



UNITED NATIONS
NORTH MACEDONIA



North Macedonia

COVID-19 Response Framework

(CRF)

version 2



“Shared responsibility, global solidarity and urgent action for people in need.”

30 July 2020

Table of contents

I. Executive summary	3
II. Overview of impact in North Macedonia	7
III. The people we must reach.....	10
IV. Responding to the socio-economic impact within five pillars.....	12
V. Pillar 1 – Health first: Protecting health services and systems during and after the crisis	16
VI. Pillar 2 – Protecting people: social protection and basic services	27
VII. Pillar 3 – Economic recovery: Protecting jobs, small and medium-sized enterprises and the most vulnerable productive actors	36
VIII. Pillar 4 – Macroeconomic response and multilateral collaboration	44
A. Fiscal and financial surge	44
B. Multilateral and regional collaboration: trade policies, connectivity, policy coordination and environmental commons	54
IX. Pillar 5 – Social cohesion and community resilience.....	65
Annex 1: UNCT Socio-Economic Task Team	72
Annex 2: UN activities tracker in response to COVID-19.....	73

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For more information on the COVID-19 response and epidemiological situation in North Macedonia see WHO North Macedonia COVID-19 Updates available at <https://covid19.who.int/region/euro/country/mk> and UN North Macedonia Sustainable Development Bulletin at <https://un.mk/reports>.

I. Executive summary

North Macedonia UN COVID-19 Response Framework (CRF) is based on [the UN Secretary-General's Shared Responsibility, Global Solidarity report](#) and the [operational framework](#) issued by the UN Sustainable Development Group (UNSDG). It builds on preliminary UN Country Team's (UNCT) work on COVID-19 Comprehensive Preparedness and Response Plan (CPRP) from April 2020.

CRF has been prepared by the UNCT North Macedonia Socio-Economic Task Team (SETT) (see Annex 1). It intends to inform and guide the Government's policy design in response to COVID-19 over 12 to 18 months, help mobilize resources for recovery and serve as a background document for the Common Country Analysis (CCA) and 2021-2025 UN Sustainable Development Cooperation Framework (SDCF).

The CRF gathers the **collective expertise of United Nations** to provide an integrated country-specific framework, articulating the analysis of the context and providing recommendations to design a comprehensive, effective and timely response, with particular emphasis on the needs of the most vulnerable groups at risk of being left behind. It suggests measures for faster recovery by building systematic resilience to prevent or resist future shocks. The purpose of the CRF is thus to:

- I. Help tackle immediate emergency;
- II. Focus on the social impact and the economic response; and
- III. Assist with recovering better.

The CRF is set across five pillars defining action to aid the country overcome the crisis by:

- ensuring that essential health services are available and protecting health systems;
- helping people cope with adversity, through social protection and basic services;

- protecting jobs, supporting small and medium-sized enterprises, and the most vulnerable productive actors through economic recovery programmes;
- guiding the necessary surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses; and
- promoting social cohesion and investing in community-led resilience, response systems.

Analysis and recommendations under pillars include, but are not limited to, coordination of international engagement; data and analytics, including comprehensive multi-dimensional and gender-responsive analysis and forecasting; sector-specific and cross-sector policy advice, technical assistance on design and delivery of context specific solutions; facilitation of partnerships and dialogue, capacity building and access to expertise; coalition building, notably on financing; and direct project implementation and delivery as required.

Summarized impact assessment points and key recommendations are provided in Box 1, below, with detailed analysis and full list of recommendations presented in pillar sections.

Costing of strategic priorities is ongoing at the request of the Government and is expected to conclude in September 2020. Meanwhile, the CRF provides the reference to the **UN funding gap of \$22.4/€19 million** (Box 2, see per pillar) to support response.

UN agencies funds, and programmes have already invested significant resources to support COVID-19 response in North Macedonia. The value of ongoing interventions amounts to \$9.3/€8 million, of which \$1.7/€1.4 million were reprogrammed funds. For details see the UN response activity tracker (Annex 2).

Box 1: Overview of impact and key recommendations per pillar

Pillar 1 – Health first: Protecting health services and systems during and after the crisis

Impact overview

- Substantial human suffering: over 2,500 infected, close to 150 deaths, 76% comorbidity (3 June). More women infected, but most deaths among men (68%).
- Measures undertaken have gradually yielded results, flattening the curve of newly infected cases and increase in recoveries by end-April. But infection rate rose again in early June, prompting caution in managing transition to less restrictive measures.
- While coping, the health system extremely stretched, due to long-term underfunding and understaffing.
- Equipment and PPE shortages, with limited opportunities to produce medical supplies or equipment locally.

Immediate response recommendations

- 1 Risk assessment and risk management
- 2 Prioritize care priorities and ensure essential care services

Mid- to long-term response recommendations

- 3 Build a robust information and response performance management system for assessing vulnerability and risk
- 4 Boost health financing
- 5 Enhance primary health care
- 6 Strengthen preparedness

Recovery recommendations

- 7 Achieve universal health coverage
- 8 Consolidate health related resources
- 9 Scale up health system emergency preparedness and response capacity

Pillar 2 – Protecting people: social protection and basic services

Impact overview

- Disrupted health & social services, lack of social protection for returning circular migrants; psycho-social impact severe for those who lost jobs, increasing risks of poverty for beneficiaries of minimum income and informal workers, particularly single-parent families mostly headed by women;
- Combined health, economic and psychosocial risks increased for elderly, women, poor and vulnerable groups (Roma, migrants, refugees, stateless), while children experience reduced quality of education. Person with disabilities affected by disrupted routine, access to services; children and women more exposed to violence.
- Food safety remains satisfactory, but farmers extremely susceptible to demand & price shocks and reduced purchasing power affecting quality of dietary patterns.

Response and recovery recommendations

- 1 Scale up and adjust social protection to the crisis, focusing on most vulnerable groups
- 2 Extend capacity and quality for online learning, with free and open TV, radio and digital content, and provision of necessary equipment.
- 3 Provide psychosocial support for children, teachers and communities, and address hate-speech in schools and gender-based violence.
- 4 Assess degree of impact on household level food security, dietary/food consumption and nutrition.
- 5 Extend capacity to maintain key child and maternal health and nutrition services, outside of community-based settings, clinics and centres.
- 6 Strengthen and adjust protection and psychosocial support services to remain operational during crisis in a universal, rights-based, age- and gender-responsive, equitable manner.
- 7 Build awareness of and zero tolerance for (gender-based) violence.

