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BALKAN BAROMETER 2020

COVID-19 IMPACT ASSESSMENT



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CONTENTS

Introduction6

Overview and Key Findings.....7

I. Public opinion.....9

1.1. Perception of threat & assessment of present situation9

1.2. Assessment of mitigation measures..... 13

1.3. Confidence in sources of information 20

1.4. Outlook / future actions and expectations 21

II. Business opinion 24

2.1. Present situation..... 24

2.2. Financial and operational performance 28

2.3. Outlook - future expectations 32

Note on Methodology 36

Questionnaire 36

Interviewers 36

Sample..... 36

LIST OF FIGURES

Figure 1: On a scale from 1 to 5, where 1 means “very high threat” and 5 means “very low threat”, what level of threat do you think the coronavirus poses to each of the following? (Results for the Western Balkans).....	9
Figure 2: On a scale from 1 to 5, where 1 means “very high threat” and 5 means “very low threat”, what level of threat do you think the coronavirus poses to each of the following? (Results by economies).....	10
Figure 3: To what extent is the COVID-19 pandemic a threat to your job or jobs of your family members?.....	11
Figure 4: Which of the following best describes the way you are feeling amid coronavirus/ COVID-19??.....	12
Figure 5: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? (Results for the Western Balkans)	13
Figure 6: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Mandatory self-isolation and screening of anyone travelling to and from coronavirus affected economies / areas	14
Figure 7: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Mandatory quarantine for those who could have the infection	15
Figure 8: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Travel ban to and from economies / areas affected by coronavirus	16
Figure 9: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Taking precautions in public places (e.g. supermarkets, public transport system, banks and similar) like social distancing, wearing face masks, gloves	17
Figure 10: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Received foreign assistance aimed at helping the economy affected by the coronavirus (e.g. doctors, medical and other materials and supplies).....	18
Figure 11: To what extent, if at all, do you agree or disagree, with the following statement: the Government is doing enough to protect people from losing their jobs?.....	19
Figure 12: Which of the following sources of information do you have the most confidence in with regards to the accuracy of information they provide on the coronavirus?.....	20
Figure 13: Which of the following actions, if any, would you consider taking in the future to protect yourself from the coronavirus?.....	21
Figure 14: To what extent, if at all, do you agree or disagree, with the following statement: the Government’s economic and fiscal measures will have positive impact on the economy?.....	22
Figure 15: When do you think the coronavirus/ COVID-19 pandemic will be contained, and life will return to normal?	23
Figure 16: Has your business been affected in any way by the spread of coronavirus/COVID-19?.....	24
Figure 17: In what ways has your business been affected, i.e. what specific problems, if any, has your business faced?.....	25
Figure 18: What contingency measures, if any, has your business taken to mitigate the impact of coronavirus/COVID-19 spreading?.....	26
Figure 19: Which of the following is the biggest concern for your business at the moment?	27
Figure 20: Has your business’s access to financial resources changed since the outbreak of COVID-19?.....	28
Figure 21: Using a scale from 1 to 5, where 1 means “extremely useless” and 5 means “extremely useful”, in your opinion how useful are the Government’s economic measures in your economy?.....	29
Figure 22: Which of the following measures of the Government would assist your business the most to help you overcome the crisis created by COVID-19 pandemic?	30
Figure 23: How confident are you that your business has the financial resources to continue operating throughout the coronavirus/COVID-19 outbreak?.....	31
Figure 24: When do you think the coronavirus/ COVID-19 pandemic will be contained and life will return to normal? (All respondents, N=614, single answer, share of total, %)	32
Figure 25: How is your overall confidence level on economic conditions after the COVID-19 situation? (All respondents, N=614, single answer, share of total, %).....	33
Figure 26: In your opinion, how much time will it take for the overall economy in your economy to recover once the lockdown from COVID-19 is over? (All respondents, N=614, single answer, share of total, %).....	34
Figure 27: What about your business? How much time will it take for your business to recover once the lockdown from COVID-19 is over?	35
Figure 28: Sample structure by gender	38
Figure 29: Sample structure by age	38
Figure 30: Sample structure by education.....	39
Figure 31: Sample structure by marital status.....	39
Figure 32: Sample structure by respondent’s position.....	40
Figure 33: Sample structure by largest shareholder	41
Figure 34: Sample structure by number of employees	41
Figure 35: Sample structure by business area	42
Figure 36: Sample structure by ownership.....	42

INTRODUCTION

The Balkan Barometer regular survey (edition) provides insights into the public and business opinion in the Western Balkans (WB). Launched as an attempt to measure the impact of regional actions implemented under the SEE2020 Strategy, the Barometer is now firmly established as a reliable source of regional data widely employed and referenced by media, business, civil society and decision makers alike.

The latest developments related to the COVID-19 pandemic outbreak significantly impacted public and business perceptions as the shock of this magnitude set to change business, society and global economic order in many ways. By now, it is crystal clear that COVID-19 has presented an unprecedented challenge to the global economy, including the Western Balkan region, which is bracing for a recession and a post-recovery period.

In such uncertain times, data and up-to-date information particularly matters, along with the essential insights to gain a better understanding of the context under which the world and the Western Balkan region is to operate in times to come.

As there have been no comprehensive surveys of public and business sentiments after the outbreak of the pandemic at the WB level, there was a need for capturing the latest insights with a view to shed

light on the realistic perspective within the current context.

Given the rapidly evolving nature of the circumstances, this edition of BB survey provides adaptation and update of the findings from the regular BB 2020 survey. It is, therefore, the purpose of the 2020 COVID-19 edition of the Balkan Barometer to provide a snap-shot analysis of the public and business opinion in addition to the BB 2020 report. The insights generated through this edition shall constitute an important input to national and regional policy responses, which are vital as the WB region's policy makers are currently examining difficult policy trade-offs. The period of rapid and unprecedented events requires monitoring and understanding of the drivers of change, insights into the context and perspective on perceptions and behaviour changes.

The 2020 Balkan Barometer COVID-19 edition surveys were conducted in the month of May 2020 in Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Republic of North Macedonia and Serbia. The Public Barometer survey encompassed 9 questions posed to 3078 citizens while the Business Opinion survey presented 12 questions to 614 business owners, managers and executives. Survey respondent's answers have been systemised, analysed and presented in the text provided further in this document.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

OVERVIEW AND KEY FINDINGS

Following the annual issue of the Balkan Barometer survey, the Regional Cooperation Council (RCC) initiated additional analysis to observe more closely sentiments and perceptions of the general public and the business community in the context of recent developments deriving from COVID-19. In this respect, RCC engaged in data collection and data processing as a basis for snap-shot analysis of the attitudes, experiences and perceptions on the recent developments in six economies.

Accordingly, this analysis aims to assess the perception of citizens and businesses of specific topics covering COVID-19 issues, such as perception of the threat and assessment of present situation, assessment of mitigation measures, assessment of citizens' confidence in sources of information, assessment of perception of businesses of the present situation, as well as their financial and operational performance. The report also provides assessment of future actions and expectations for both businesses and citizens.

The key findings can be summarised as follows:

Citizens of the Western Balkans feel that the coronavirus outbreak poses a very high and high threat to both global and their national economies.

This sentiment has been observed at the regional level, but also at the level of each economy, where overwhelming majority of respondents (71% at the level of the Western Balkans) fear the threat of COVID-19 for the global economy, whereas 72% of them see this threat as very high or high for their respective national economies.

Western Balkan citizens do not feel very threatened by the coronavirus in terms of them or their family members losing their job. Instead, 30% of them consider the outbreak to be a moderate threat to their job, while the other 30% feel the threat is low or very low.

When asked about the introduction of the most effective measures to curtail the spread of coronavirus, **Western Balkan citizens were most in favour (83%) of the measure entailing mandatory quarantine for those who could have the infection.** Imposing travel ban restrictions to and from economies most affected by coronavirus or

mandatory self-isolation is also high on the priority measures of the Western Balkan citizens (79%).

The restrictions imposed amid the coronavirus outbreak were not that belligerently received in the Western Balkan economies. **Only 26% of respondents in the Western Balkans were angry** with the restrictions imposed on their freedom. The most agitated respondents were in Kosovo*, where one third of people (34%) were angry, whereas in Montenegro only 16% showed their disapproval of the imposed measures.

76% of the respondents in the Western Balkans showed vast support for the precautionary measures that have been undertaken to help control the spread of the coronavirus, such as social distancing, wearing face masks and gloves.

When asked about the travel restrictions and bans to certain economies or areas of the coronavirus outbreak, **Western Balkan citizens demonstrated their understanding of the situation with almost 80% of them saying they support these measures and find them extremely effective or effective.** The lack of support for travel restrictions to other economies does not go above 10% across all Western Balkan economies.

Overwhelming majority of respondents in the Western Balkans (65%) favourably see the foreign assistance aimed at helping their economy amid the coronavirus outbreak, considering it as either extremely effective or effective.

Only one third of respondents in the Western Balkans (32%) are **satisfied with their governments** and ways in which they ensure that people do not lose their jobs as a consequence of the coronavirus outbreak.

The majority of respondents (57%) said that their business was mostly faced with problems related to access to domestic customers, finances (42%), supply chain (38%) and staff availability (28%). Only 10% of businesses in the Western Balkans reported having no problems at all amid the pandemic outbreak.

When asked about the usefulness of the measures introduced during the COVID-19 pandemic,

businesses in the region report that the **most useful measure was to temporary reduce employers' social security contributions** and individual contributions (59%), followed by direct subsidies provided by the governments (49%), tax deferral (48%) and direct financial interest-free loans (47%).

Only one third (36%) of Western Balkan businesses are confident they can financially take the burden of the negative implications of COVID-19. Western Balkan businesses expressed a certain dose of

optimism when it comes to their businesses getting back to normal. More than 2/3 of the respondents said they expected their business to come back to normal by the end of 2020, while only 10% were pessimistic and stated that it will take 2 years for their business to recover from the pandemic outbreak.

I. PUBLIC OPINION

1.1. Perception of threat & assessment of present situation

The threat posed by COVID-19 crisis in the Western Balkans caught the attention of overwhelming majority of respondents. The outbreak of the pandemic is considered as a very high treat by 39% of respondents at the regional level, while 32% of them consider the pandemic crisis as a high treat to the global economy. When asked about the threat posed by the pandemic to their respective economies, majority of respondents (72%) said COVID-19 outbreak was a very high and high threat to their national economies. Their local communities

are a bit less impacted by the pandemic, with 62% of people seeing the health and economic crisis caused by coronavirus as a very high or high threat. On the other hand, when asked about the impact of present situation on their personal lives, less than a majority of Western Balkan citizens feel very threatened or threatened by the pandemic. A quarter of them find the threat moderate, whereas 30% see the coronavirus outbreak as a low or very low threat to them personally.

More than two thirds of Western Balkan citizens (71%) fear COVID-19 outbreak will pose a significant threat to the global economy, whereas 72% of citizens feel that the pandemic represents a very high or high threat to their national economies. This, in turn, implies that the biggest concern about the pandemic outbreak for the citizens of the region is perceived through global and national perspective, rather than local or personal.

Figure 1: On a scale from 1 to 5, where 1 means “very high threat” and 5 means “very low threat”, what level of threat do you think the coronavirus poses to each of the following? (Results for the Western Balkans)
(All respondents, N=3078, single answer per statement, share of total, %)

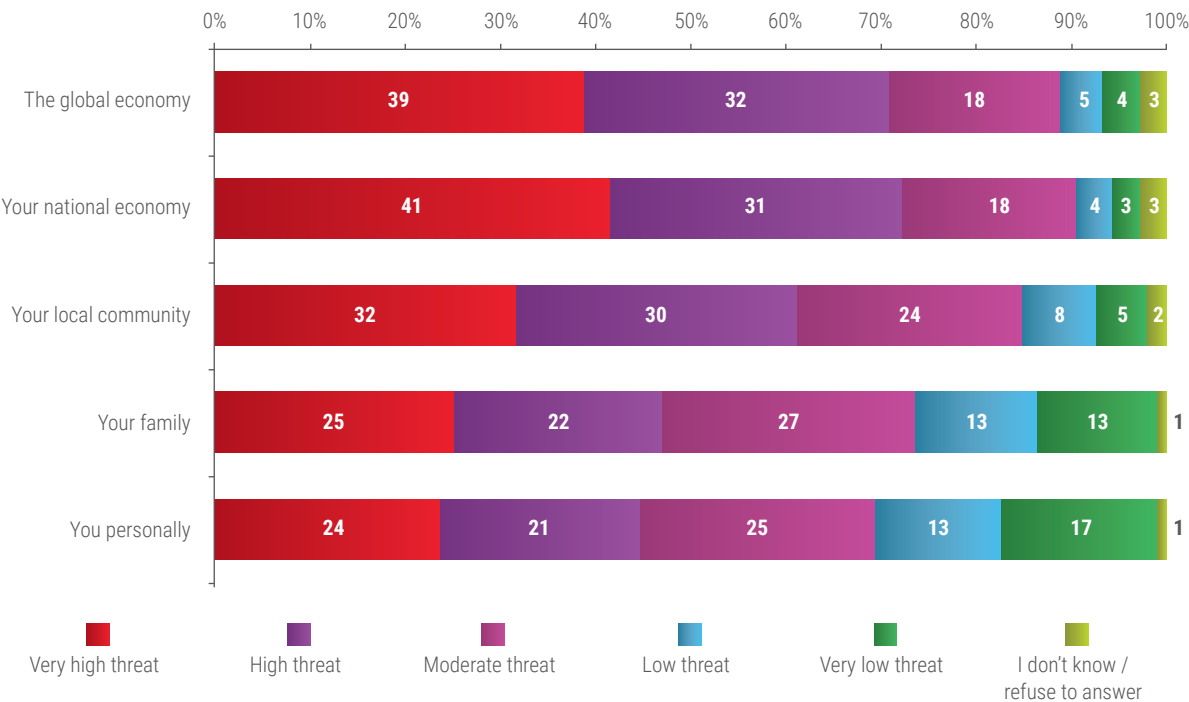
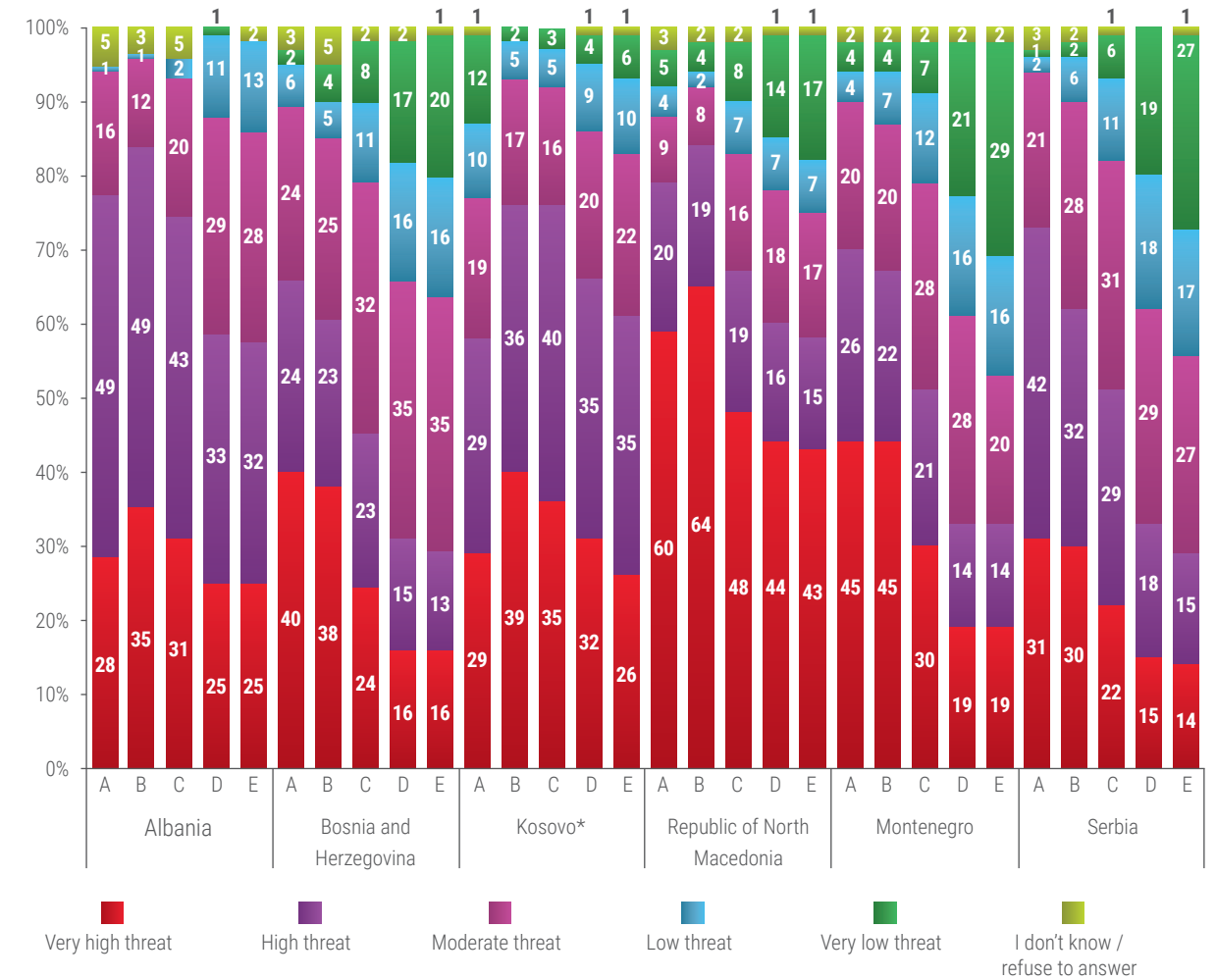


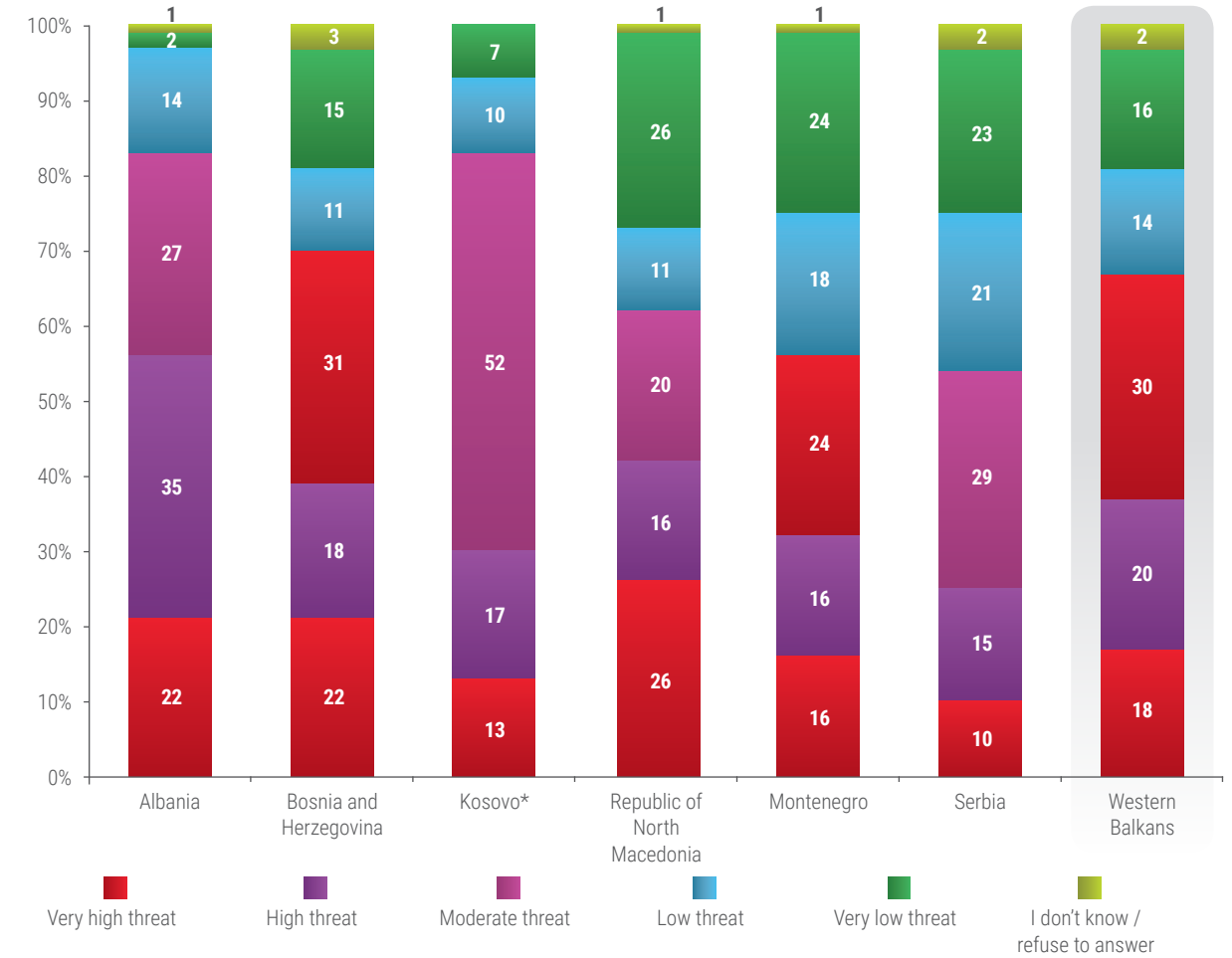
Figure 2: On a scale from 1 to 5, where 1 means “very high threat” and 5 means “very low threat”, what level of threat do you think the coronavirus poses to each of the following? (Results by economies)
A) The global economy; B) Your national economy; C) Your local community; D) Your family; E) You personally
(All respondents, N=3078, single answer per statement, share of total, %)



At the economy level, the biggest concern about the threat of the coronavirus is expressed by the citizens of the Republic of North Macedonia, with 60% of respondents feeling that the pandemic poses a very high threat to global economy, while 64% of them think the same of their national economy. The perception of coronavirus as a very high or high threat to national economy is evident in Albania with 77% of citizens seeing it as a very high or high threat, Bosnia and Herzegovina with 64%, Kosovo* 58% Montenegro 51% and Serbia 73%. Respondents in Albania (84%) and Republic of North Macedonia (83%) feel that the pandemic brings a very high or high threat to their national economies. Other economies in the region consider the threat to be either very high or high to their respective economies but in lesser numbers: Bosnia and Herzegovina – 61%, Kosovo* - 75%, Montenegro – 67% and Serbia – 62%.

