthy companies, but still affected by the Covid-19 measures, were protected this way. The first Moratorium was in line with initiatives taken by the other EU Member States and ran from 24 April 2020 until 17 May 2020.) The Belgian legislature recently decided, as a response to the "second wave" of Covid-19, to reactivate the Moratorium. After all, the exceptional situation, which justifies such a far-reaching measure, is still an issue. The new Moratorium, which is outlined below, will be applicable from 24 December 2020 until 31 January 2021.)

- Financial support/measures for companies and relevant sectors with restricted activities (for example, BUSINESS SUPPORT MEASURES ANNOUNCED BY THE MINISTRY OF FINANCE AND FEBELFIN¹¹⁴
 - Charter for deferral of actual credit facilities (update 09.07.2020)
 - Bridge credit facility (update 05.06.2020)
 - Deferral of capital repayments in Q1/2021 (**NEW 12.01.2021**)

What was the *modus operandi*?

¹¹³ Sigurno na radu – Opće smjernice za borbu protiv širenja COVID-19 na radnome mjestu/ Safe at work - General guidelines for combating the spread of COVID-19 in the workplace

¹¹⁴ Belgian Financial Sector Federation

Meetings of the *Social Affairs Commission* were held every two weeks, with a Covid-19 agenda highly prioritised. The discussions and conclusions related to the latest information about Covid-19, in all its aspects, legal provisions, political impact and aspects, and practical issues.

Meetings of the *Central Working Group* were held every two weeks, including the most important members (sectoral federation) also with Covid-19 state of play items on the agenda, and all its relevant aspects and problems.

FAQ – Covid-19 related questions and answers on VBO-FEB Extranet (members only), updated two to three times per week.

The dedicated Covid-19 section of the website with different chapters related to useful information on the federal authorities' decisions and measures, testing and lockdown, labour law/employment, WHO information, information on neighbouring countries and relevant documents needed for travelling abroad etc.

Taskforces for the business community

Taskforce 1 – Relaunch of economic activity in the short term

Taskforce 2 - Liquidity problems and solvability?

Taskforce 3 - Economic growth perspectives

Taskforce 4 - Green transition– Digital transition – Resilience

VBO-FEB is continuously assessing how to address the threat posed by Covid-19 to their members and their businesses, their employees, suppliers and wider stakeholders. VBO-FEB also has sectoral considerations relevant to the particular circumstances. Therefore, VBO-FEB regularly prepares “briefing” documents on all Covid-19 related measures and topics.

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A powerful
and balanced
voice for business



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