Pillar 3 – Economic recovery: Protecting jobs, small and medium-sized enterprises and the most vulnerable productive actors

Impact overview

- 86% of surveyed companies significantly affected by the crisis, 50% of micro companies reporting halved revenues, 19% closed business (ILO/EBRD).
- Women particularly vulnerable: overrepresented in economically hard-hit sectors and health-care workforce along with disproportionately increased home responsibilities.
- Informal workers (1/5 of the country's workforce) at greatest risk of poverty; 40,000 jobs are at immediate risk and without adequate measures, the employment may immediately fall by ~5%.
- Seasonal labour in agriculture (~170,000 in farm holdings) strongly affected as dependent on free movement. Border closures reduced opportunities for seasonal migration, decreasing remittances.

Immediate response recommendations

- 1 Rapid, gender-responsive assessments to obtain detailed and disaggregated, data at sectoral and municipal level.

Design immediate focused policy responses that

- 2 Stimulate economy and employment.
- 3 Support enterprises, jobs and incomes.
- 4 Protect workers in the workplace with occupational safety and health measures and adapted work arrangements.
- 5 Stimulate green economy.

Recovery recommendations

- 6 Invest in care economy dominated by women workers.
- 7 Formalize informal economy.
- 8 Increase employability and improved labour legislation to cover unprotected, non-standard workers.
- 9 Scale up preparedness planning, establishing preventive measures along with phased lifting of COVID-19 measures.
- 10 Climate friendly actions and integrated support to green jobs.

Pillar 4A – Fiscal and financial surge *Source: World Bank Spring 2020 Regular Economic Report for Western Balkans*

Impact overview

- Stable pre-crisis macroeconomic environment; recession as of March 2020 following demand and supply shocks resulting from close trade integrations with EU, commodities prices' decline (oil, metal), fall in remittances and FDI, limited accesses to capital and behavioural reaction (stockpiling).
- Uncertainty on the raise but if the outbreak is contained by June, annual contraction may reach 2.1%, while in case of a prolonged crisis, the economy will contract up to 4%, biggest since 2001. Considerable poverty gains to be diminished by jobs and income losses, increasing the proportion of individuals under poverty line from 17% in 2019 to about 20/23% (depending on the length of the crisis).
- Public revenues will decline in the context of sizable rescue packages, boosting budget deficit to 5.2% of 2020 GDP and the public debt to 57% (up for 8% from 2019), or above 60% in 2020 and further to 63% in 2021, in case of prolonged crisis. Debt levels to stabilize in 2022 and start to subside in 2023, if consolidation resumes effectively.
- The current account deficit is expected to increase to 4% of GDP in 2020, significantly higher than 2019.

Immediate response recommendations

- 1 Invest in health service systems and reinforce social assistance for households that have lost jobs and livelihoods.
- 2 Provide liquidity support to companies to avoid closures and layoffs, worker retention, alternative employment.
- 3 Safeguard stability of public finances.
- 4 Ensure financial market liquidity and stability while maintaining economic activity and confidence in the financial system.

Mid- to long-term response recommendations

- 5 Return to debt sustainability (reinforce tax compliance, broader tax base, prioritized and more efficient spending).
- 6 Recalibrate tax-breaks and provide credits to incentivise productive investments in supply chains, innovation, workers training, technology modernization etc.
- 7 Credit guarantee schemes (MSME), active labour measures
- 8 Introduce SDG budget referencing and strengthen GRB; assess & counterbalance budget barriers to gender equality;
- 9 Prioritize ongoing crisis management reforms and resolution framework; strengthen insolvency, debt resolution framework

Recovery recommendations

- 10 Resume structural reforms (RoL, competition, administrative services, skills mismatch, public finance management etc)
- 11 Accelerate transition to energy efficiency and use of clean energy from renewable sources; reducing habitat change/loss.
- 12 Prioritize investments with multiplying effect on economy (e.g. health).

Pillar 4B – Multilateral and regional collaboration: trade policies, connectivity, policy coordination and environmental commons

Impact overview

- As across Europe, immediate response in Western Balkans was driven by hasty, almost panic measures, pronouncing protectionism, gradually abolished at a later stage. Trust deficit between some countries paralyzed attempts for a more coordinated approach in applying collective measures.
- Specialized in manufacturing, Serbia, North Macedonia and Bosnia and Herzegovina are more vulnerable to supply shocks, while Albania, Montenegro and Kosovo experience stronger impact from disrupted tourism and related services.
- *Trade:* Countries committed to implement CEFTA and Transport Community Secretariats joint proposal to facilitate trade by ensuring unified transit along "Green" priority corridors and lanes for traffic of primary importance on the WB and neighbouring EU borders.
- *Monetary aspects:* Recession in the region will be considerable; assistance (EU, UN, IFIs, bilateral) covering for increasing financial needs in non-competitive manner.
- *Policy coordination:* Given EU accession status, most of the regional coordination has been driven by EU. Few ministerial meetings organized to exchange info and coordinate policy measures.
- *Environment:* Climate change is a serious threat in the region, given the heavy reliance on agriculture and tourism.

Immediate response recommendations

- 1 Regional meetings to coordinate sectoral policies (e.g. health, disaster preparedness etc.), and exchange on shared issues (protection of elderly, people with disabilities during crisis).
- 2 Streamline trade and customs procedures
- 3 Prioritized human resources and equipment for efficient border management (priority corridors, lanes).
- 4 Enhanced knowledge, and information sharing on trade issues (status at borders, transport routes, health standards etc.) during crisis
- 5 Joint procurements/logistics to reduce costs.

Mid- to long-term response recommendations

- 6 Encourage border agency collaboration to facilitate trade, enhance transparency, efficiency
- 7 Analyse and remove administrative barriers for regional trade and digital commerce;
- 8 Dematerialize trade, digitalise administrative procedures (eTIR); establish electronic platforms for regional trade of essential products;
- 9 Initiate discussion on regional Western Balkans waste and chemicals management response;
- 10 Design mechanisms, mobilize resources for regional research and development initiatives;
- 11 Design structures and methodology for regional crisis preparedness and contingency etc.

Recovery recommendations

- 12 Fully implement the regional economic area, 'Mini-Schengen' priorities;
- 13 Step-up planning and implementation of regional pipeline of (connectivity) projects;

Western Balkan countries highly vulnerable to climate-induced natural disasters and number of these issues are transboundary, requiring joint action.