According to the answers, citizens of all economies surveyed consider the local level to be threatened by the coronavirus to a certain extent, with responses of it being highly threatened ranging from 22% in Serbia to 48% in Republic of North Macedonia. The biggest threat from the pandemic at the local level is observed in Kosovo*, where 75% of respondents consider coronavirus to threaten the local community to a high and substantial degree. When asked about the threat they personally feel in the context of the pandemic, Bosnia and Herzegovina (29%), Montenegro (33%) and Serbia (29%) feel not that much threatened by the coronavirus. On the other hand, the majority of respondents in Albania (57%), Kosovo* (61%), and Republic of North Macedonia (58%) feel that the outbreak represents a high threat to them personally.

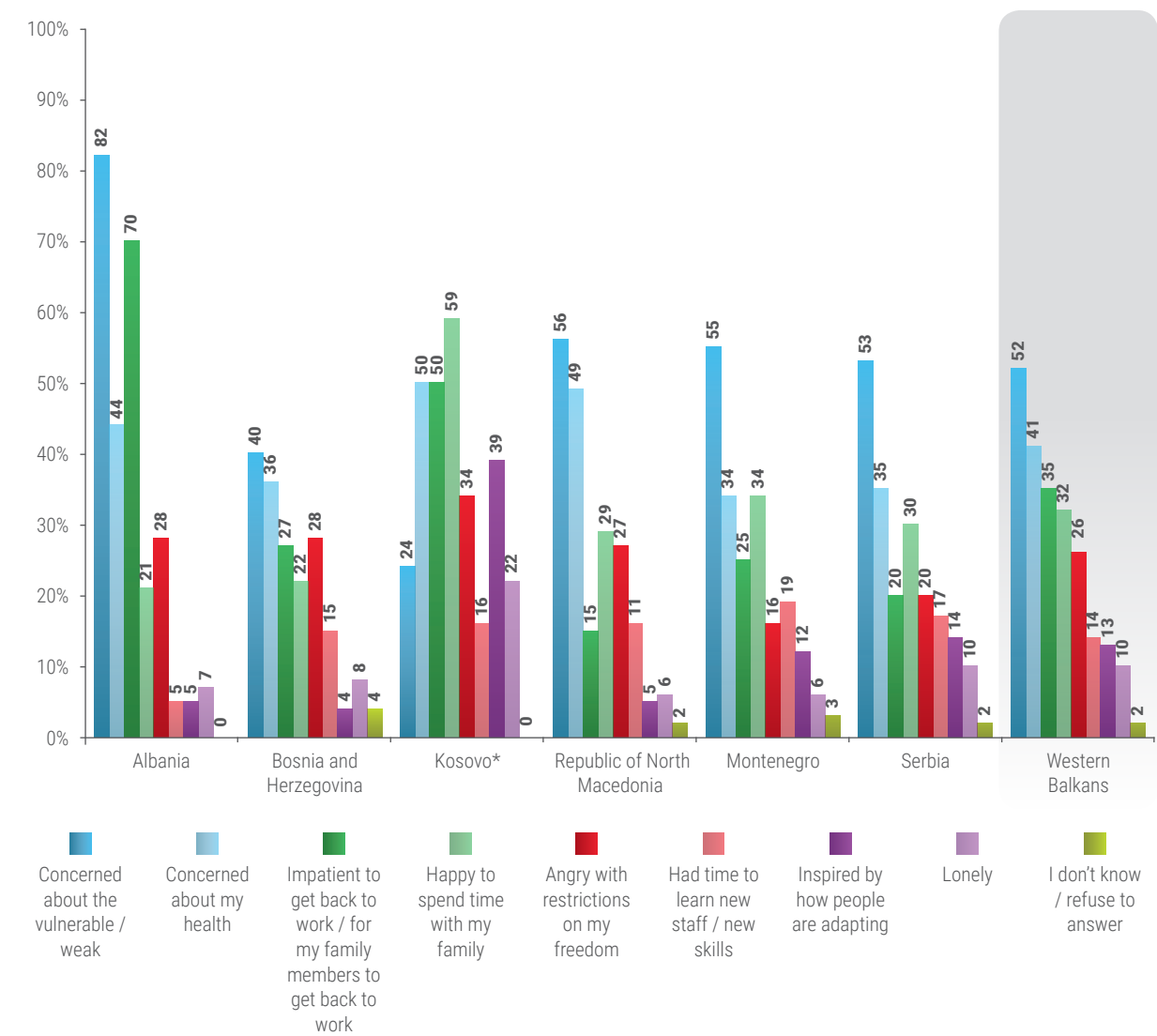
Figure 3: To what extent is the COVID-19 pandemic a threat to your job or jobs of your family members? (All respondents, N=3078, single answer, share of total, %)



When asked about the extent to which COVID-19 pandemic is a threat to their jobs or jobs of their family members, the Western Balkan citizens feel very threatened (18%) or threatened (20%). The biggest bulk of responses was recorded from citizens who feel that the threat to their jobs or jobs of their family members is moderate (30%), whereas 30% feel that the threat is low or very low. The biggest fear of losing the job is perceived in Albania, where 57% of respondents feel the threat is very high or high when it comes to either them or their family members potentially losing their job due to the pandemic. The lowest numbers are recorded

in Serbia, where only 25% of people fear they will lose their job due to the coronavirus, followed by 30% of respondents in Kosovo*. In Kosovo* the majority of citizens (52%) feel coronavirus has moderately threatened their jobs, whereas in Bosnia and Herzegovina these numbers amount to 31% of citizens who feel moderately threatened to lose their jobs. Only 10% of Serbian citizens feel the coronavirus poses a very high threat to their jobs or jobs of their family members, followed by respondents in Kosovo* (13%) and Montenegro (16%).

Figure 4: Which of the following best describes the way you are feeling amid coronavirus/COVID-19? (All respondents, N=3078, maximum 3 answers, share of total, %)

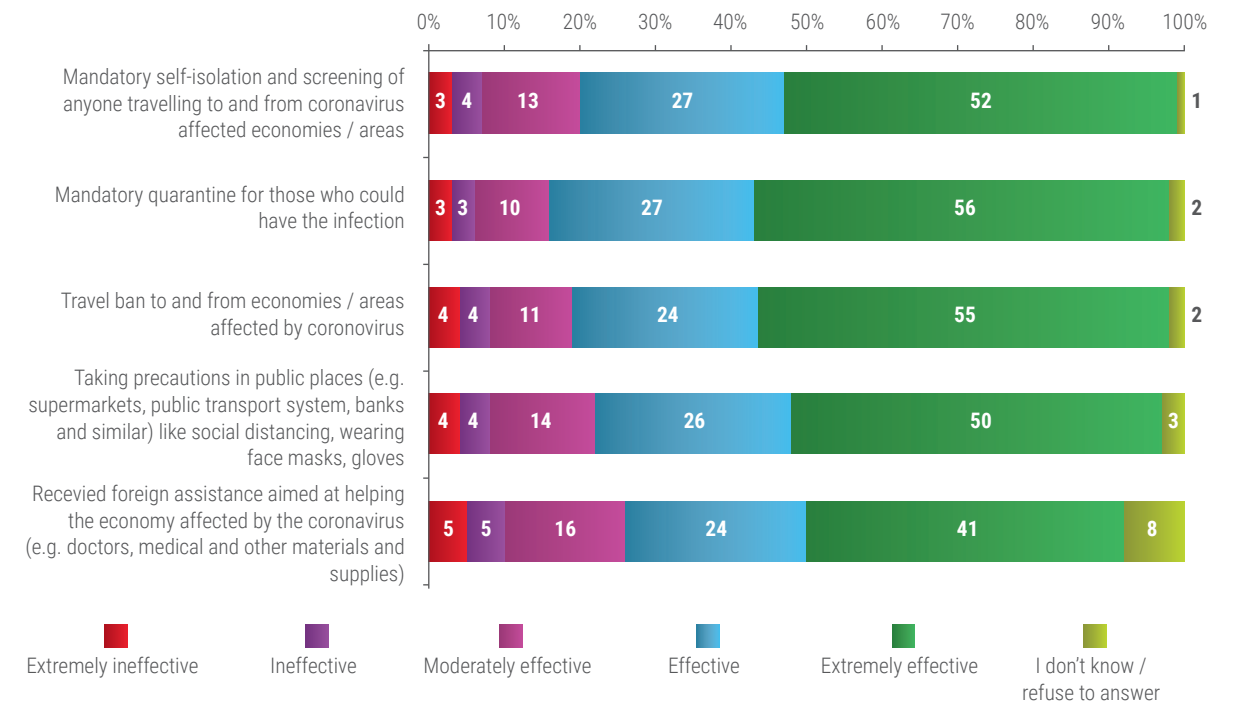


Western Balkan citizens are to a significant extent concerned about the most vulnerable (52%) and their own health (41%) amid coronavirus outbreak. One third of the respondents (35%) are impatient to get back to work, whereas 32% of them are happy to spend time with their family. The biggest concern about the effects of coronavirus to those most vulnerable in societies is recorded in Albania (82%), followed by Republic of North Macedonia (56%), Montenegro (55%) and Serbia (53%). The restrictions imposed due to the pandemic outbreak were not that badly received in the economies of the region. Only 26% of respondents in the Western Balkans were angry with the restrictions imposed

on their freedom. This number is the highest in Kosovo*, where almost the third of all respondents (34%) were angry with the imposed restrictions on their freedom, whereas only 16% of citizens of Montenegro showed their dissatisfaction with these restrictions.

At the regional level, citizens did not use the time in confinement to learn new skills, as only 14% of them had time to do that. The largest number of citizens who devoted their time to learning new skills is recorded in Serbia (17%), while the lowest is observed in Albania (5%). The good news is that only 10% of citizens in the Western Balkans

Figure 5: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? (Results for the Western Balkans) (All respondents, N=3078, single answer per statement, share of total, %)



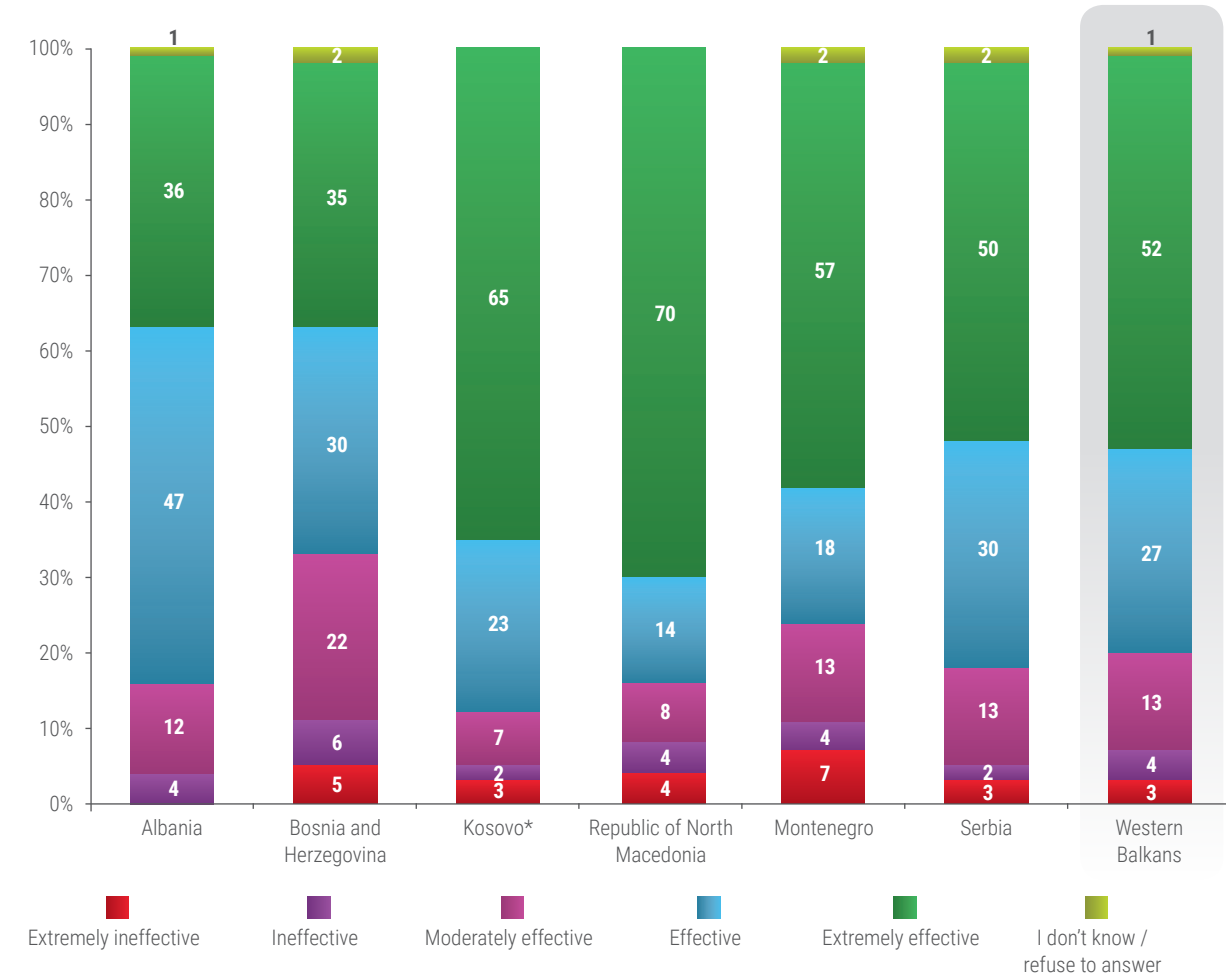
felt lonely during the coronavirus outbreak. At the level of economy, respondents felt the loneliest in Kosovo* (22%) while least lonely sentiments were observed in Republic of North Macedonia and Montenegro (6%).

1.2. Assessment of mitigation measures

When measured at the level of the Western Balkans, 83% of respondents think that mandatory quarantine for those who could have the infection is extremely

effective or effective measure. Mandatory self-isolation and screening of anyone travelling to and from coronavirus affected economies/areas and travel ban to and from economies/areas affected by coronavirus have garnered the support of 79% of all respondents in the Western Balkans. Taking precautions in public places in terms of social distancing, and wearing face masks and gloves is also seen as extremely effective or effective by 76% of respondents. The least supported measure is receiving foreign assistance aimed at helping the respective economy affected by the coronavirus (65%).

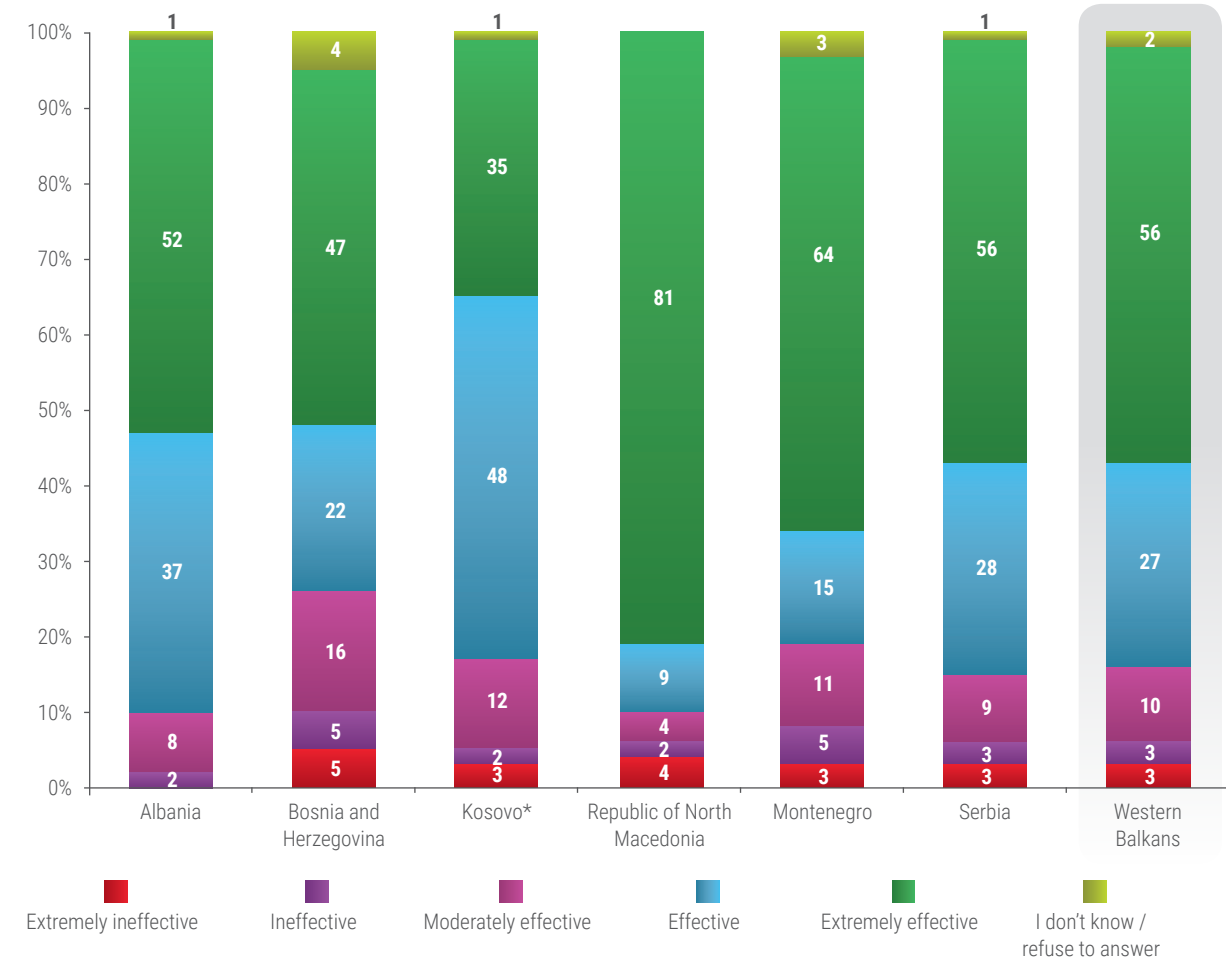
Figure 6: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Mandatory self-isolation and screening of anyone travelling to and from coronavirus affected economies / areas
(All respondents, N=3078, single answer per statement, share of total, %)



More concretely, when it comes to the measure which provides for mandatory self-isolation and screening of anyone travelling to and from coronavirus affected economies/areas, Albania, Kosovo*, Republic of North Macedonia and Serbia show support of more than 80% for this measure. The remaining economies have also regarded the measure as being extremely effective or effective:

Bosnia and Herzegovina with 65% and Montenegro with 75%. Only 4% of respondents in Albania think that this measure is extremely ineffective, whereas 3% of their counterparts in Kosovo* and Serbia think the same. The same sentiment is observed at the level of the Western Balkan region, where 3% of respondents in total think that this measure is extremely ineffective.

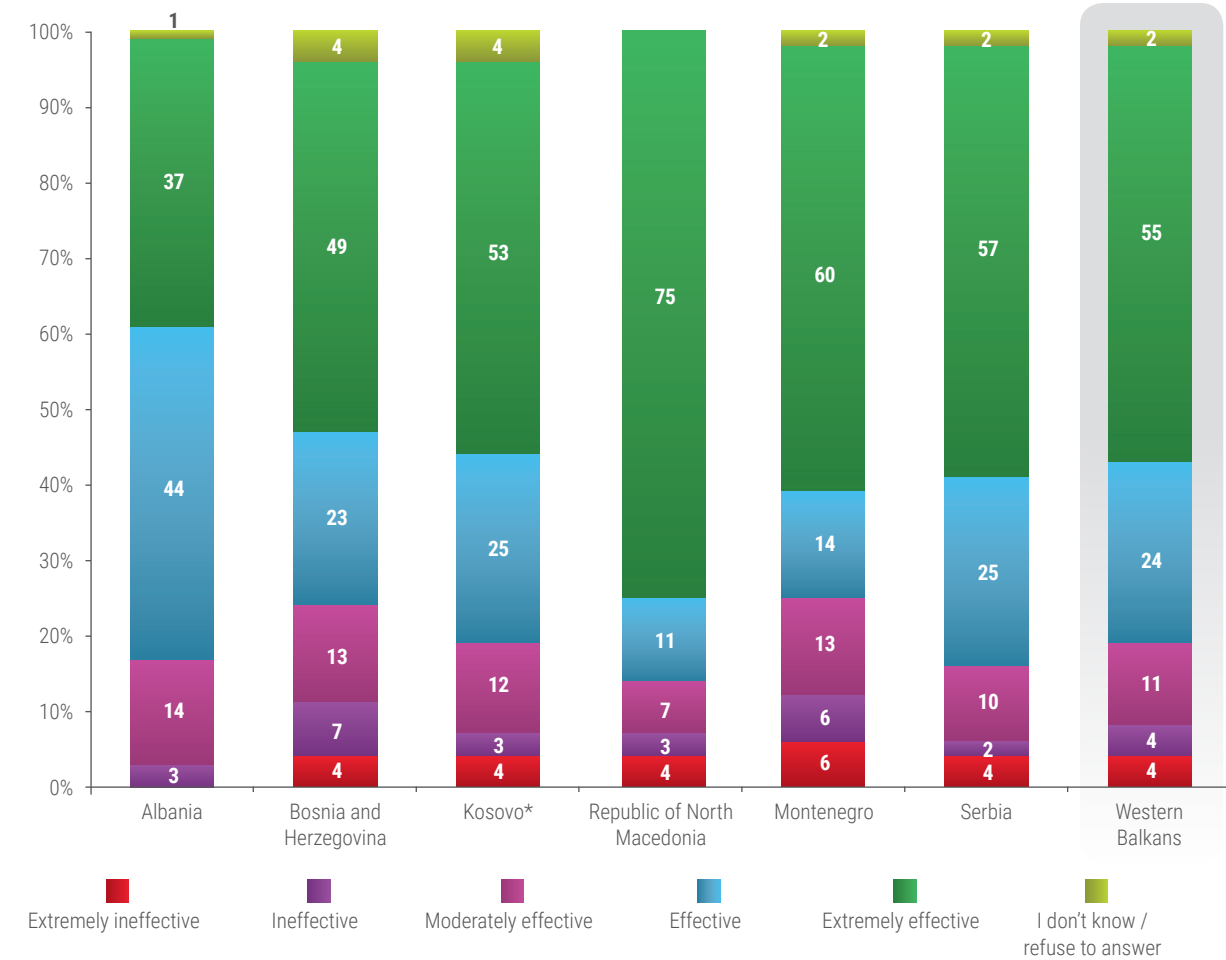
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(All respondents, N=3078, single answer per statement, share of total, %)



All economies see the measure of mandatory quarantine for those who could have the infection as extremely effective or effective, showing support of more than 80%. The biggest support for this measure was observed in Republic of

North Macedonia (90%) and Albania (89%). Other economies also demonstrated high appreciation for the introduction of the measure, ranging from 69% in Bosnia and Herzegovina to 84% in Serbia.

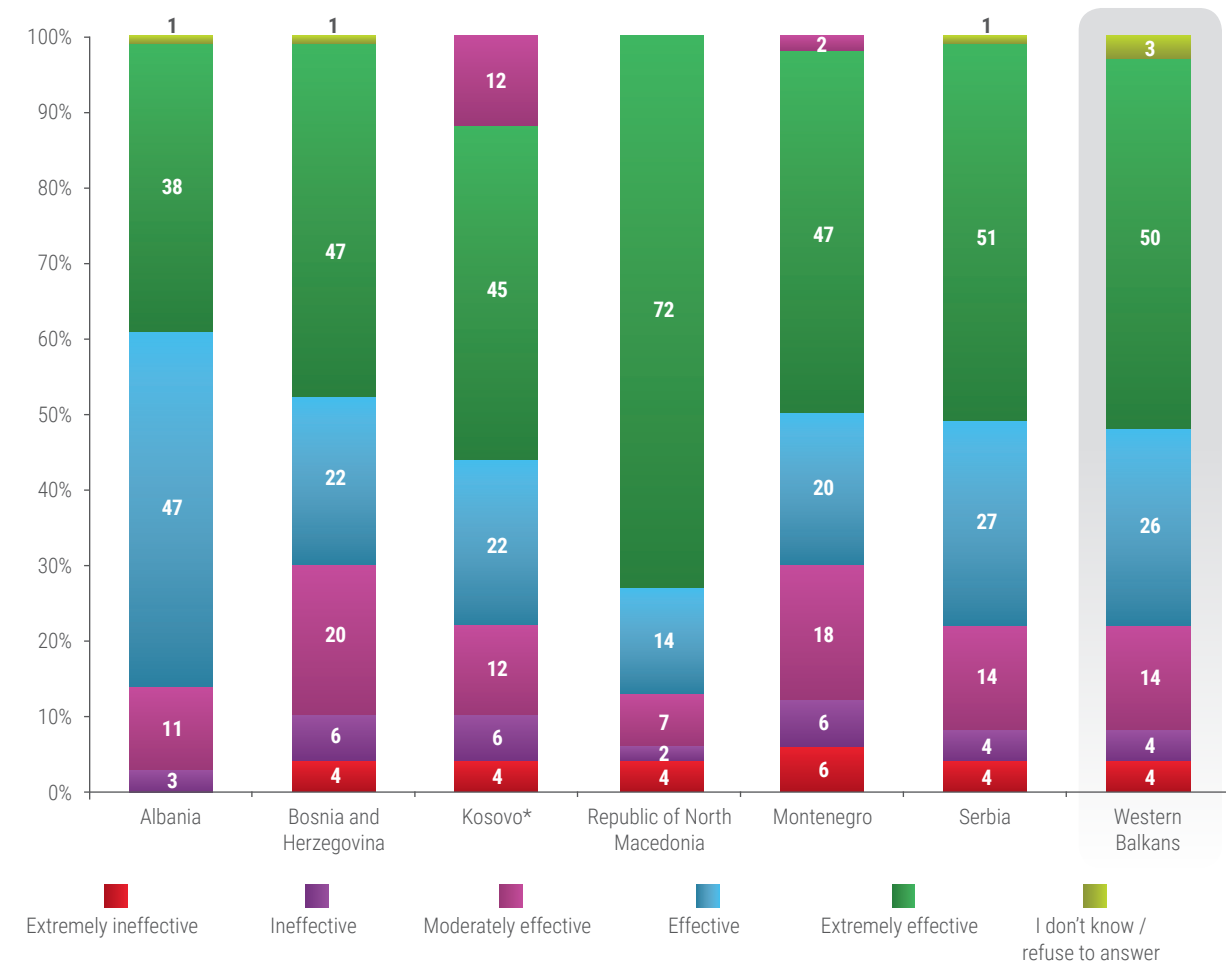
Figure 8: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Travel ban to and from economies / areas affected by coronavirus (All respondents, N=3078, single answer per statement, share of total, %)



With respect to travel bans to and from economies and areas affected by coronavirus, the survey shows that as high as 79% of respondents in the Western Balkans were in support of travel bans, with only 8% of them considering these bans as extremely ineffective or ineffective. More than 80% of respondents in Albania, Republic of North Macedonia and Serbia think that those bans were

extremely effective or effective, whereas the support in remaining economies is above 70% (Bosnia and Herzegovina – 72%, Kosovo* - 78% and Montenegro – 74%). Only 8% of the respondents at the regional level think of those bans as ineffective or extremely ineffective, which is the sentiment reflected equally in all economies, where the lack of support for travel bans does not go beyond 10% in total.

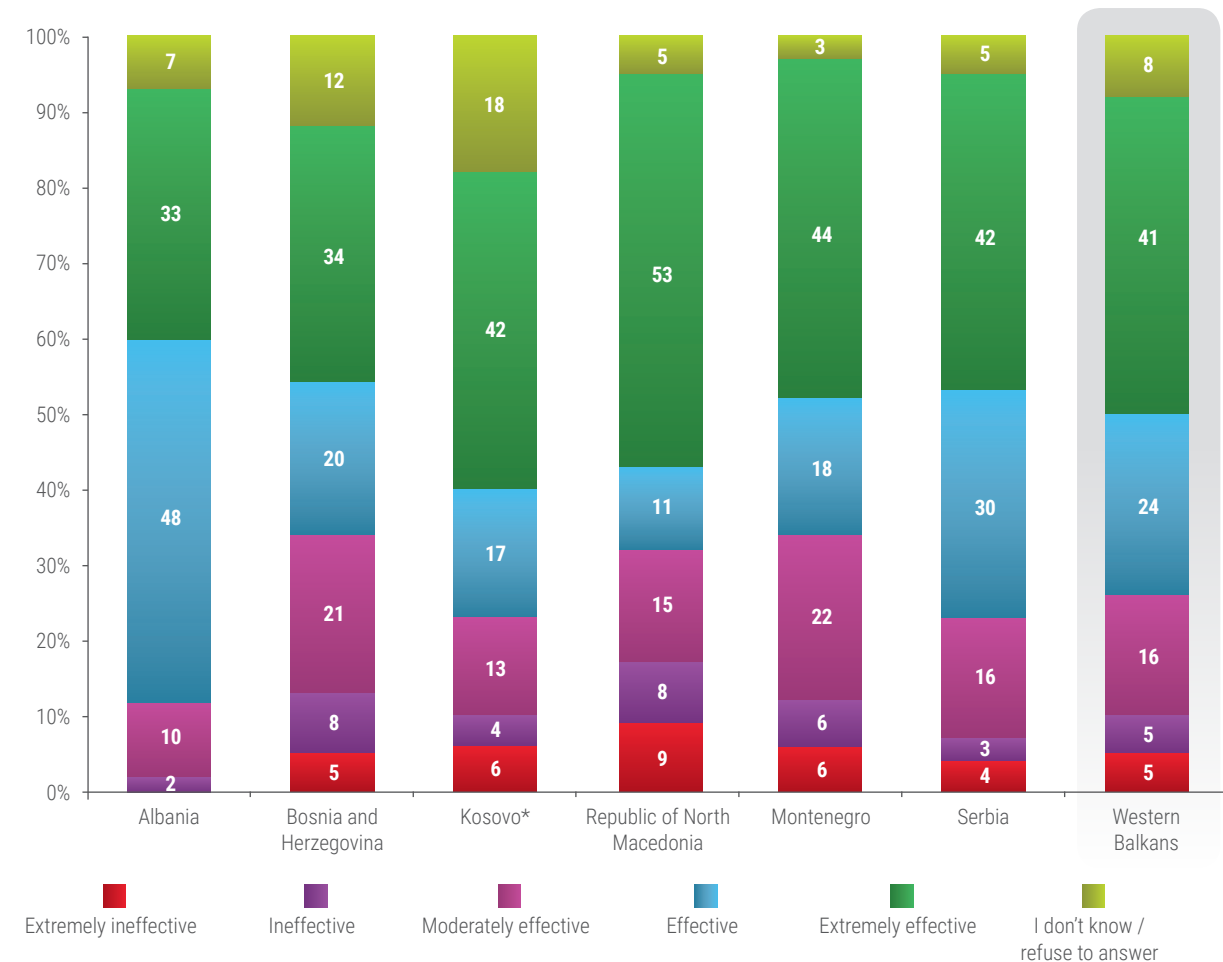
Figure 9: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Taking precautions in public places (e.g. supermarkets, public transport system, banks and similar) like social distancing, wearing face masks, gloves (All respondents, N=3078, single answer per statement, share of total, %)



When it comes to measures which should be undertaken to help control the spread of the coronavirus, such as taking precautions in public places, social distancing, wearing face masks and gloves, 76% of respondents in the Western Balkans see those measures as extremely effective or effective, therefore, showing an overwhelming support for their introduction in the first place. These

high percentage points are equally reflected at the level of economies, as in Albania 85% of people see those measures as extremely effective or effective, 69% of those in Bosnia and Herzegovina, 67% of respondents in Kosovo* and Montenegro see the precautionary measures favourably, while 78% of their counterparts in Serbia agree with the same approach.

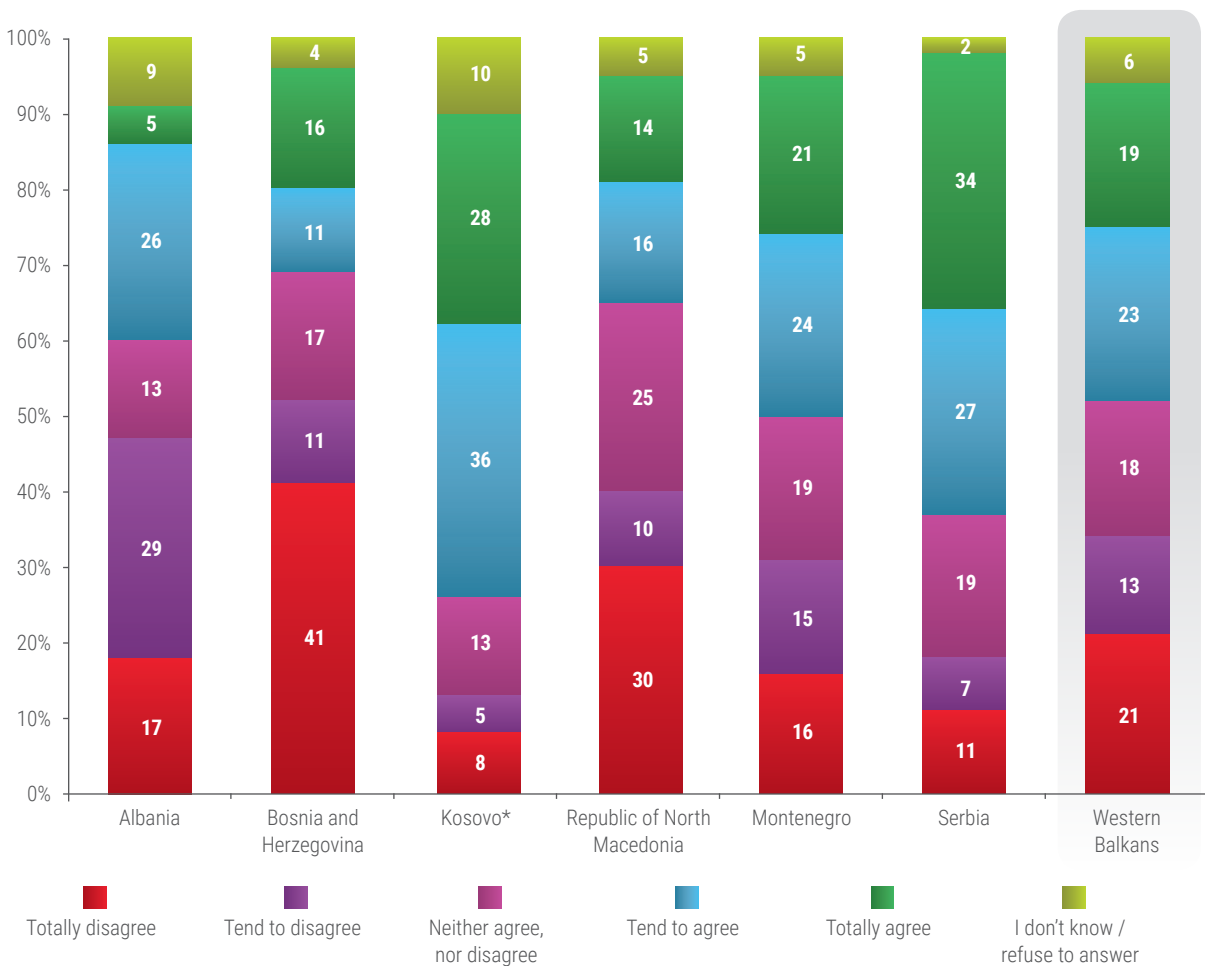
Figure 10: People have been debating what measures should be undertaken to help control the spread of coronavirus/COVID-19. In that sense, how would you assess the effectiveness of each of the following measures? - Received foreign assistance aimed at helping the economy affected by the coronavirus (e.g. doctors, medical and other materials and supplies)
(All respondents, N=3078, single answer per statement, share of total, %)



Two thirds of respondents in the Western Balkans (65%) think that the foreign assistance aimed at helping the economy amid the coronavirus, i.e. medical and other supplies, proved to be extremely effective or effective. On the contrary, only 10% of respondents think that the foreign aid proved to be extremely ineffective or ineffective. The biggest support for the foreign aid is recorded in Albania, where 81% of respondents think the foreign aid is

extremely effective or effective. In comparison, 72% of respondents in Serbia think the same, 64% in Republic of North Macedonia, 62% in Montenegro, 59% in Kosovo* and 54% in Bosnia and Herzegovina. In Montenegro and Bosnia and Herzegovina, 22% and 21% of respondents, respectively, think that the foreign aid was moderately effective. These numbers in Albania account for as low as 10%.