Recovery recommendations (continued)

- 14 Step-up regional alignment of certification, standardization rules (laboratory testing etc.);
- 15 Develop regional strategy for climate resilient infrastructure development,
- 16 Effective management of protected areas, sustainable management practices of nature resources and combat wildlife crime.
- 17 Regional cooperation for implementation of the Sendai Framework for disaster preparedness

Pillar 5 – Social cohesion and community resilience

Impact overview

- Dire living conditions in poor and densely populated urban areas (slums), where people depend on day-to-day work income in the informal sector.
- Stretched financial capacity of municipalities to manage the health and socio-economic impact and maintain essential services.
- Root cause of the increase in zoonotic diseases and public health emergencies lays in the anthropogenic alteration of the environment, while there is a strong link between the COVID19 related deaths and air pollution.
- The crisis exposed deficiencies in crisis/disaster risk management system at country and local level, lacking knowledge and resources (Polog region an exception).
- Likely deepening of grievances based on existing patterns of exclusion, particularly around access to social services.
- Efforts made by the Government to seek advice from experts and ensure dialogue with the social partners, but *ad-hoc* consultations hardly replace a proper parliamentary scrutiny and oversight.

Immediate response recommendations

- 1 Strengthen community-based service delivery, participatory planning and local oversight of services.
- 2 Improve resilience of cities and communities to withstand economic, climate or other disasters.
- 3 Enhance tripartite social dialogue to ensure sustainable solutions, from community to country-level.
- 4 Strengthen community-based organisations, especially women and youth organizations, to enhance coping mechanisms by engaging citizens as key partners in the response.
- 5 Develop specific focus on vulnerable groups, including refugees, asylum seekers and stateless persons.

Recovery recommendations

- 6 Gather disaggregated data and strengthen administrative capacities for crisis resilience, emergency functioning and disaster preparedness at local level.
- 7 Enhance social participation to increase response capacities and build a collective spirit.
- 8 Promote healthier lifestyle and public awareness, the value of people living in harmony with nature.
- 9 Identify, take early action to address climate change, pollution and improve waste management.
- 10 Enhance environmental governance with people-centered urban planning and land-use that incorporate climate and disaster risk; strengthen environmental monitoring using digital and other novel technologies.

Box 2: Overview of UN funding needs, per pillar and UN value proposition

<i>Pillar</i>	<i>Description</i>	<i>Asking agency</i>	<i>Box / page</i>	<i>Budget \$</i>
1	Health first *	UNFPA, UNICEF, WHO	7 / 26	390,000
2	Protecting people	FAO, IOM, UN Women, UNFPA, UNHCR, UNICEF	9 / 34	2,789,000
3	Economic recovery	FAO, ILO, UNDP	11 / 43	6,000,000
4	Macroeconomic response and multilateral collaboration	UNEP	20 / 64	300,000
5	Social cohesion and community resilience	UNDP, UNEP, UNICEF	22 / 72	12,880,000
				\$22,359,000

** Does not include all funding requirements for the ongoing health-related response identified under the nine pillars of the Strategic Preparedness and Response Plan (SPRP).*

“Let’s not forget this is essentially a human crisis. Most fundamentally, we need to focus on people – the most vulnerable.”

António Guterres, UN Secretary-General

II. Overview of impact in North Macedonia

Since 30 January 2020, when the World Health Organization (WHO) declared COVID-19 outbreak a Public Health Emergency of International Concern, the world has been facing a global crisis of unparalleled dimensions in recent history – with millions infected, hundreds of thousands deceased, nearly half of global workforce at risk or their livelihoods destroyed and major economic disruption affecting all economies and most sectors.

As the crisis has swept across the globe, the systemic weaknesses, frailties and inequalities of societies have been exposed. While everyone has been affected, it is increasingly evident – once again – that the crisis is hitting the most vulnerable the hardest. It is their recovery that will be the toughest, endangering the global path towards achieving sustainable development goals (SDG).

The first COVID-19 case in North Macedonia was registered on 26 February, while the Government has been scaling up preparedness activities since end-January. The spread of infections – in Europe, the Western Balkans region and in ‘hotspots’ in the country – led to further scale up in measures, including the declaration of the state of emergency as of 18 March, which was subsequently imposed across the entire territory of the country.

Initial response by the Government and civil society was heavily focused on health, in order to save lives, coupled by limited non-health emergency interventions. The measures undertaken – infection tracing, treatment, self-

isolation, limiting movement and imposing physical distancing – have gradually yielded results, flattening the curve of newly infected cases and increase in recoveries by end-April. By early May, the attention has, similarly to other countries in Europe and the region, gradually shifted towards managing transition, softening the restrictive measures, preparedness and mid- and long-term recovery. The number of new infections, however, continued to rise through June and July.

While the direct health toll of the crisis to-date is clear, the full economic impact is yet to fully transpire and be assessed, as is the mitigating effect of immediate socio-economic measures introduced by the Government with support of international partners since mid-March.

It is by now clear that the crisis will negatively impact, if not diminish, the significant developmental gains of North Macedonia, such as reduced unemployment and poverty reduction, over the past decade. The key for designing and steering the socio-economic response will be to identify comprehensive measures leading to resumption of the sustainable development path and acceleration of Agenda 2030, with a strong focus on recovery of the most vulnerable.

Economic impact

North Macedonia is expected to endure the strongest economic shock in the second quarter of 2020, with estimated economic contraction of 11% to 15% and spill-over effects from

immediately affected sectors to the broader economy. The crisis has already impacted both, *supply* – as a result of closing of manufacturing facilities, winded-down construction, tourism, trade and real estate –, and *demand* – due to reduced purchasing power of the population and the overall fear and uncertainty among the citizens and the corporate sector, leading to decline in personal consumption and business investments. A small and open economy, North Macedonia is also likely to suffer from decreased external demand of its key trade partners.

The combination of these factors is likely to decrease companies' liquidity, leading to temporary or permanent lay-offs of workers, ultimately resulting in the lack of essential survival means for the self-employed and informal workers, which constitute a large part of the Macedonian economy, estimated between 18% as per the State Statistical Office (SSO) and 37.7% as per estimates of the International Monetary Fund).

Disruption in the agricultural activity is another significant risk due to the restricted field work and inability to sell at the green markets, affecting mostly smallholder farmers. As a net importer of food and basic agricultural inputs for food production, the country may face a food security challenge to due to shortages of animal feed, seeds, fertilizers, pesticides, veterinary medicines and other core inputs that could negatively affect agricultural production amidst the increase in protectionist measures and insufficient regional collaboration.

International movement restrictions are another significant factor that may negatively impact the Macedonian economy, particularly through reduced income for the tourism and hospitality sector and a large proportion of Macedonian labour force relying on seasonal migration and supporting their households through foreign income or remittances.

Depending on the development of the pandemic and the success of mitigation measures – in the

country, the Western Balkans region and broader Europe –, potential economic stabilization is projected for the third quarter, followed by a modest rebound in the fourth quarter of 2020.