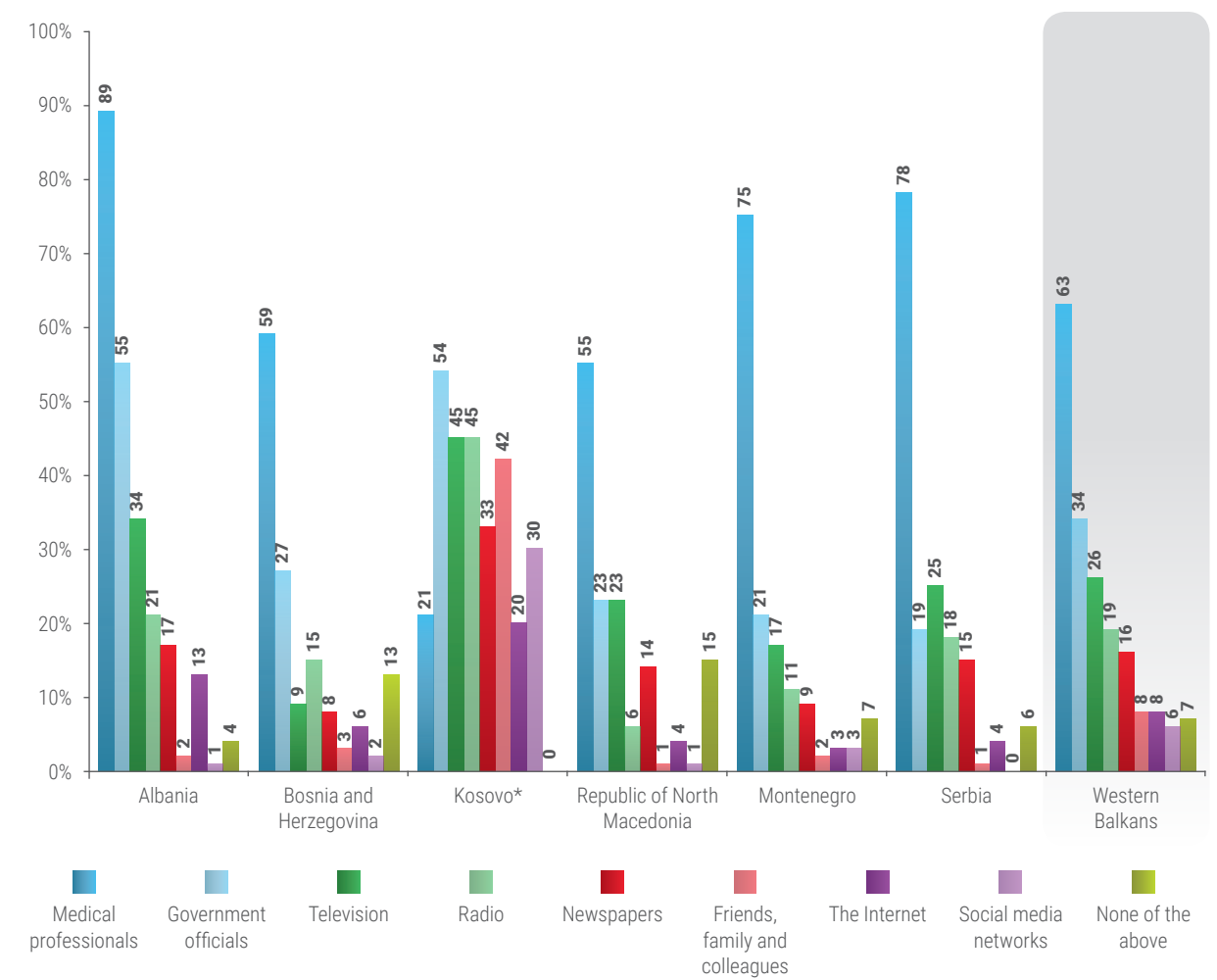
Figure 11: To what extent, if at all, do you agree or disagree, with the following statement: the Government is doing enough to protect people from losing their jobs?
(All respondents, N=3078, single answer, share of total, %)



In general, only a third of respondents in the Western Balkans are satisfied with the actions Government is taking to protect people from losing their jobs (42%), whereas almost the same number of respondents think that the government is not doing enough to protect people from economic consequences of the pandemic outbreak (34%). Citizens who showed most satisfaction with their government are those in

Kosovo* (64%) and Serbia (61%). The least satisfied respondents come from Bosnia and Herzegovina (27%) and Republic of North Macedonia (30%). The majority of respondents in Bosnia and Herzegovina feel that the government should do more to protect people from losing their jobs (52%), whereas only 18% of respondents in Serbia think the same.

Figure 12: Which of the following sources of information do you have the most confidence in with regards to the accuracy of information they provide on the coronavirus?
(All respondents, N=3078, maximum 3 answers, share of total, %)



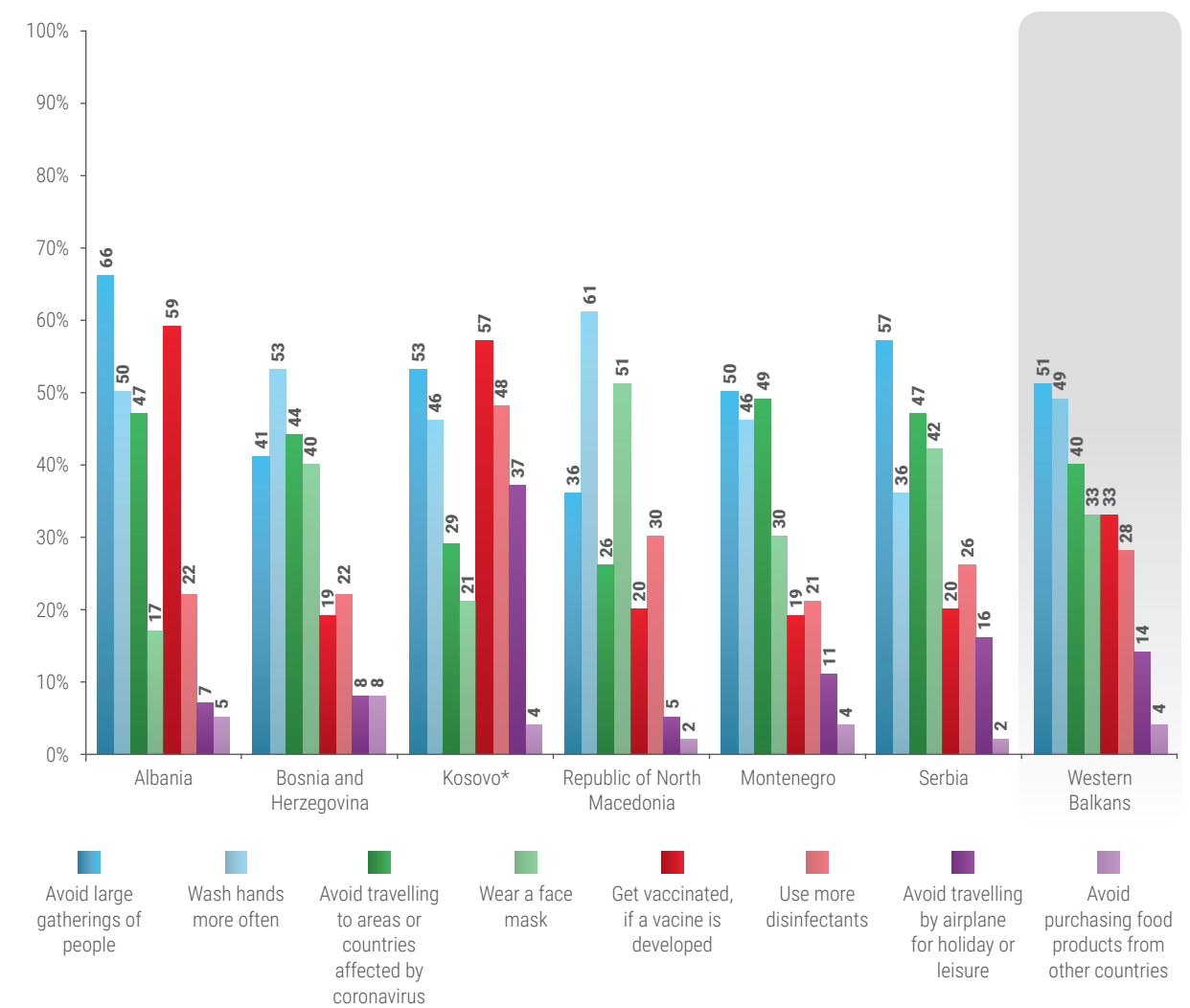
1.3. Confidence in sources of information

With regards to the confidence in the information received related to the coronavirus and the information's accuracy, the citizens from the region said that the most reliable information was provided by the medical professionals. Two thirds of the respondents from the region mostly believe the information heard from doctors and nurses, while the region is having least confidence when receiving information through radio (6%), newspapers (8%) and social media (8%). Very limited number of

respondents (7%) said that they had no confidence in any of the sources of information when it comes to coronavirus.

In all economies higher confidence is given to medical staff and information they provided – 89% in Albania, 78% in Serbia, 75% in Montenegro, 59% in Bosnia and Herzegovina and 55% in Republic of North Macedonia, while only in Kosovo* the confidence in information deriving from medical staff is the same as in that coming from social media (21% and 20%, respectively). The highest confidence is placed in information broadcasted on television.

Figure 13: Which of the following actions, if any, would you consider taking in the future to protect yourself from the coronavirus?
(All respondents, N=3078, maximum 3 answers, share of total, %)



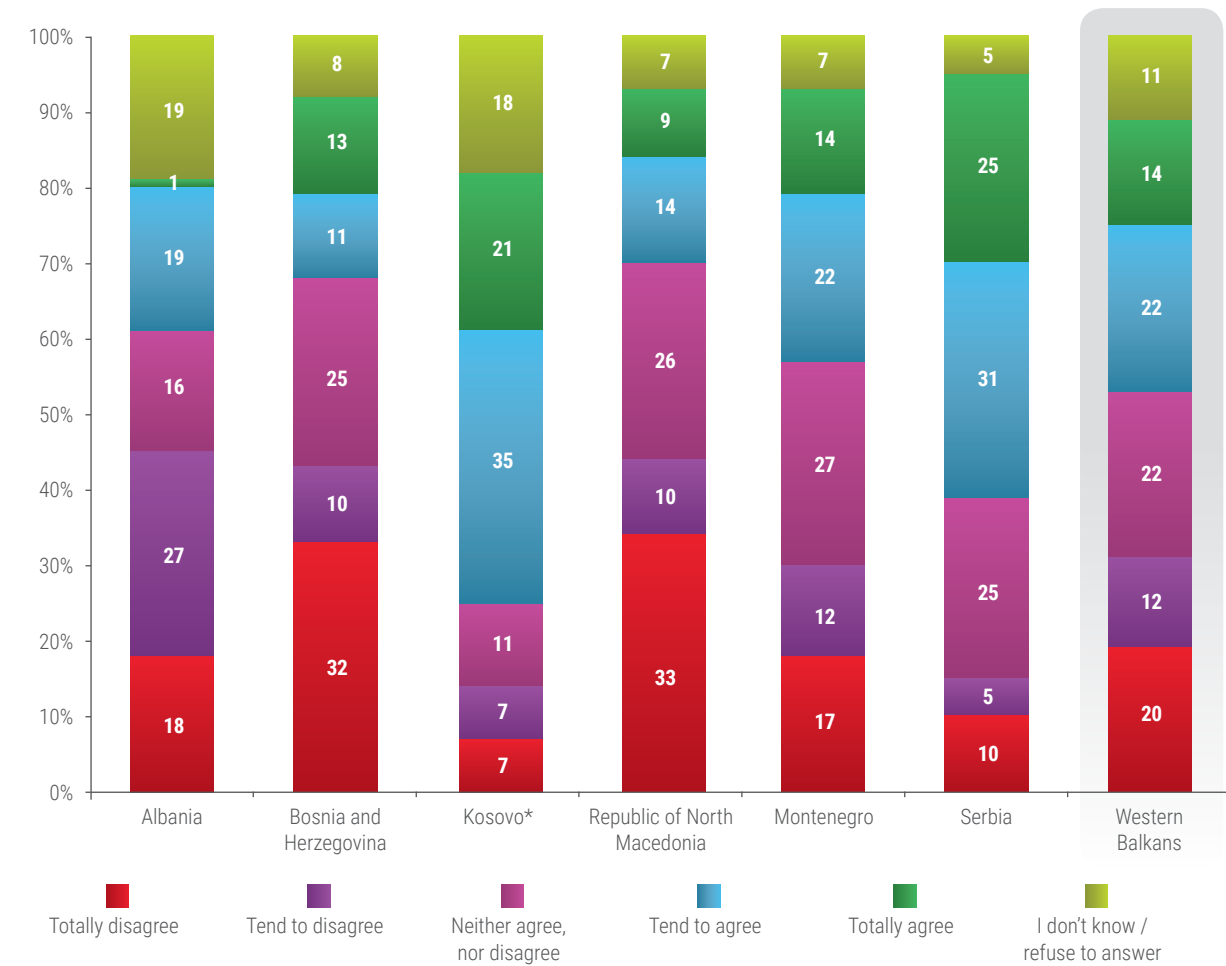
1.4. Outlook / future actions and expectations

When it comes to future outlook, the respondents were asked several questions so as to examine the future actions to be undertaken and the future expectations. In this respect, when asked about the actions they would consider taking in the future to protect themselves from the coronavirus, half of the interviewed citizens from the Western Balkans said that they would avoid large gatherings of people. Second action they would take is washing hands more often (49%), while avoiding travelling to areas affected by the coronavirus was ranked third (40%).

Only 14% said they would avoid travelling by plane for holiday or leisure, indicating that despite the corona outbreak, citizens are still willing to travel for the upcoming (summer) holidays.

At the economy level it is interesting to observe that in three economies, Albania, Kosovo* and Republic of North Macedonia, more than half of the interviewees are willing to be vaccinated once the COVID-19 vaccine is developed, while much lower percentage is observed in Serbia, Montenegro and Bosnia and Herzegovina, where only one fifth of citizens said they would consider vaccination.

Figure 14: To what extent, if at all, do you agree or disagree, with the following statement: the Government's economic and fiscal measures will have positive impact on the economy?
(All respondents, N=3078, single answer, share of total, %)

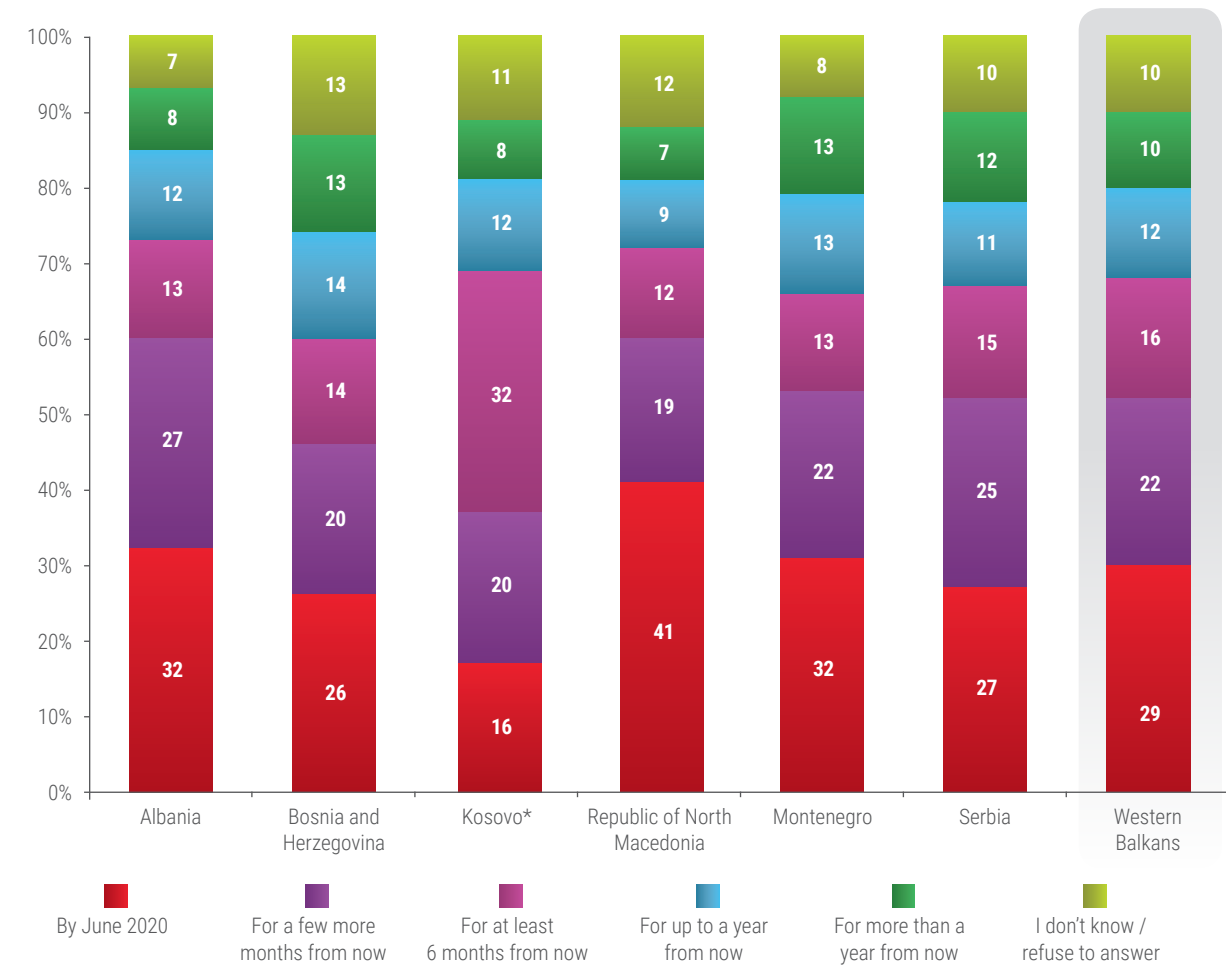


On the question about the extent to which the citizens agree or disagree that the government's economic and fiscal measures will have positive impact on the economy, the region had equal distribution of opinion. Namely, 36% of citizens agree while 32% disagree with this statement.

The situation regarding individual economy is more or less the same, where the largest support for the

government's measures is given by the respondents from Kosovo* and Serbia (56%), while the strongest disagreement with this statement is heard from the respondents from Albania (45%), followed by Republic of North Macedonia (43%) and Bosnia and Herzegovina (42%).

Figure 15: When do you think the coronavirus/COVID-19 pandemic will be contained, and life will return to normal?
(All respondents, N=3078, single answer, share of total, %)



Finally, similarly to businesses, when asked when do they think the coronavirus/COVID-19 pandemic will be contained and life return to normal, the majority of interviewed citizens said they believed the situation would go back to normal in the near future, i.e. 51% of the respondents think that the situation will go back to normal already in June or in few months at the latest.

When looking into demographics, the highest level of optimism is observed amongst the youth (age range 18 to 24 years old), who believe that the pandemic will be over by the end of June 2020.

This optimism is mostly observed in Albania (61%) and Republic of North Macedonia (60%), with respondents from Kosovo* thinking that at least 6 months or more is needed for the pandemic to be contained and life to return to normal.

II. BUSINESS OPINION

2.1. Present situation

When asked whether their business has been affected in any way by the spread of coronavirus/ COVID-19, only one fifth of businesses from the Western Balkans said that they were not affected and that they continued to operate as before. Majority of the respondents (60%) said they reduced their operations due to COVID-19 outbreak, while 21% either temporarily closed or completely closed their business. Interestingly, this was equally distributed across all businesses, from micro to

large-scale companies. The biggest percentage of businesses which downscaled their activities was observed in Bosnia and Herzegovina and Serbia where 68% and 65% of businesses, respectively, reduced their operations, but did not close their business. On the other hand, Albania, Montenegro and Republic of North Macedonia were hit the hardest with having to temporarily close more than 40% of their businesses – 41% in Albania, 48% in Montenegro, and 7% in Republic of North Macedonia.