Projections vary, but contraction of the Macedonian economy in 2020 is definite, with IMF estimating decline of 4%, followed by EU with 3.9%, the European Bank for Reconstruction and Development (EBRD) and National Bank of North Macedonia (NBNM) aligned at 3.5% (but up to 5.7% in a case of a NBNM's pessimistic scenario) and the Ministry of Finance (MoF) expecting an annual decline of 3.4%. Based on the speed of recovery, the World Bank estimates contraction between 1.4% (if recovery commence as of July) and 3.2% (in case disruption and recovery are delayed until August 2020). In 2021, the World Bank expects that European Union (EU) accession negotiations and post-crisis activities could facilitate a V-shaped recovery, with the growth of 3.7%. The EU is a bit more optimistic, expecting a growth of 4% in 2021, and so are the NBNM (4.7%) and the EBRD (5.5%).

The already evident negative economic outlook has been expected to seriously damage the country's ability to collect revenues amidst immense financing needs to respond to the health and the socio-economic impact of the crisis. While too early to assess the full impact, the initial data has seen 5% decrease in budget revenues during the first quarter of 2020 (compared to 2019) and 20% decrease in April 2020 (compared to April 2019), following Ministry of Finance's optimistic (downfall) scenario.

Social impact

The social impact has been concerning, especially among the most vulnerable groups.

Suspension or delay in educational activities have affected multiple aspects within the society, coupled with psycho-social impact for

children, elderly, families and communities and vulnerable groups. Some 360,000 children and young people have been missing out on formal education, while the disruption of technical and vocational education and training and tertiary education may have further negative impact on the labour market.

Children are at heightened risk of abuse, neglect, exploitation and violence amidst intensifying containment measures – a major concern considering high prevalence of violence against children in the home. Disruption of social care services and assistance affects the impoverished households the most, with children or elderly, Roma, homeless and seekers of preventive health care, such as pregnant women and breastfeeding.

The impact is disproportionate for men and women, with the latter more exposed as in COVID-19 responders, due to economic shock and as victims of domestic violence or gender-based violence, which may increase during a lockdown while services and shelters for victims are not operational.

During the crisis, North Macedonia remained exposed to other natural and man-made risk, with the biological hazard adding to the complexity of its national risk landscape. Disinformation and other criminal hybrid activities have also increased in North Macedonia and the region, requiring closer collaboration and strategic communication to build resilience and cyber security.

The role of environment should not be underestimated, as reasons for pandemics in the first place, lay in its anthropogenic alteration. The deterioration of ecosystems, and the biodiversity within, climate change, pollution, and overexploitation of nature, is increasing the risk of infectious zoonotic diseases. The immediate environmental impact in North Macedonia may materialize through potentially inadequate waste management,

particularly medical waste, which is already considered a challenge in the country, as well as limited access to clean water that could contribute to infection spread in certain communities. The impact on pollution, though likely positive on a short term, given reduction in economic activity and transport, could further deteriorate as most of the already limited financial resources will be absorbed by the response, reducing the scope for investment in more resilient environmental and energy infrastructure.

International support

While not offsetting the full negative impact, the international assistance to North Macedonia in response to the COVID-19 crisis has been able to mitigate the loss of income to a certain degree. As of end-May, some \$79/€73.2 million has been committed in grant and in-kind support over the coming months, predominantly for socio-economic response, but also for immediate health response, from EU (\$72.6/€67.2 million), United Nations (UN, \$9.3/€8 million), United States (US, \$1.2/€1.1 million), Norway, Switzerland, Czech Republic, China, Sweden, Austria, Hungary, Netherlands, Slovakia, Slovenia, Turkey, Organization for Security and Co-operation in Europe (OSCE), United Kingdom (UK), Germany and Bulgaria.

In addition, the IMF, the World Bank and EU have provided sizable favourable conditions loans of over \$346/€294 million to support the liquidity of the budget and help reduce risks and cost to the country associated with borrowing on the uncertain international markets.

Given the significant portion of previous debt maturing in 2020 and 2021 and the increasing funding required for recovery, in May 2020 the Government successfully issued its seventh, \$795/€700 million worth Eurobond with relatively favourable interest rate of 3.675% and six-years maturity.

III. The people we must reach

As the crisis has swept across the globe, affecting everyone, it is increasingly evident that the most vulnerable members of societies are experiencing the hardest hit.

The response to COVID-19 therefore needs to be strongly guided by the 2030 Agenda and the attainment of SDGs, with the central promise to ‘**leave no one behind**’ rooted therein. The priorities of the Government and the support provided in response by the UN and other international partners, from assessment to programming, from policy advice to advocacy, need to be driven by the continuous identification and understanding of the specific impact at the most vulnerable individuals and groups.

The North Macedonia CCA, conducted just prior to the onset of the COVID-19 crisis for the purpose of developing the 2021-2025 UN SDCF, identified most vulnerable groups (Box 2) in the country based on the assessment of the most pronounced disparities and key factors of discrimination such as identity (i.e. age, sex, ethnicity, religion disability), geographical location, vulnerability to shocks, adverse governance effects and specific socio-economic status (i.e. facing multidimensional poverty and inequality).

The COVID-19 crisis has added different challenges and further exposed the vulnerabilities of these groups, thus exacerbating their already difficult situation.

- **Elderly people** are the most exposed to severe symptoms of the virus and death, but also to psychological impact from self-isolation and inability to self-support amid lack of care giving and support services;
- **Children** are exposed to disrupted education and forced isolation that further damages the

Box 3: The most vulnerable groups

- youth who are not in education, employment or training (NEET);
- women and girls;
- the Roma community;
- children;
- people with disabilities;
- refugees, migrants, asylum seekers, internally displaced persons, stateless persons;
- lesbian, gay, bisexual, transgender / transsexual and intersex (LGBTI);
- people living in rural areas and small farmers;
- elderly persons

educational outcomes and may increase violence, exploitation and abuse towards children. In addition to the loss of access to care and learning and the protective environment of childcare and school, children are particularly vulnerable to the negative effects of poverty and increased deprivations;

- **Women and girls** are playing a disproportionate role in response to COVID-19 and are more exposed to economic shocks and domestic violence. In addition, the pregnant women and breastfeeding are faced with suboptimal preventive care and assistance. Worsened educational outcomes for girls pose a threat of early marriage, teenage pregnancies, their increased involvement in household activities and care;
- **People with disabilities** are additionally affected by the disrupted routine and access to regular services;

- **People living in rural areas and small farmers** are at high risk of losing livelihoods due to disrupted production and demand;
 - **Roma**, the group left furthest behind in North Macedonia, are faced with extremely difficult access to basic hygiene and existential necessities and almost no opportunity to continue education;
 - **Refugees, migrants, asylum seekers, internally displaced persons and stateless persons** are under more pronounced health risk due to lack of access to basic hygiene, absence or restricted access to social services and potential xenophobic attacks as being perceived as “those who spread corona”;
 - **People living with HIV/AIDS** and other people with pre-existing medical conditions are endangered due to disrupted medical services.
- Across all these groups the **workers, especially self-employed and informal workers** in most affected sectors such as hospitality, transport, tourism, retail, textile, automotive are under continuous threat of losing their jobs and existential means, while others are facing increased health risks in the working environment. At the same time micro, small and medium-sized enterprises’ (MSMEs) owners are increasingly exposed to bankruptcy leading to limited or no source of income to cover for their essential needs.

As the health, socio-economic and psychological impact of the crisis transpires and more data and information become available, nuances in the needs of the most vulnerable groups will become evident, calling for the refinement of approaches and interventions for their recovery

IV. Responding to the socio-economic impact within five pillars

Comprehensive response

To comprehensively address the immediate and longer-term socio-economic impact of the COVID-19 crisis, the response needs encompass all affected segments of the society, with the common objective to recover better and re-enter the path towards sustainable development.

In North Macedonia over the next 12-18 months, COVID-19 response priorities – across all five pillars as defined by the global UN socio-economic framework – need to be closely aligned – and vice-versa – with the country’s overall vision and that of its strategic international partners, including the UN.

Following the global UN SDG guidance, the UN Resident Coordinator in North Macedonia informed the Deputy Prime Minister (DPM) for Economic Affairs and the Chair of the Sustainable Development Council, and the DPM for EU Affairs and National Aid Coordinator about the United Nations’ commitment to support the country with collective and strategic advice.

This joint exercise has resulted the present **COVID-19 Response Framework (CRF)**, offered to the Government as a vehicle to support national policy response towards faster and sustainable recovery.

The North Macedonia CRF is **not limited to the UN-specific offer and programme interventions**. It builds on the collective, global and country-specific know-how and experience of UN agencies, funds and programmes, providing recommendations across five pillars (*Box 3*) that can be **streamlined in the**

Box 4: Five pillars of response

1



HEALTH FIRST:
Protecting health services
and systems during the crisis

2



PROTECTING PEOPLE:
Social protection
and basic services

3



ECONOMIC RECOVERY:
Protecting jobs, small and medium-sized
enterprises, and the most vulnerable
productive actors

4



**MACROECONOMIC RESPONSE AND
MULTILATERAL COLLABORATION**

5



**SOCIAL COHESION AND
COMMUNITY RESILIENCE**

Government’s policies and implemented as a comprehensive, whole-of-country response.

Compiling all the available analyses and assessments, the CRF will be also to inform the final CCA, an through this, providing an up-to-date baseline for developing the 2021-2025 UN SDCF – the key strategy to support the country’s path towards sustainable development and to ensure follow up of the suggested measures, particularly those focusing that no one is left behind.

Box 5: CRF approach

Objective

Guiding questions for response

Tackling the immediate emergency

- Who has been targeted when devising the country's health and socio-economic response measures?
- What is the demographic and where do they reside?
- Where are the gaps?

Focusing on social impact, economic response

- Which barriers keep people beyond the reach of infrastructure, employment, services, jobs and other socio-economic response measures?

'Recovering better'

- How can those who are excluded, marginalized and vulnerable come into the fold? How can they be made more resilient to shocks and crises?
- How can the responses help remove and avoid exacerbating structural drivers of exclusion, inequalities and discrimination?

The focus will be on assisting North Macedonia with strengthening its health system; prevent breakdown of food supply and other vital systems; restore, maintain and build back better basic social services and other measures to minimize the impact of the pandemic on the most vulnerable populations; and advise on the economic and social measures for faster and more sustainable recovery.

CRF structure and added value

The CRF is supposed to lead to the coherence of COVID-19 response – across sectors and stakeholders and create a common understanding on which thematic workstreams require specific attention by all partners in North Macedonia – the Government, civil society, UN and other international partners. In addition, this document tends to demonstrate areas where UN agencies specifically, can provide support or leadership, whether through deeper analysis of the needs, design of programmatic interventions and other measures, to inform and support the Government-led COVID-19 response.

Under each of the five pillars, to the extent possible at the times of writing, the CRF:

- **Elaborates the context**, providing rapid assessment of the situation, including risks to the most vulnerable, and assessment gaps based on UN portfolio and expertise. Building on information already available, it provides relevant and, as much as possible, disaggregated data, identifies data gaps, analysis etc. that are not available and inform if work is ongoing to address this. Number of agencies have undertaken specific and detailed analysis that will be further used to specify and substantiate the response as the evidence become available.
- **Suggest response strategies and mitigation measures** based on the analysis made, using a phased approach that distinguishes between immediate response – including measures to mitigate immediate effects and measures that will assist to mitigate the mid- and long-term socio-economic impact; and “recover better” response – i.e. measures to build resilience within societies to safeguard against future shocks.
- **Positions UN** among the key actors to provide advice and support building on COVID-19 programmatic portfolio as well as non-programmatic support to countries in form of analysis, policy advice, communication and messaging.

Assessment, analysis, follow up

While response must be informed by the most current data, it can often not wait, leading to simultaneous rather than sequential assessment, programming and follow-up. The CRF refers to the existing, ongoing and upcoming assessments, and paves the way for potential new assessments, when needed, to be done collaboratively, focused on identifying groups who are at high risk of being left behind, and/or be harmed by the responses and the extent to which the responses may expose them to human rights violations or deepen inequalities.

The reference sections of CRF will be adjusted monthly to include and refer to the most current assessments and analysis from the UN system and beyond and to ensure that the cumulatively available knowledge is at hand and integrated in planning the response.

Implementation and tracking

The CRF can achieve its full potential if it is consulted with the Government of North Macedonia, and ultimately used to inform and contribute to the design of the Government-led COVID-19 response. The modality of engagement after its initial release, will determine the most efficient and impactful follow-up and monitoring, including a design of brief monitoring and results framework.

To that effect, the CRF is also crucial to inspire trust and promote transparency and accountability in response sharing the relevant information, country-wide, with international partners and within the UN system.

Mobilising and coordinating resources

In cooperation with the Government and international partners, UN will continue and accelerate the repurposing of their programmatic portfolio and assess which

interventions and partnerships can be re-oriented and/or scaled up to support the response.