Figure 16: Has your business been affected in any way by the spread of coronavirus/COVID-19? (All respondents, N=614, single answer, share of total, %)

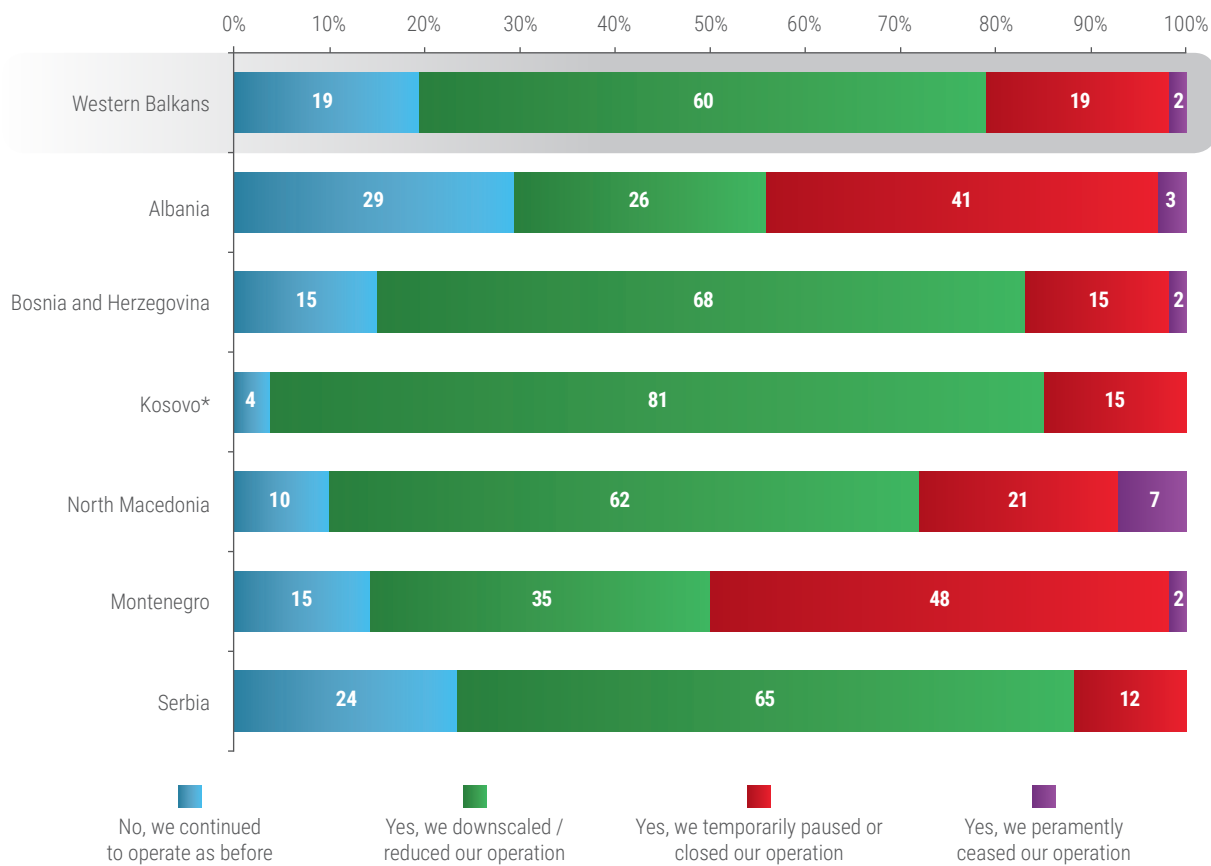
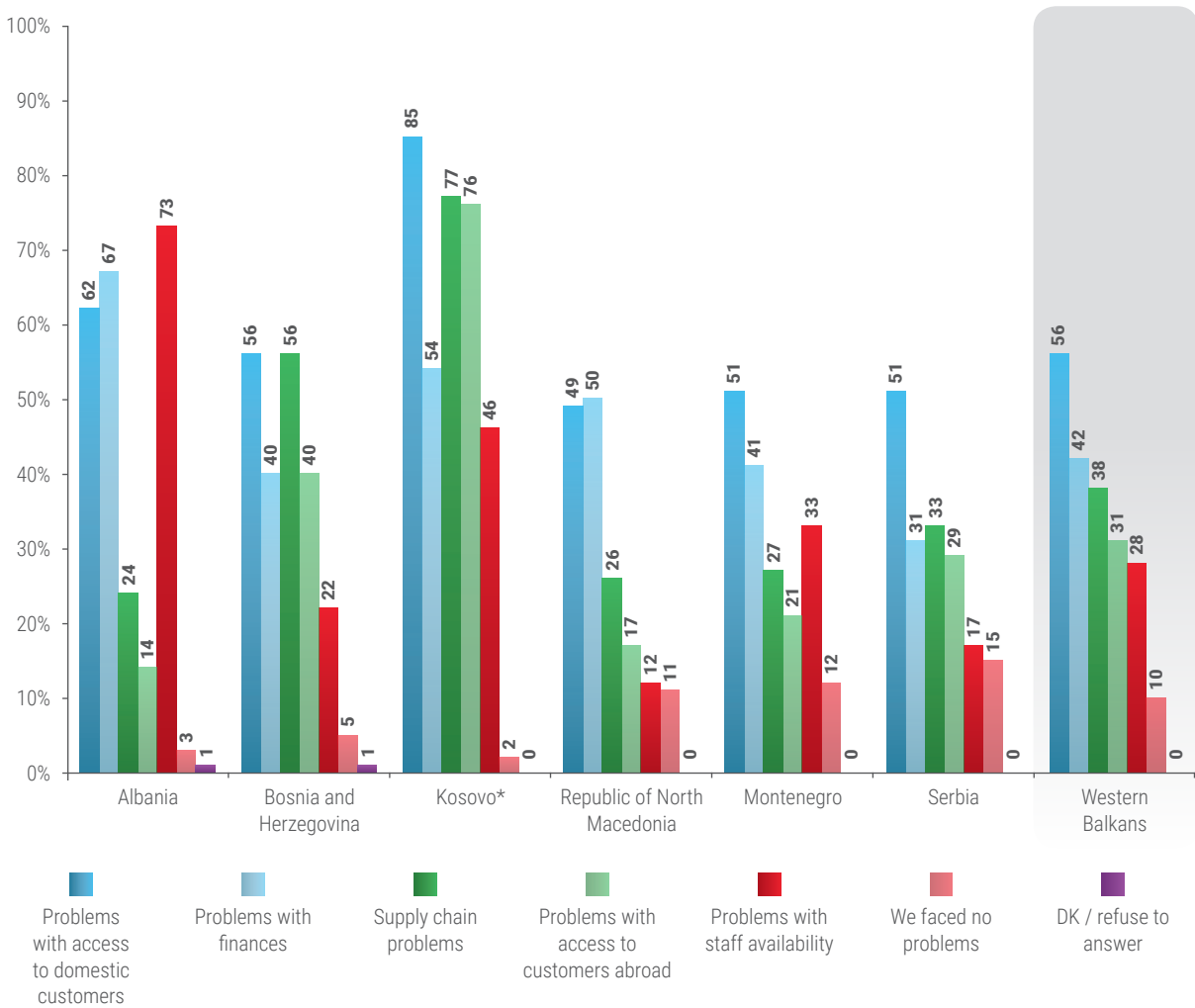


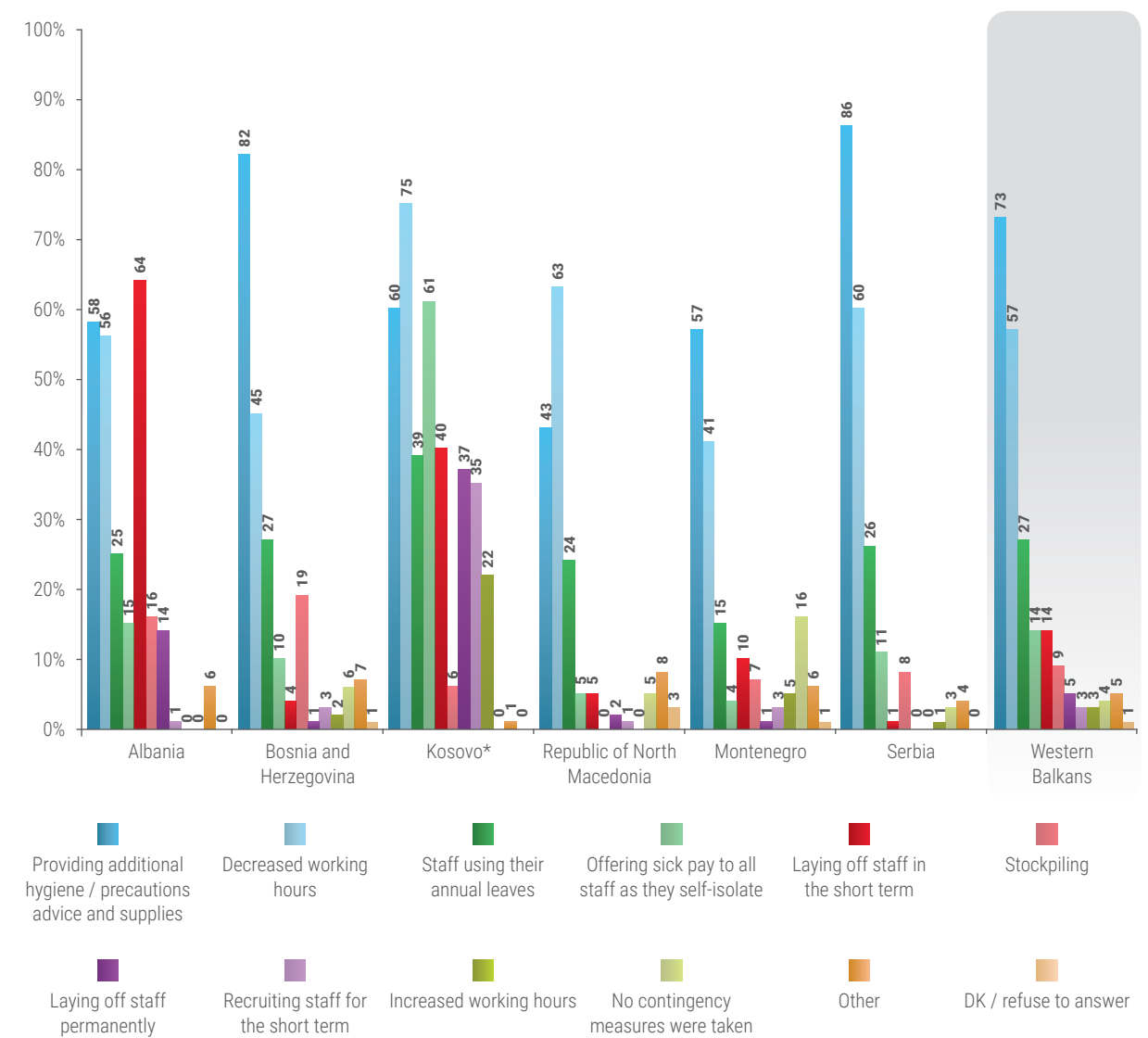
Figure 17: In what ways has your business been affected, i.e. what specific problems, if any, has your business faced? (All respondents, N=614, multiple answers, share of total, %)



The ways in which businesses were affected varies from one economy to another. At the regional level, the majority of respondents (57%) said that their business was mostly faced with problems regarding access to domestic customers, followed by problems with finances (42%) and supply chain (38%). The businesses from the region were also faced with problems related to staff availability

(28%), while only 10% said they had no problems at all. The biggest problems with access to domestic customers were recorded in Kosovo*, where 85% of respondents regarded this problem as the biggest obstacle to implementing their business operations in uninterrupted manner, while businesses from Albania stressed staff availability as their biggest problem.

Figure 18: What contingency measures, if any, has your business taken to mitigate the impact of coronavirus/COVID-19 spreading?
(All respondents, N=614, multiple answers, share of total, %)



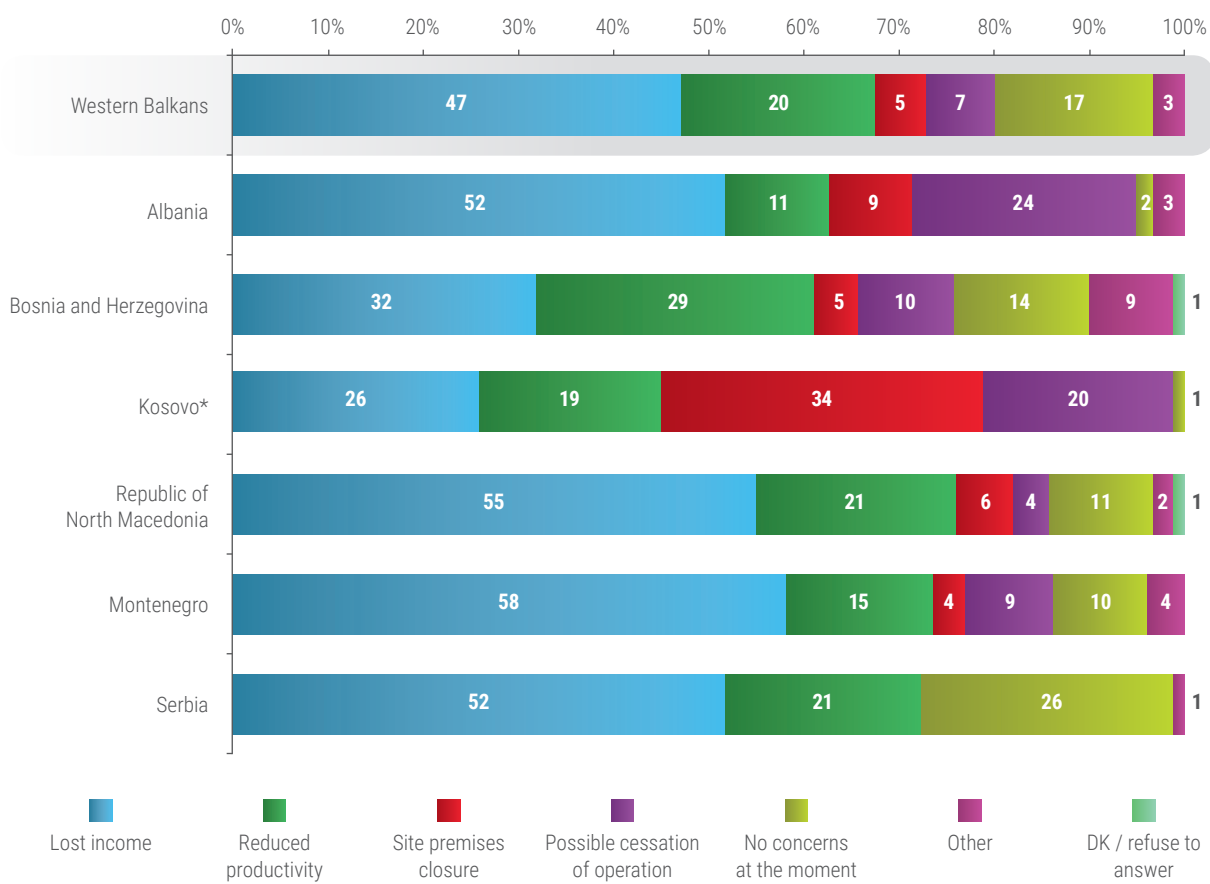
When it comes to contingency measures taken by businesses in the region to mitigate the impact of COVID-19 spreading, the measure most frequently employed was providing additional hygiene and precautions advice and supplies to the employees (73%), followed by reducing working hours (57%).

These measures were most dominant in Serbia (providing additional hygiene 86% and decreased working hours 60%), while the most dominant

contingency measure undertaken in Albania was laying off staff in the short-term, with 64% of businesses putting forward this measure as the first option.

Permanent lay-off of staff as a mitigation measure is most striking in Kosovo*, where 37% of businesses indicated this measure as their first option, amongst other possible solutions.

Figure 19: Which of the following is the biggest concern for your business at the moment?
(All respondents, N=614, single answer, share of total, %)

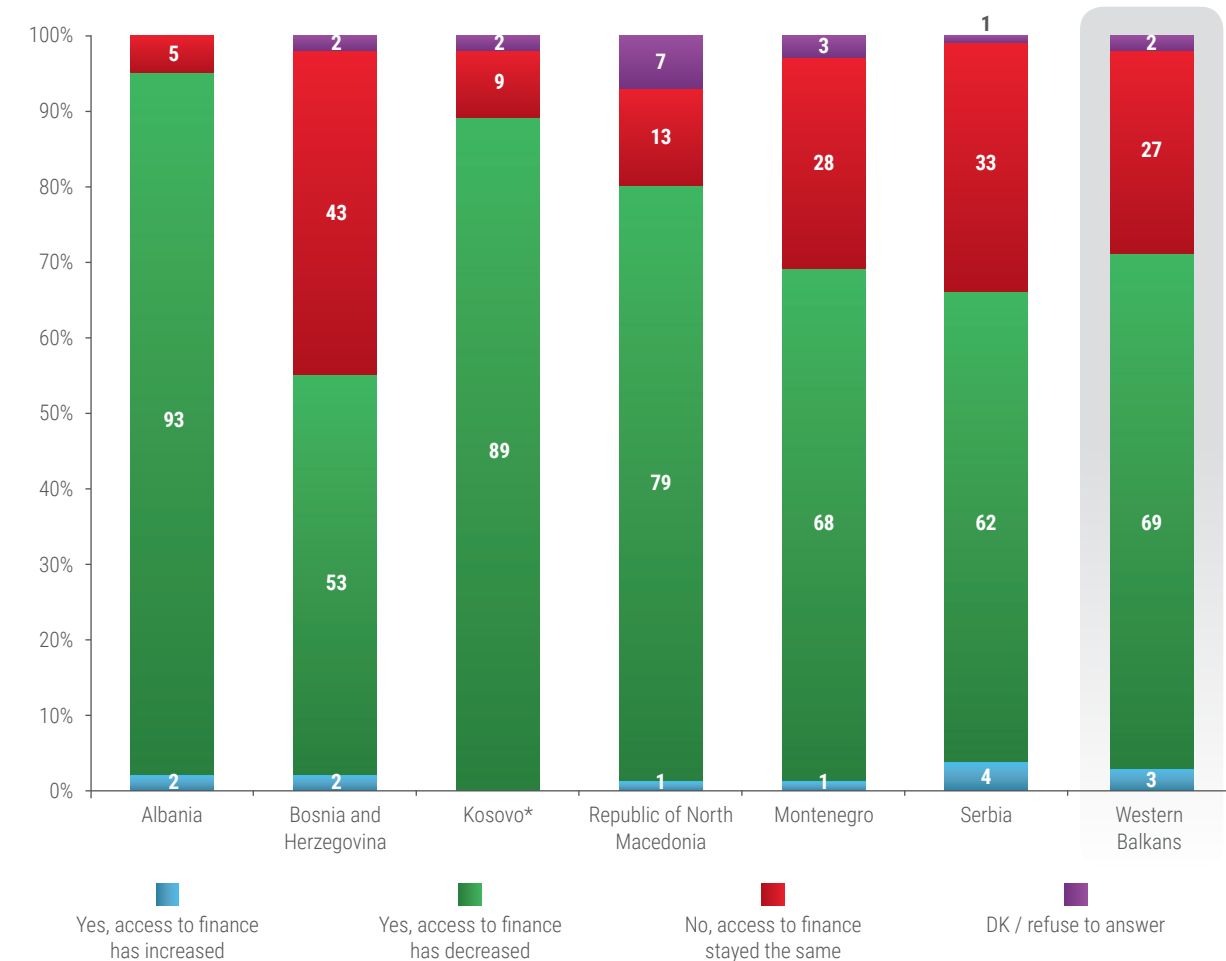


Negative implications of the coronavirus were large in numbers and were tackled by businesses of all sizes, from micro to large-scale companies, though in different manner. The biggest concern for the businesses at the regional level is the loss of income, with almost half of the respondents providing this answer. The second concern is the reduced productivity (20%). Only 17% of the respondents said that they had no concerns at all. At the national level, the biggest concern for the loss of income was recorded in Montenegro (58%) and

Republic of North Macedonia (55%). Interestingly, loss of income was of less concern in Kosovo* (26%) due to the closure of premises, where 34% of the respondents said that was their biggest concern at the moment.

The loss of income was the main concern for small businesses, while this was of no concern at all to 47% of the respondents managing large-scale companies.

Figure 20: Has your business's access to financial resources changed since the outbreak of COVID-19? (All respondents, N=614, single answer, share of total, %)



2.2. Financial and operational performance

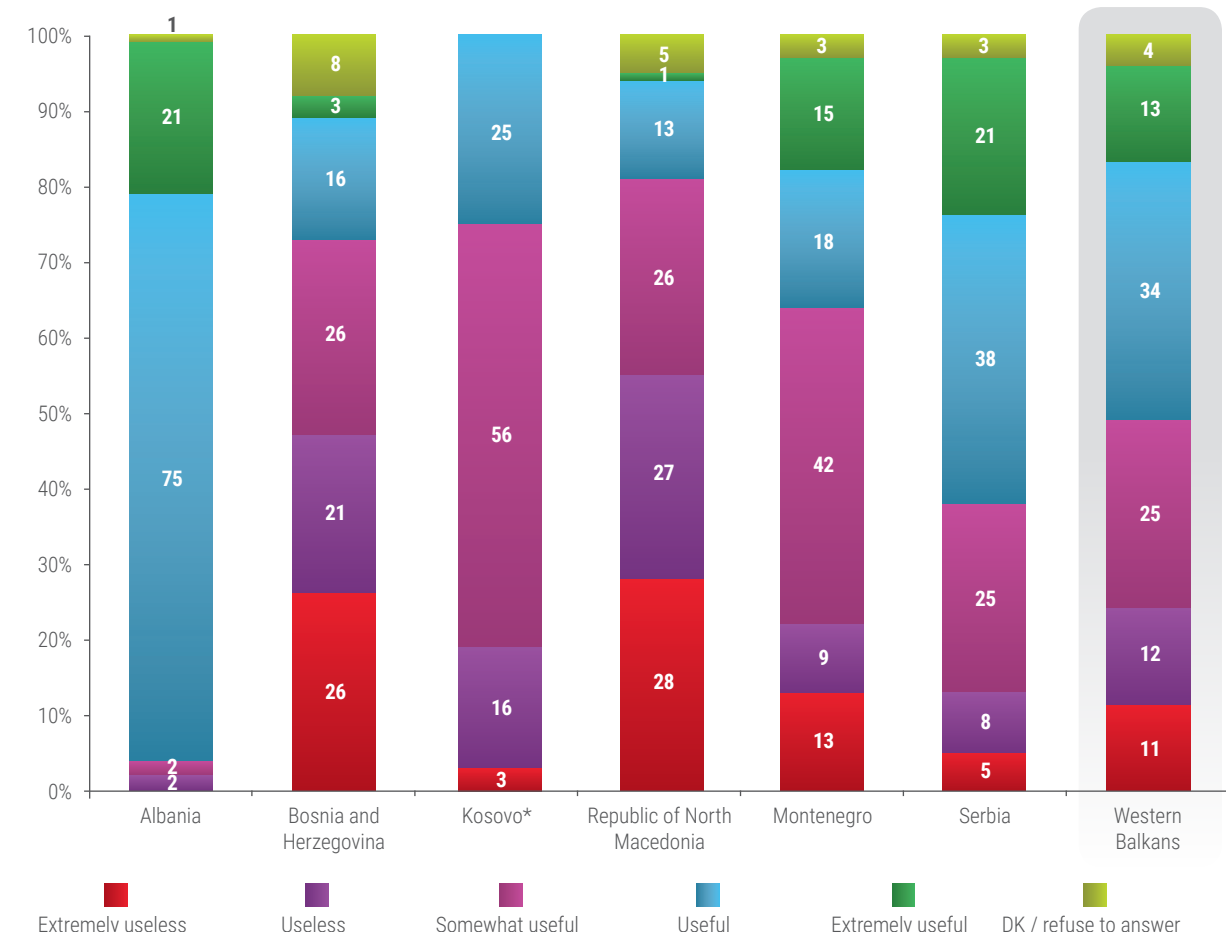
Financial and operational performance was also under pressure when the coronavirus pandemic was declared and negative implications started impacting businesses. When asked whether access to finance changed during the coronavirus outbreak, 69% of the WB businesses said that access to finance deteriorated. The biggest reduction of the access to financial resources was noted in Albania - 93% of the respondents said that the access to finance reduced. The second economy with this

problem was Kosovo* (89%), while Republic of North Macedonia (79%) was in third.

On the other hand, 43% of the respondents in Bosnia and Herzegovina said their business's access to financial resources did not change since the outbreak of coronavirus and that it stayed the same as in pre-Covid-19 period.

Active economic measures were most needed from the governments in this period to assist businesses to better cope with the immediate negative impact of the coronavirus pandemic. Businesses ranked the usefulness of the measures provided by national governments on a scale of 1 to 5. Almost half of the

Figure 21: Using a scale from 1 to 5, where 1 means "extremely useless" and 5 means "extremely useful", in your opinion how useful are the Government's economic measures in your economy? (All respondents, N=614, single answer, share of total, %)



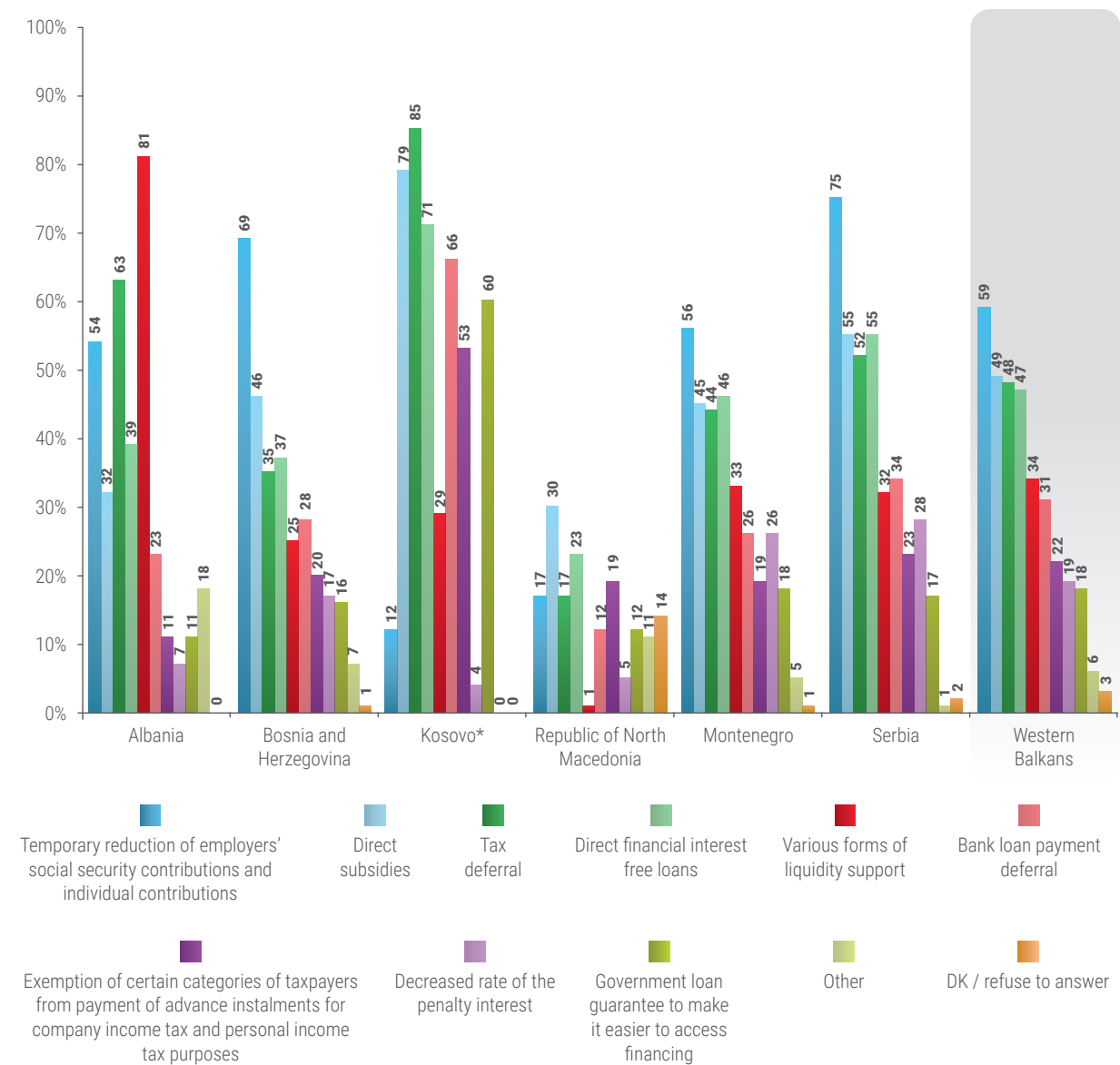
respondents (47%) said that the measures were useful, while 23% claimed that the measures were either useless or extremely useless.

The government measures were most useful in Albania, where 96% of the interviewees responded positively, while the most negative responses were recorded in Republic of North Macedonia where 55% of the companies observed that the measures imposed by the government in combating COVID-19 immediate implications were either useless (27%) or extremely useless (28%).

The measures were found neither positive nor negative in Kosovo* and Montenegro, where 56% and 42%, respectively, found the measures somewhat useful.

More precisely, the region's businesses think that the most useful measure was reduction of employer's social security contributions and individual contributions (59%), followed by direct subsidies provided by the governments (49%), tax deferral (48%) and direct financial interest-free loans

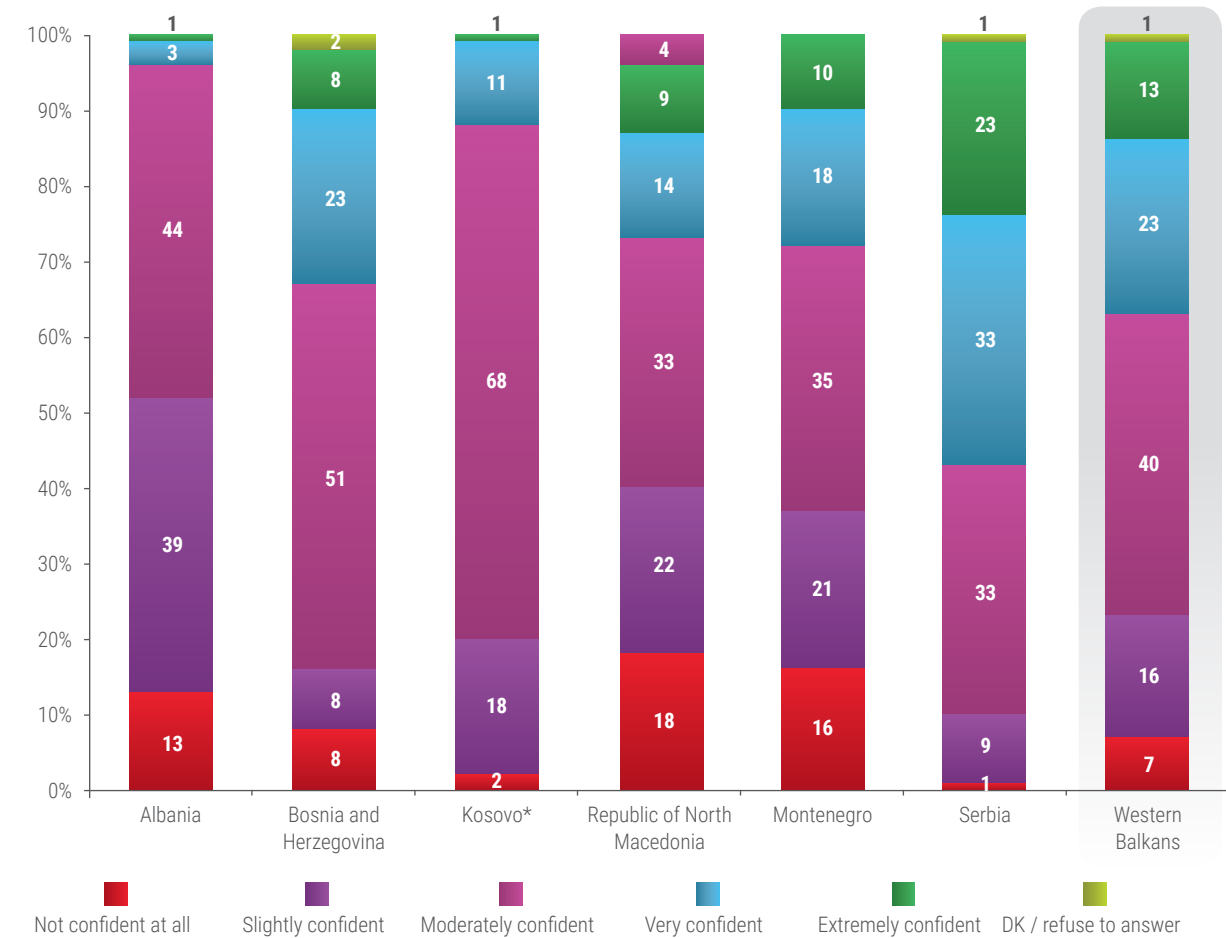
Figure 22: Which of the following measures of the Government would assist your business the most to help you overcome the crisis created by COVID-19 pandemic? (All respondents, N=614, multiple answers, share of total, %)



(47%). The least useful measure was government loan guarantee to facilitate access to finance (6%). Interestingly, reduction of social security contributions was viewed important by companies of all sizes, while sector-wise, it was most useful for agriculture sector. This sector also saw the usefulness of the measure involving direct subsidies. Considered individually, the measure referring to various forms of liquidity support was most useful in Albania (81%), temporary reduction of employer's

social security contributions and individual contributions was seen as most useful in Bosnia and Herzegovina, Kosovo* and Serbia (69%, 79%, and 75% respectively), while direct subsidies were most useful for Kosovo* and Republic of North Macedonia. When asked how confident they are about having enough financial resources to continue operating throughout the COVID-19 outbreak, only one third (36%) of the respondents in the Western Balkans said they were confident they could financially take the burden of the negative implications of COVID-19.

Figure 23: How confident are you that your business has the financial resources to continue operating throughout the coronavirus/COVID-19 outbreak? (All respondents, N=614, single answer, share of total, %)



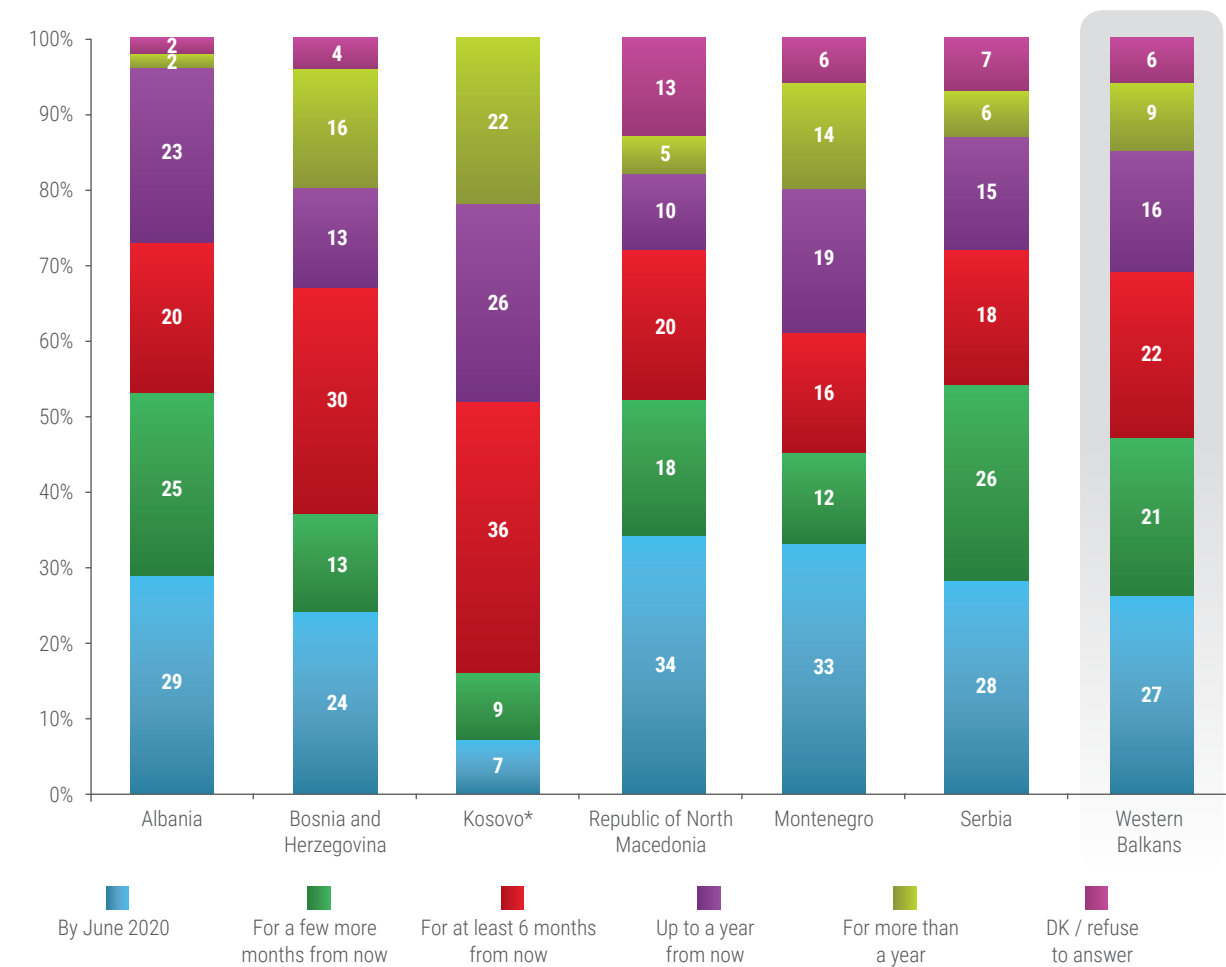
The biggest lack of confidence was observed in Albania, where 52% of the respondents said they were not confident they could handle it financially, followed by Republic of North Macedonia (40%) and Montenegro (37%). The least worrisome were respondents in Serbia, where only 10% said their business might have financial problems in this period. Kosovo* and Bosnia and Herzegovina were the two economies in which the respondents said they were moderately confident that their businesses

had the financial resources to continue operating throughout the coronavirus period (68% and 51%, respectively).

2.3. Outlook - future expectations

With respect to the future outlook, the region observed rather mixed expectations on containing the coronavirus and bringing life back to normal. Having in mind that the research was undertaken

Figure 24: When do you think the coronavirus/COVID-19 pandemic will be contained and life will return to normal?
(All respondents, N=614, single answer, share of total, %)



in May 2020, the first proposed option was June 2020, where interestingly, one third of business respondents said that life would go back to normal in June 2020, providing somewhat optimistic observation of the current situation.

However, majority of respondents were not that optimistic. One fifth of the respondents believe that it will take at least few more months for life to go back to normal, 22% think that it will take at least 6 months, while 25% believe that it will take up to one year from now and longer for the virus to be completely put under control and for life to return to normal in the region.

The most optimistic economy is Republic of North Macedonia, where 34% of businesses think that life will go back to normal in June, while most pessimistic thinking is observed in Kosovo*, where

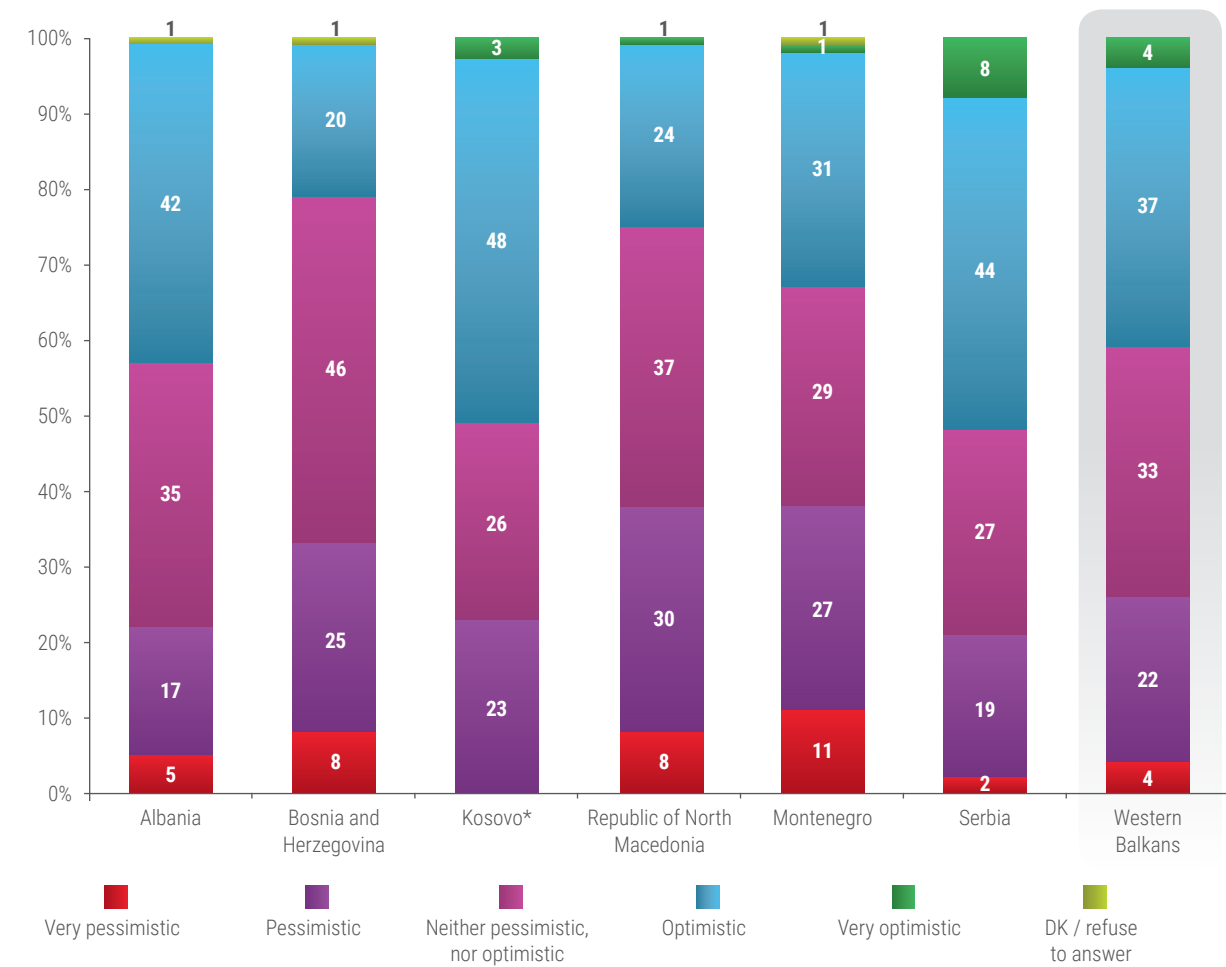
almost half of respondents (48%) think that at least a year and longer will be needed for their economy to return to normal.