The North Macedonia CRF is not limited to the UN-specific offer and programme interventions. Because of this, it can serve as an objective tool around which coordination, collaboration and resource mobilization for the COVID-19 response can be rallied.

COVID-19 is a crisis of disproportionate levels and unprecedented scale and thus also a crisis of availability of resources to address its impacts. Resources at hand will not suffice, thus any tool contributing to the coherence in response will be key to secure urgently available funding, regardless of its form.

The UN will continue to actively engage with the Government and other international partners to make sure that the everyone is well informed about the developments and funding opportunities, as well as able to influence the policy environment through strategic advice and technical support for coordination. To that end, the desired outcome would be that the CRF is comprehended or owned by the Government and international partners in order to inform and guide a more comprehensive national response and mobilize resources.

For UN specifically, the CRF will serve as a tool to agree with the Government on most strategic and relevant bids for joint funding modalities from national, regional or global resources, including the COVID-19 Response Fund if made available for North Macedonia.

Promoting norms and standards

The UN will proactively ensure that its response and that of national and international partners supports, addresses and advances human rights by focusing on social cohesion, gender equality and sustainable use of resources. This will be guided by the list of 10 thematic indicators, developed by OHCHR in consultation with a sub-

group of the Crisis Management Team (Annex of the UNDSG [Framework](#) for immediate socio-economic response to Covid19.

Within the health-related restrictions, UN will promote a participatory and inclusive dialogue with policy makers, stakeholders, local communities, private business and economic actors, international institutions and civil society on the socio-economic options and choices driving efficient and timely response and post-pandemic recovery.

UN will speak out against discrimination, false reporting, hate speech and fear mongering, and stigmatization and advocate for the removal of policy barriers to reach the most vulnerable and to facilitate funding to civil society organizations especially those active in vulnerable or underserved communities.

UN positioning for response

With fifteen UN System agencies, funds and programmes, including international financial institutions, resident in North Macedonia and at least two more introducing programmes in the country, the UN system is in a strong position to support the country's response to the crisis in close collaboration with the Government, civil society and other international bilateral, regional and multilateral partners.

The UN System offers a wide range of expertise to the Government and other stakeholders in North Macedonia. Its experts and operational staff are present, well-connected and able to provide both **international know-how and profound understanding of the context** to

address the multidimensional aspects of the crisis through flexible range of support modalities.

UN support is **integrated and coordinated** through the leadership of the UN Resident Coordinator, fostering a One UN approach. UN agencies, funds and programmes can **quickly channel and transform resources into programmatic interventions**, using robust operational infrastructure that can be fully mobilized and expanded quickly, building on the **strong partnerships** with various stakeholders and development partners.

The United Nations is also uniquely positioned to ensure that COVID-19 response is **steered towards achieving SDGs**, whether under the current 2016-2020 Partnership for Sustainable Development (PSD) strategy, which defines five priority areas, including employment, good governance, social inclusion, environmental sustainability and gender equality; or under the 2021-2025 SDCF currently under development.

Since February, the UN in North Macedonia has committed to align their ongoing activities and available resources for COVID-19 response and provided up to \$1.8/€1.7 million towards immediate support, assessing and mitigating the health and the socio-economic impact of the situation (*see UN Tracker in Annex*).

In addition, given the ongoing work on the new 2021-25 UN SDCF, the UNCT can ensure that the recommendations within this document will be **followed up** with UN assistance over a longer period of time to help the country build resilience and systematic strength to prevent and effectively respond to future crisis.

V. Pillar 1 – Health first: Protecting health services and systems during and after the crisis

Context and impact analysis

The confirmation of the first COVID-19 case in North Macedonia on 26 February was not unexpected and the country has been reinforcing its health emergency preparedness in accordance with International Health Regulations (IHR), since January 2020. Inter alia, this included upgrading the national virology laboratory, hospitals and supplies and intensified public media risk communication.

The spread, however, differed from initial national projections. The localized clusters of cases, caused initially by returning travellers from the heavily affected part of Italy, quickly developed into widespread community outbreaks, first Debar and one month later in Skopje. After 6 weeks, the entire country was classified as being in the widespread community transmission phase. To slow the spread, North Macedonia has introduced unprecedented measures at risk of social and economic cost: closing borders and airports, schools and businesses, restricting population movement, postponing elections and cancelling sports events, and asking people to stay at home. The measures have been designed to buy time and reduce the pressure on the health systems – not to overcome the epidemic on its own, but to enable a more precise and targeted set of health measures to stop transmission and save lives.

As of 3 June, 33,114 tests have been conducted, 2,610 people infected (incidence rate of 125.6/100.000), with 5.6% fatality among infected and 1,621 recoveries. Most of the infected have been persons of advanced age (>60-year: 20.8% of confirmed cases and 64.6% of all deaths) and those with existing respiratory,

Box 6: Key pillar 1 recommendations

Immediate response

- 1 Risk assessment and risk management
- 2 Prioritize care priorities and ensure essential care services

Mid- to long-term response

- 3 Build a robust information and response performance management system for assessing vulnerability and risk
- 4 Boost health financing
- 5 Enhance primary health care
- 6 Strengthen preparedness

Recovery

- 7 Achieve universal health coverage (UHC)
- 8 Consolidate health related resources
- 9 Scale up health system emergency preparedness and response capacity

cardiac and/or metabolic disorders and immunodeficiencies (comorbidity of 76.2%). The infection rate has been higher among women, but case fatality higher among men (68% of all deaths).

One hundred cases (3.8% of all cases) were imported and one of them was detected at the entry point (Skopje International Airport), with the latest imported case registered on 1 June. Some 1,531 people (58.7% of confirmed cases) had contact with an already confirmed case of COVID-19 in the country.

North Macedonia health response

Ministry of Health (MoH) has coordinated health response and supported all-of-government and

society response. This included advice on measures through its expert committee, the Infectious Diseases Commission (IDC), and responding zealously with proactive blended strategy in line with WHO guidelines to:

- **Slow down the virus spread** by reducing human-to-human transmission and enabling the health system to cope. This was done through an active trace, test and treat strategy, mobilising a large public health team joined by the primary care doctors from the private sector;
- **Increase COVID-19 critical care surge capacity;**
- **Ensure overall coordination of case management across all levels of the health system** (public and private, primary, secondary and tertiary) and managing caseload (quarantine in home settings, prioritized care and activated triage procedures, scaled up surge plans for health facilities, designated referral hospitals);
- **Protect the health workforce** from COVID-19 by improving infection control, prevention procedures and personal protective equipment (PPE) use;
- **Sustain the delivery and access to essential health care** for those who need it, especially for patients with noncommunicable diseases (NCD), pregnant women and children, elderly and disabled, migrants and high-risk groups;
- **Mobilize emergency funds to pay for increased cost** in care due to COVID-19.