As a reminder, there is a second wave of the virus spreading in the Western Balkans, with Republic of North Macedonia being hit the hardest – on average 120 new cases per day in June, and with an increase of newly documented cases in other economies as well. The only economy which has been observed as “corona free” in June is Montenegro, having zero new documented cases.¹

Regarding the confidence in economic conditions in the WB, the region observed higher optimism than pessimism. In this respect, 41% of businesses in the region said they were optimistic and had high confidence in economic conditions after the COVID-19 situation, while 26% are either

¹ https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200612-covid-19-sitrep-144.pdf?sfvrsn=66ff9f4f_2

Figure 25: How is your overall confidence level on economic conditions after the COVID-19 situation?
(All respondents, N=614, single answer, share of total, %)



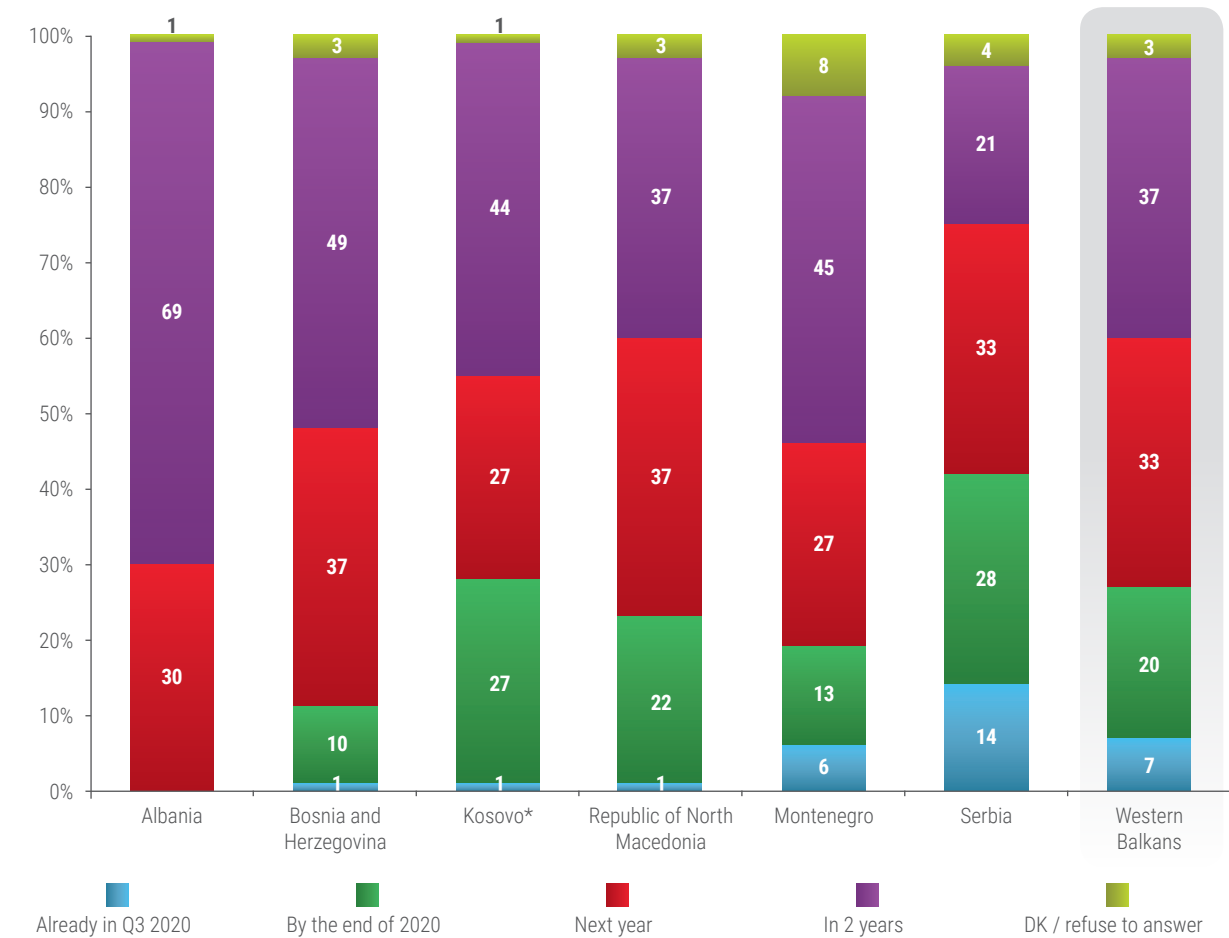
pessimistic or very pessimistic on this matter. The highest level of optimism is observed in the companies in areas of transport, trade, tourism, catering industry, crafts, banking, and public utilities sectors, while the highest pessimism is observed among the companies dealing with industry, mining, construction, education, science, culture, information, health and social protection.

The highest level of optimism is observed in Kosovo* (51%), while the most pessimistic economies are Republic of North Macedonia and Montenegro, where 38% of respondents demonstrate pessimistic thoughts about the economic conditions in their respective economies.

With regards to the opinion on time needed for their overall economy to recover once the lockdown caused by COVID-19 is over, the majority of respondents from the Western Balkans were pessimistic that the situation would go back to normal soon. 33% of businesses consider that the region will need at least one year to recover, while 37% think that this is possible only in two years from now.

The pessimism is observed in Albania, where none of the interviewed respondents think that this is possible in the near future, while the highest level of optimism is observed in Serbia, where 42% of businesses consider that their economy will stabilise by the end of 2020.

Figure 26: In your opinion, how much time will it take for the overall economy in your economy to recover once the lockdown from COVID-19 is over?
(All respondents, N=614, single answer, share of total, %)

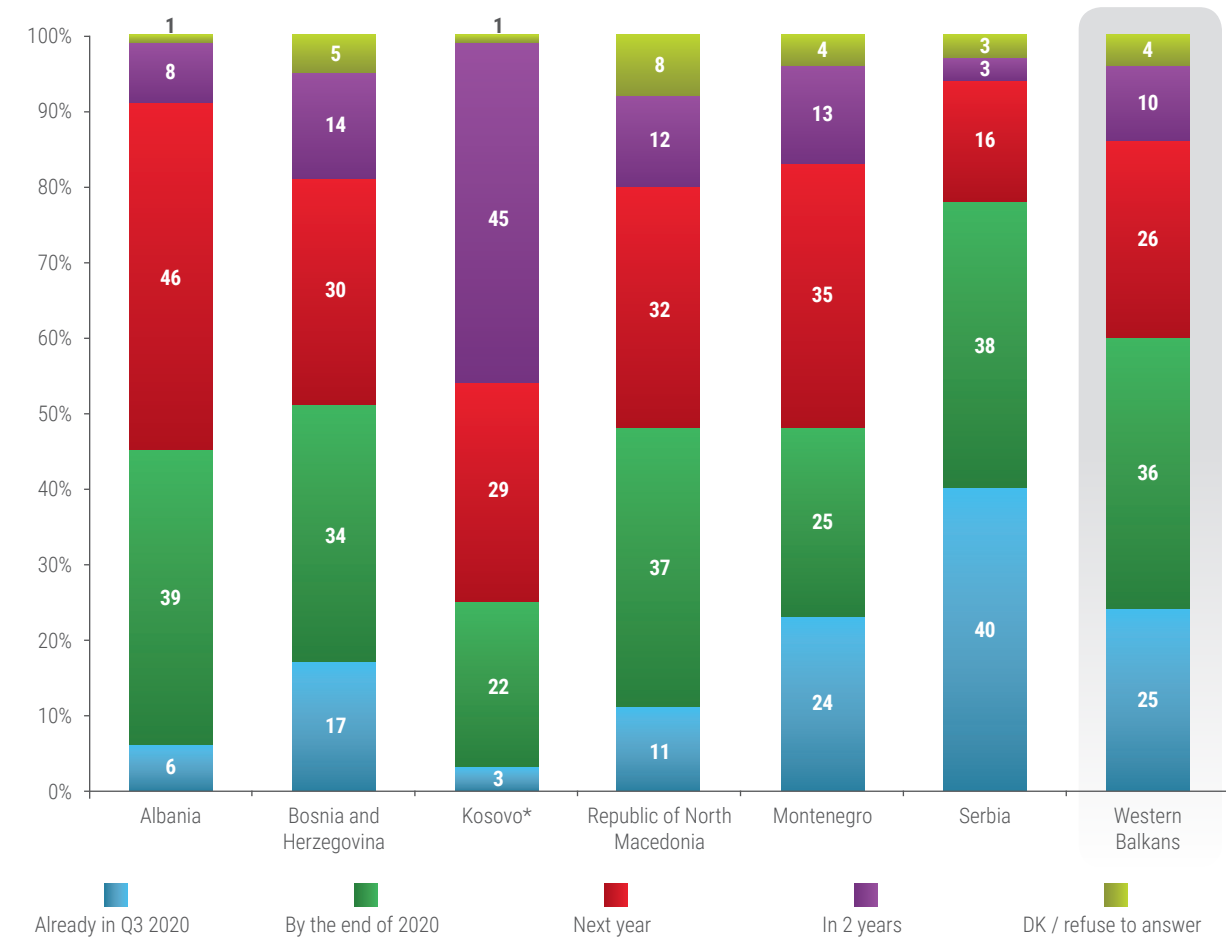


Finally, when asked about the time needed for their own business to recover once the lockdown caused by COVID-19 is over, the managers and business owners from the region were more positive, with more than 2/3 of the respondents saying that they expect their business to go back

to normal by the end of 2020, while only 10% were negative and expressed their opinion that it will take 2 years for their business to recover from the lockdown.

The most positive opinion is observed in Serbia, with almost 80% of respondents being confident

Figure 27: What about your business? How much time will it take for your business to recover once the lockdown from COVID-19 is over?
(All respondents, N=614, single answer, share of total, %)



that by the end of 2020 their business will be fully operational, with Kosovo* on the other side of the coin demonstrating the lowest level of optimism (only 25% of respondents believe that their business

will recover by the end of 2020) and the highest level of pessimism, with 74% of respondents believing that minimum one or two years will be needed for their business to recover.

NOTE ON METHODOLOGY

Methodology used for both Public and Business Opinion Surveys was quantitative research and data collection method - CATI (Computer-Assisted Telephone Interviewing). Surveys were conducted via phone by trained interviewers from Indago in the period from 30 April to 15 May 2020 in Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Republic of North Macedonia and Serbia.

As part of project set-up phase, some preparations and adjustments were undertaken as necessary for the successful implementation of the surveys:

Questionnaire

The initial draft questionnaires were provided by RCC, while the final design was prepared by Indago. Both questionnaires were composed of 21 questions in total (out of which 9 for PO and 12 for BO), with additional demographic questions. The questionnaires were originally written in English and subsequently translated into local languages by RCC. In Kosovo*, both Albanian and Serbian versions of the questionnaires were used, while in the Republic of North Macedonia the questionnaires were translated and used in Macedonian and Albanian. Since the CATI methodology was used, all questionnaires were converted to a digital form to include all scripting and interviewers' instructions.

Interviewers

The surveys were conducted by experienced interviewers in all Western Balkan economies. All interviewers were given written instructions containing general description of the questionnaires and of the method of selecting the respondents. In addition, project coordinators reviewed the digital questionnaires jointly with the interviewers and emphasised some important elements (especially the need to read individual answers where one or more answers were possible, etc.).

Sample

1. Public opinion

Public Opinion Survey was conducted among minimum N=500 respondents in each economy, aged 18+ with the total sample size in six (6) economies N=3078 respondents for the entire SEE region.

For the Public Opinion Survey, the target respondents were persons:

- aged 18 or older who reside in private households,
- whose usual place of residence is in the territory of the economies included in the survey,
- who speak the national language(s) well enough to respond to the questionnaire.

Table 1: Sample structure by region

Economy	Region	%
Albania	Berat	5.3%
	Dibër	4.5%
	Durrës	9.3%
	Elbasan	10.4%
	Fier	11.2%
	Gjirokastër	2.8%
	Korçë	8.2%
	Kukës	2.7%
	Lezhë	4.6%
	Shkodër	7.5%
	Tiranë	27.1%
	Vlorë	6.5%
Bosnia and Herzegovina	Federacija BiH	62.1%
	Republika Srpska	35.5%
	Brcko District	2.4%
Kosovo*	Ferizaj	10.5%
	Gjilan	10.6%
	Peja	10.1%
	Mitrovica	11.0%
	Prizren	18.8%
	Gjakovë	11.4%
Republic of North Macedonia	Prishtinë	27.7%
	Vardar	7.9%
	East	9.3%
	Southwest	10.5%
	Southeast	8.6%
	Pelagonia	12.4%
	Polog	13.9%
	Northeast	8.4%
Montenegro	Skopje	29.0%
	Northern region	28.3%
	Central region	47.2%
Serbia	Coastal region	24.5%
	Belgrade	23.2%
	East and South Serbia'	21.8%
	Central and West Serbia	28.1%
	Vojvodina	26.8%

Figure 28: Sample structure by gender²

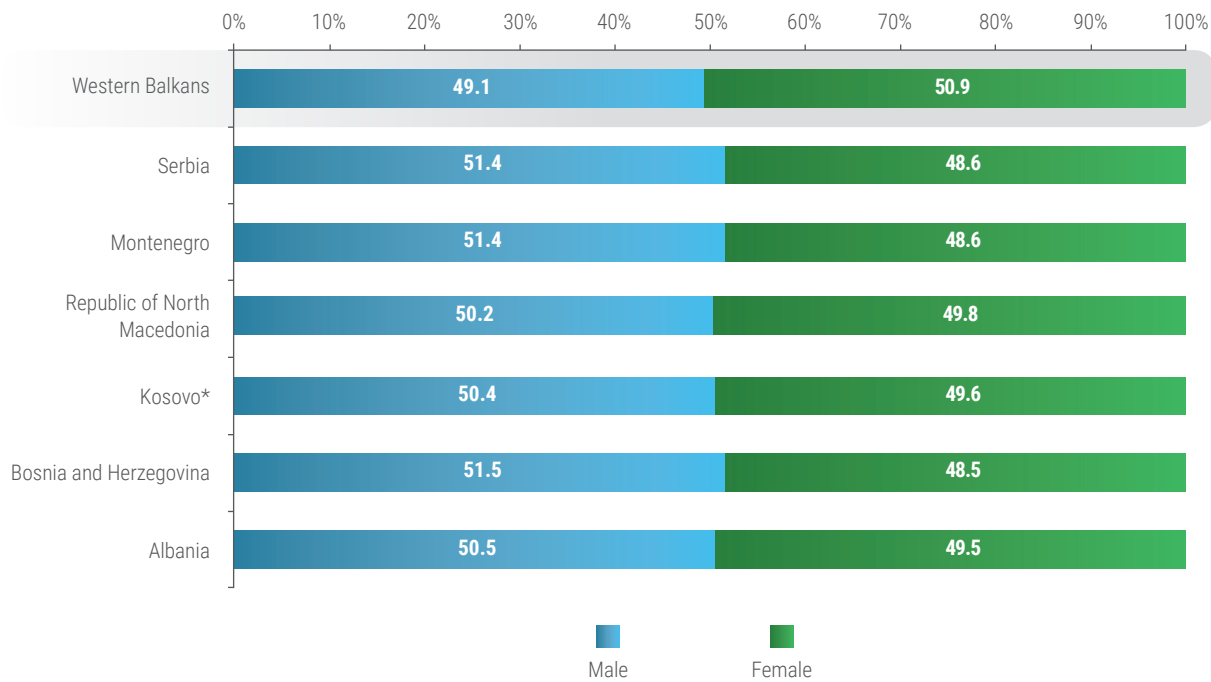
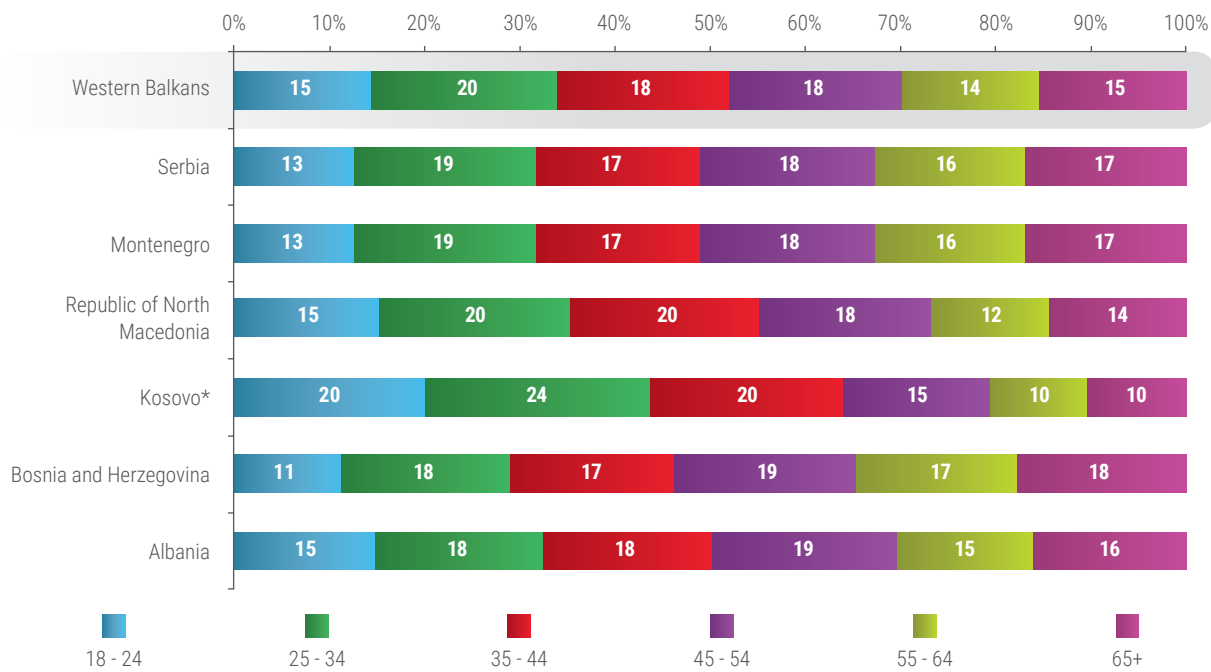


Figure 29: Sample structure by age³



² The figures might not add to 100% due to rounding.
³ The figures might not add to 100% due to rounding.

Figure 30: Sample structure by education⁴

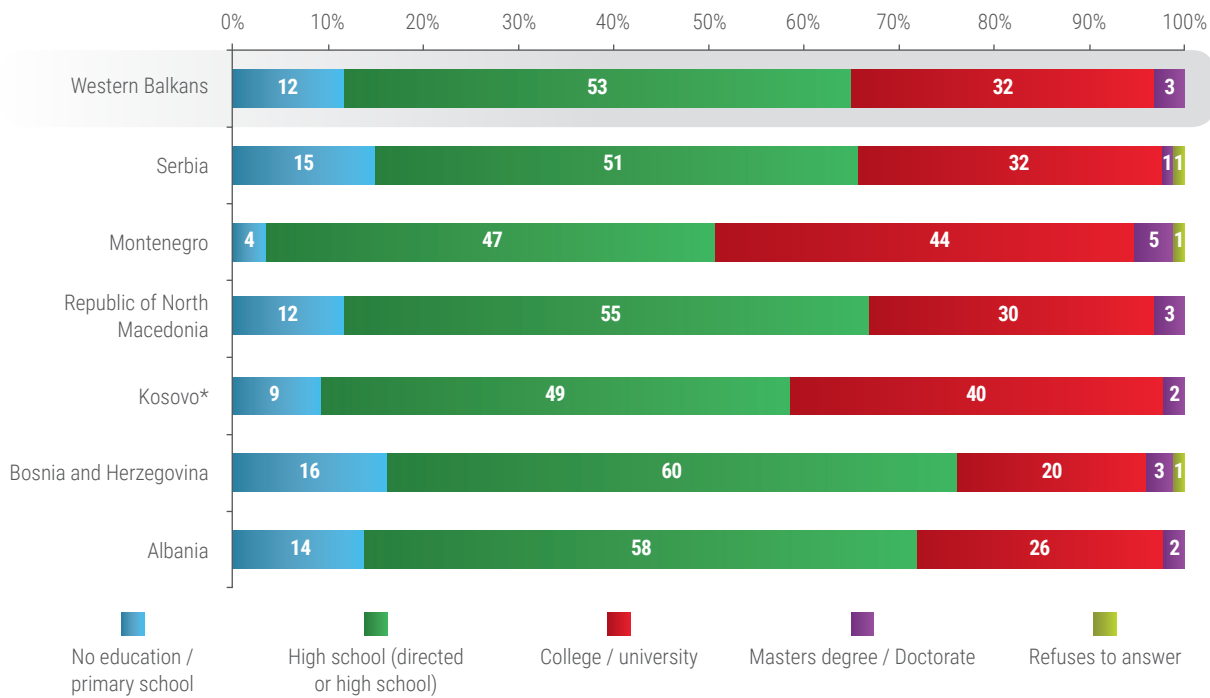
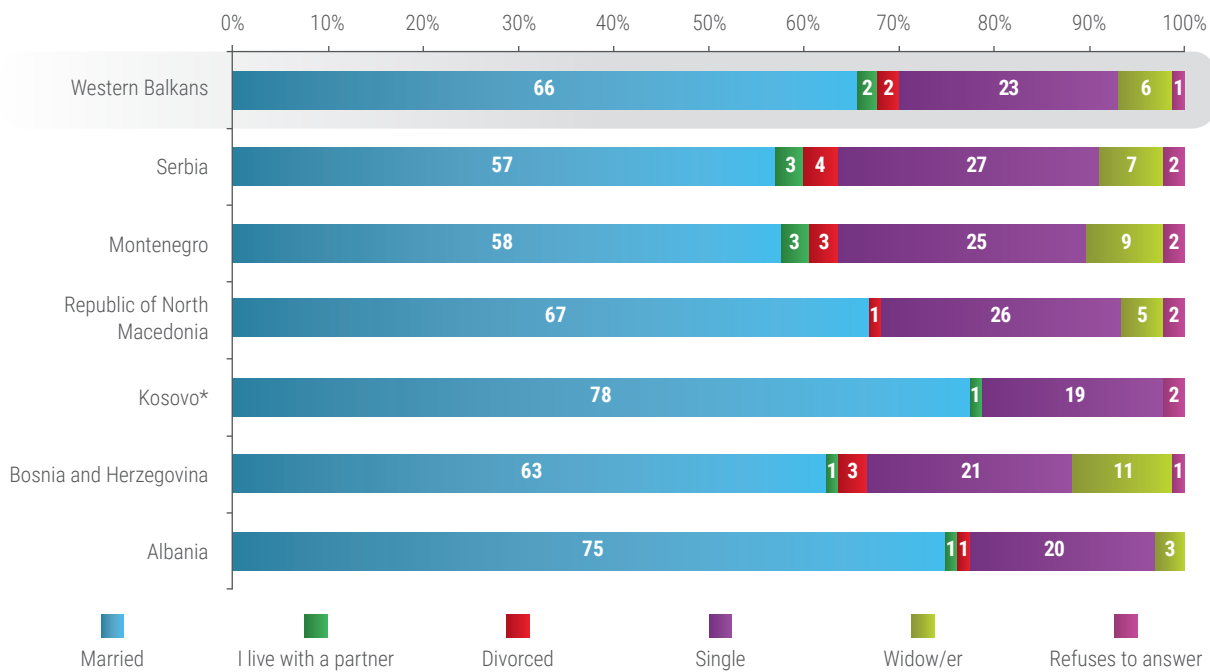


Figure 31: Sample structure by marital status⁵



⁴ The figures might not add to 100% due to rounding.
⁵ The figures might not add to 100% due to rounding.

2. Business opinion

Business Opinion Survey was conducted among minimum N=100 respondents - business owners, managers and senior executives, in each economy, with a total of 614 respondents for the entire Western Balkans region. Companies in majority state ownership were not included in the sample.

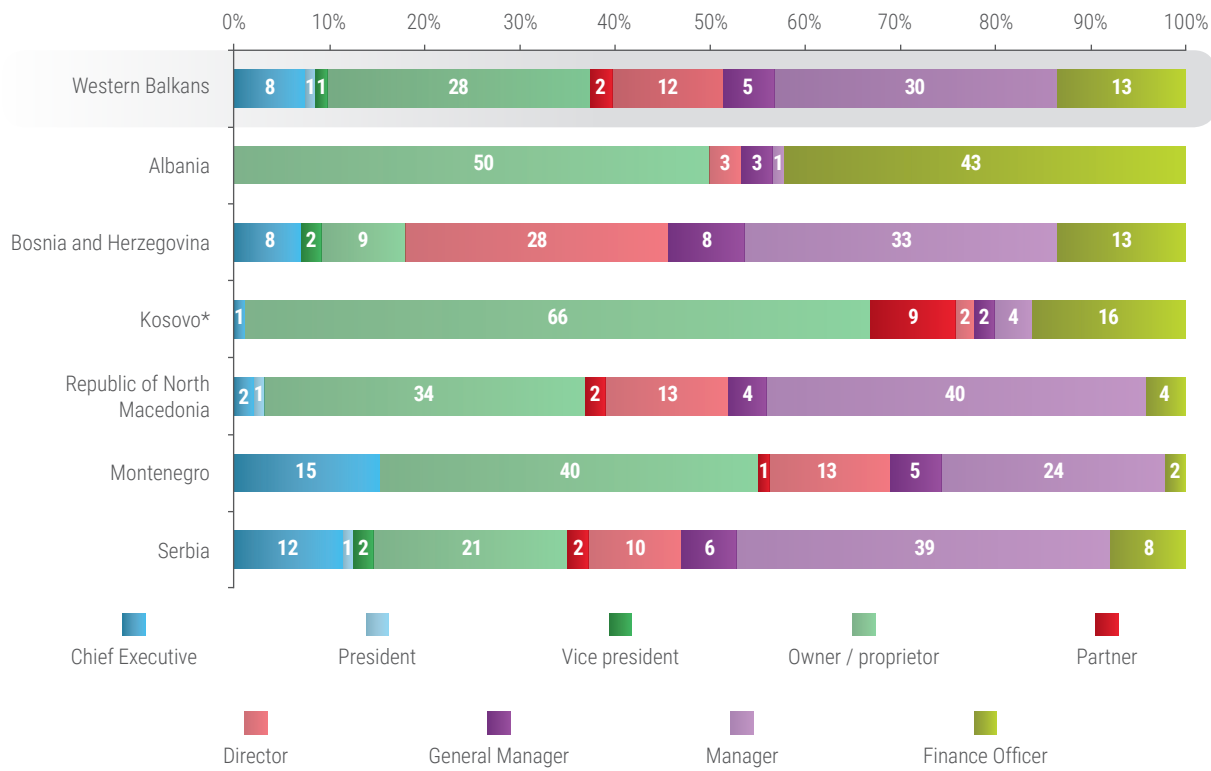
The survey encompassed:

- companies of various sizes - micro (4 - 9 employees), small (10 - 49 employees), medium-

sized (50 - 249 employees) and large (more than 250 employees),

- various business areas (21 business fields according to the NACE classification),
- companies which are not majority publicly-owned or by government,
- companies established prior to 2017.

Figure 32: Sample structure by respondent's position⁶



⁶ The figures might not add to 100% due to rounding.

Figure 33: Sample structure by largest shareholder⁷

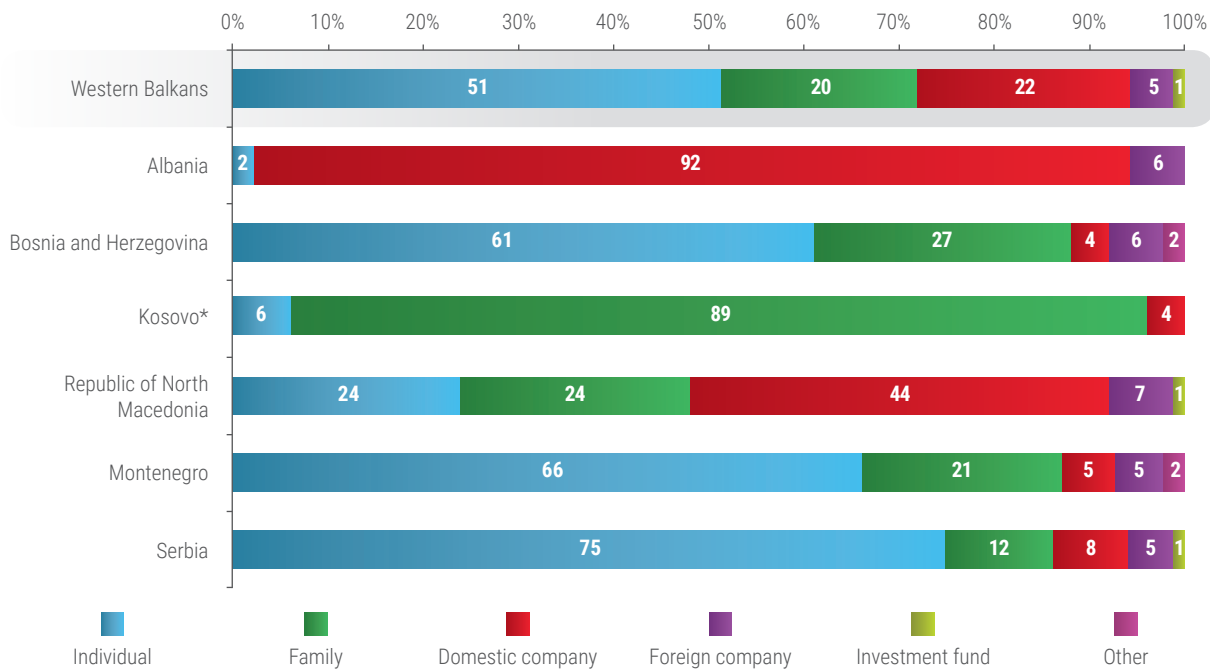
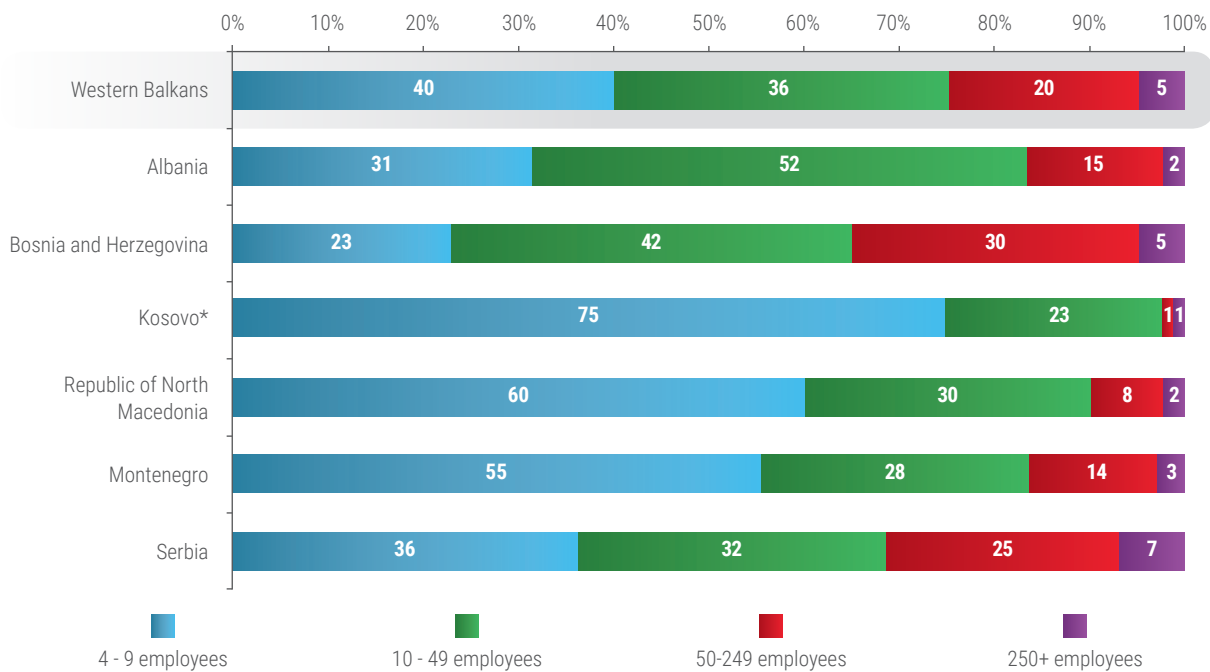


Figure 34: Sample structure by no. of employees⁸



⁷ The figures might not add to 100% due to rounding.

⁸ The figures might not add to 100% due to rounding.

Figure 35: Sample structure by business area⁹

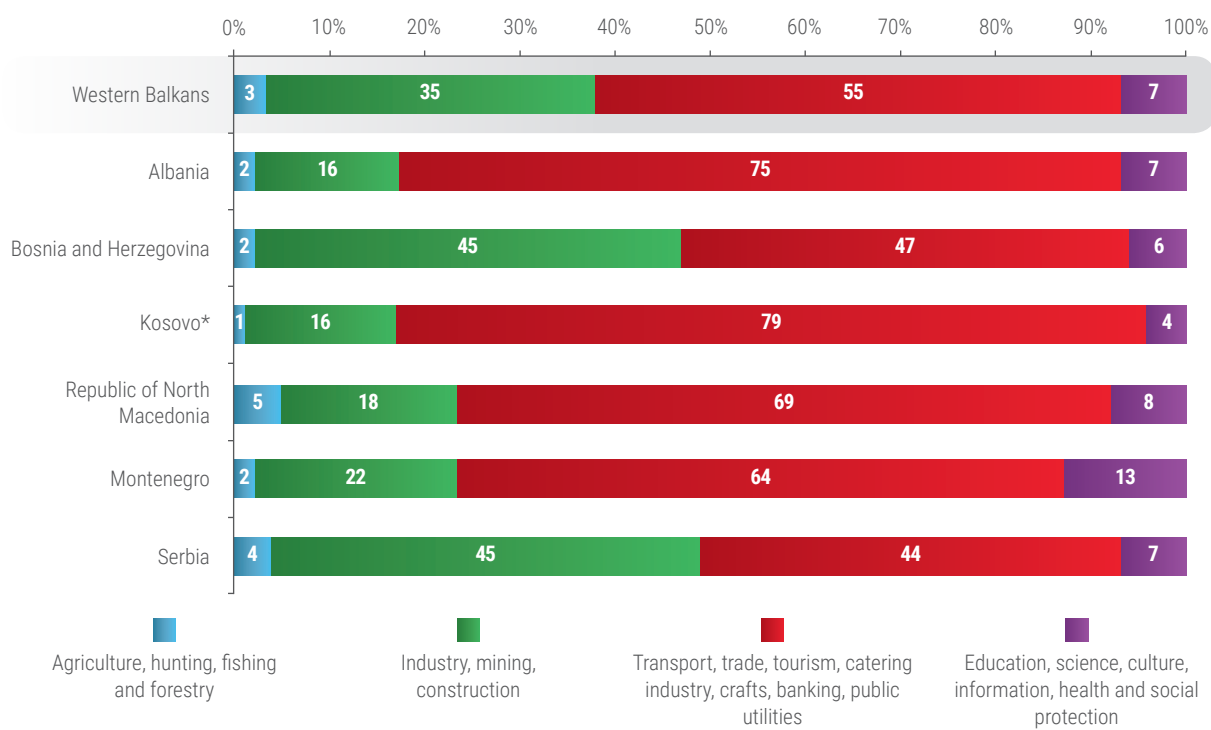
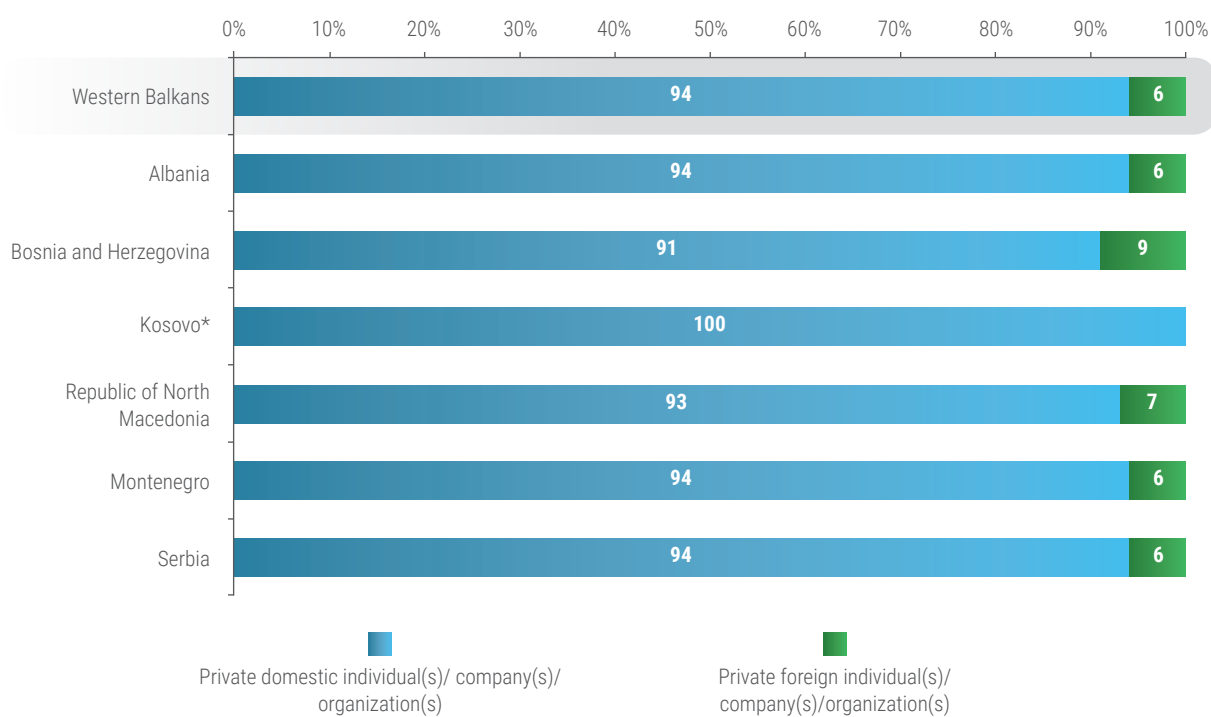


Figure 36: Sample structure by ownership¹⁰



⁹ The figures might not add to 100% due to rounding.
¹⁰ The figures might not add to 100% due to rounding.



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