To meet these objectives, MoH has arduously intensified its COVID-19 identification activities, testing, contact tracing, isolation of carriers and early treatment of cases, along a gradually intensified movement restriction and social distancing. A broad campaign to encourage those with symptoms to get tested for the virus was launched, with 24 newly established sites for specimen collection from patients referred by their private physicians through active case identification and teleconsultations. Private hospitals were called to prepare as backup

support, if needed, and several hotels have opened their doors for isolation of asymptomatic and mild cases.

During the acute phase, laboratory and hospitalization surge capacity has been scaled up and the required number of sufficiently equipped health personnel sustained. This has been done by repurposing services and health workforce to where it has been most needed, increasing the availability of emergency beds, supplies and equipment, heightening public health and lab activity and closely following up on travel returnees and quarantine centres.

The country has also taken part in health research on case management through the WHO global Solidarity Trial and sero-epidemiological population-based study to better understand the dynamics of the virus in the population and its evolution. In addition, COVID-19 (viral tests) screening was made on targeted population groups across the country, searching for asymptomatic carriers and their contacts. Repurposed public funds and donations have been directed to support health care emergency response.

Health system challenges

Shortages of health staff and supplies

The required capacity to respond to COVID-19 naturally depends on duration and the course of outbreak. However, the overall expectation is that about one quarter of all reported cases would require hospitalization and 5-7% would require intensive care level 3 (ICU-3), i.e. mechanical ventilation that implies ventilators, oxygen, well-trained and equipped ICU nurses and physicians.

These exponential increase in needs found a public health sector that had been severely underfunded for years, understaffed and ill-equipped, with limited local capacity to produce medical supplies or equipment. In this context, the capacity of the fragile Macedonian health

system to cope with the outbreak has been stretched to its limits. The Clinic of Infectious Diseases and three other hospitals designated for COVID-19 treatment, plus a 120-bed recently set up mobile hospital, have a limited number of ventilators and ICU-3 trained staff, and could run out of capacity to admit additional severe patients that require assisted respiration. Matching the expansion of healthcare facilities to the increased demands of COVID-19 case management with repurposing of staff and equipment has been ongoing, however, only as a short-term strategy. Transforming available health services to treat COVID-19 leads to decrease in supply of essential medical services and emergency care for other conditions.

Insufficient infection control and protection of health personnel

The health workers are a high-risk group and need better protection. To date, about 14% of all reported COVID-19 cases have occurred among medical and nursing staff, in private sector, during their regular practice. This could be the tip of the iceberg as health workers are only tested after contact tracing or when showing symptoms.

PPE for the health workforce in all services (public and private, community and hospital) is not easily accessible due to insufficient stocks. Other needs of the health workforce have also not been sufficiently addressed: there has not been enough rest and recuperation time; measures to protect them and their families, such as dedicated accommodation facilities for highly exposed staff during rest periods, providing counselling and addressing mental health needs to alleviate emotional burnout, bereavement and distress.

Maintaining essential health care delivery in the primary, secondary and tertiary facilities

MoH has suspended non-urgent hospitalization and specialists' visits, extended the length of prescription and health insurance for chronic patients and allowed paid telephone

consultations for primary care and non-urgent activities. However, some people still need to visit clinics for vaccination, antenatal care, births, management of chronic diseases, renal dialysis, urgent response, critical care services, elderly homes, etc. As of end-May, there has been limited information about listing of essential medicines, services and equipment, to ascertain continuity for population seeking care for other conditions.

The Macedonian lesson learned has been that pandemic preparedness is not the only influencing factor for an adequate pandemic response. The precondition for successful emergency response is that the system's first line of defence – primary health care (PHC) – is alert and up to the task.

In 2020, several gaps have been observed: the front-line PHC level facilities lacked health supplies (masks, hand sanitizer and other PPE), but shortcomings were also evident in the organization, scope of practice and prioritization, as first level of medical contact and care regardless of outbreaks or changes around.

Maternal and neonatal health

The process of preparing the national 2020-2030 Multiyear Master Plan for the Improved Health of Mothers and New-borns provided a wealth of information about maternal and new-born health conditions and needs in the country, with a plan to accelerate national progress in protecting the health of women and children. This also includes addressing root causes of suboptimal health care of women and children, bolstering emergency preparedness of maternity, neonatology and paediatric services.

Information on the impact of COVID-19 on early pregnancy outcomes in North Macedonia remains unavailable at this stage. Global studies published to-date do not show an increased risk of severe disease in late pregnancy or substantial risk to new-borns. But the outbreak

has impacted the availability of care provided to pregnant women and new-borns during and after the pandemic. In the absence of specific scientific evidence, the care of those suspected or confirmed to be infected is reduced to supportive and management therapies.

Universal health coverage and financial protection

Financial health protection and universal health coverage are important to avoid adverse effects on health, care-seeking and adherence to treatment. The Health Insurance Fund has announced universal care for COVID-19-related care-seeking and treatment, regardless of the individual's insurance situation or capacity to pay. Coverage rules have been made explicit and communicated, although the mechanisms of implementing these rules have not always been clearly explained. In addition, a wide range of additional social protection measures have been in place to ensure financial health security, including maternity and sick-leave entitlements (without waiting periods) for COVID-19-related illness, in self-isolation or quarantine etc.

Like in other crises, migrants may be particularly vulnerable to direct and indirect impacts of COVID-19. Their ability to avoid the infection, receive adequate health care and cope with the economic, social and psychological impacts of the pandemic can be affected by a variety of factors, including the living in group settings, lack of consideration of their cultural and linguistic diversity in service provision, xenophobia, limited local knowledge and networks. Overall, their access to rights and level of inclusion in host communities is limited due to the migration status.

Financial, logistical and operational barriers

The supply of essential equipment, vaccines, medicines and health technologies has been seriously hampered due to the breakdown in international supply chains, limited availability of public resources, procurement and logistics challenges. The Government, which has

prioritized health conditions and supplies relatively well, has been assisted by international partners with the procurement and delivery of some urgent supplies and equipment.

MoH has followed WHO technical specifications developed for COVID-19 and the recommended case management protocols. Macedonian Agency for Medicines and Medical Devices (MALMED), the national regulatory authority for pharmaceuticals, medical supplies and equipment, has simplified procedures for new drugs required for COVID-19 treatment through introducing emergency mechanisms for procurement and registration. The Government has been active in mobilizing internal emergency reserve and international funds to cover increased costs. (*see section II, Overview of impact in North Macedonia – International support, above*).

Maintaining adequate public health emergency services

Key public health emergency services have been immediately activated by the Institute of Public Health (IPH) to deliver laboratory virology and molecular testing on an unprecedented scale, including contract tracing and risk assessment, caring for isolated groups, epidemiological analysis and surveillance; and providing evidence-based information to the Government and the public. These essential public health functions have been delivered by the national IPH and ten regional Centres for Public Health (CPH) with 21 local units of the CPHs at the municipality level, as an integral part in the response to COVID-19. They have, however, not been adequately staffed and thus overstretched.

Adjusting health, social and special services to COVID-19-related needs

Data on the total burden of ill health and mortality resulting directly and indirectly from the crisis is not yet available, but the socio-economic impact on the most vulnerable and

socially excluded groups, with lack of medical coverage and no means to provide for the out of pocket payments is already obvious. Roma, homeless, those living in crowded conditions, care homes, isolated elderly, migrants, undocumented workers and in those without coverage or identification, are more likely to develop multi-morbidity and serious health conditions such as heart disease and diabetes at younger ages than the most advantaged.

Gaps in data and analysis

Disaggregated data and evidence will be essential to inform the decision-makers when designing response measures, as well as in developing strategies for mitigating risks and building resilience of the health system collapse. The existing data and collection mechanisms have not been able to comprehensively reflect the rapidly changing socio-economic and health situation and have been insufficient to substantiate mitigation strategies and interventions to protect the health systems. There is a pressing need to assess COVID-19 impact on:

- delivery of essential health services in the communities;
- health workforce;
- Information on the impact of COVID-19 on early pregnancy outcomes;
- access to health care of special vulnerable members of the community, such as the pregnant and children, elderly, people with disabilities, Roma and other marginalized groups, informally employed and seasonal workers, refugees, migrants, stateless;
- health sector as multiplier of fiscal capacity of the country, etc.

Health is a major contributor to the economic growth, with a significant share of competent labour force that requires long time to produce (amidst an increased external demand for medical workers) and considerable needs for

continuous technology and scientific development. Hence, when assessing COVID-19 socioeconomic impact, the health system and delivery should be considered as an economic element in its own merit.

Managing the risks of resurgence

Immediately after the peak of the epidemic, calculated steps need to be taken to ease restrictive measures impacting public health. Monitoring of the relaxation of strict interventions such as social distancing, curfews, work from home and other measures need to be undertaken as resurgence is a key concern. Observational and modelling studies have revealed that premature and sudden lifting of interventions may lead to an earlier secondary peak, which would probably incur marginally higher health and economic loss, compared to pre-relaxation level.¹

Response required

The challenges above are major risks for immediate response, transition phase and the aftermath of the crisis. Measures taken now can mitigate these risks and alleviate immediate economic impact on health systems, social wellbeing and the economy. Investing in core health system functions will be key to control the virus spread and its health consequences, in complementarity with other public policy action.

Immediate response

Immediate response should predominantly focus on the assessment and management of risks, while prioritizing the care priorities and essential services.

(1) Risk assessment and management

Defining the 'new normal' during and after the COVID-19 pandemic must be guided by public health principles, based on the scaled-up public

¹ Prem et al., 2020; Leung et al., 2020; Kissler et al., 2020, Singh et al., 2020.

health and clinical care capacities, and timely lifting of physical distancing measures to prevent the uncontrolled resurgence of COVID-19 transmission and the second wave of cases. The response should include:

- **risk assessment and advocacy for staged approach for the transition** to balance the benefits and potential harms of adjusting restrictive measures, not to trigger resurgence of cases and jeopardize the health of population. This should be firmly based on scientific evidence and critical factors, such as economic factors, security-related factors, human rights, food security, and public sentiment and adherence to measures.
- **Developing a plan for a phased transition** in a manner that will enable sustainable suppression of transmission at a low-level whilst enabling the resumption of some parts of economic and social life, prioritized by carefully balancing socio-economic benefit and epidemiological risk.
- **Reinforce COVID-19 and other respiratory public health threats such as influenza and measles monitoring** through reinforced health workforce – increase in the number of trained epidemiologists, nurses and physicians through enhanced recruitment and adequate professional education and quality training. The health workforce and hospital capacity will need to be assessed, possibly enhanced, trained and equipped with personal protective equipment and in place to care for any resurgence in cases.
- **Health system spending** must be scaled up right away to meet urgent needs and the surge in demand for tests, expanded treatment facilities, adequate medical supplies and more health care workers.

(2) Prioritizing care priorities and ensuring essential care services

It is key to maintain essential lifesaving health services even while addressing the pandemic.

- **PHC** needs to ensure continuity of services for NCD and elderly care, as well as mental health at PHC and hospital levels.
- **Preventive services** such as immunization are of utmost importance and need to be sustained during the crisis and beyond. Although initially efforts should be oriented to preventing communicable disease and managing emergency conditions that require time-sensitive intervention, averting maternal and child morbidity and mortality, it should rapidly readapt to better preventing acute exacerbations of chronic conditions such as NCDs. This also includes mental health, asthma and angina by maintaining established treatment regimens and improving access of those who need most these services.
- **Maternity services** need to be prioritized as an essential core health service to ensure continuity of quality antenatal, intrapartum and postnatal care. All maternity care providers, whether based in health facilities or within the community must be protected, with full access for all to PPE, and access to communication messages and information materials for health workers and vulnerable groups on COVID-19 (currently 6,500 secured with 4,000 gap).
- **Guidelines/algorithms and protocols** for triage, prevention and treatment of pregnant women need adaptation.
- **Institutionalize** health and social workforce **adaptation modules and training** in relation to health emergencies.
- Prepare and periodically **review health workforce emergency surge needs** and distribution in accordance with WHO tools (i.e. health workforce estimator tool, the adapt surge planning tool).
- **Maintain emergency risk communication** and public health measures.
- Establish **specific protocols for health care and protection of vulnerable groups** such as migrant workers, victims of domestic

violence, and maintain mental health strategies and crisis hotlines.

Mid- and longer-term response

Mid- and longer-term response should focus on building systems and securing resources.

(1) Building a robust information and response performance management system for assessing vulnerability and risk

- **Health status monitoring** needs strengthening to inform decision making, policies and extension of strategies for delivery and tailoring of priority comprehensive health interventions at national and sub-national scale.
- **Health services and systems access and impact assessments** to strengthen and scale up existing health data systems and tools for rapid impact assessments and identifying gaps in unmet needs for health care or alternatives (avoidable hospitalization or excess mortality) by sex, socio-economic status, education. This should put emphasis on achieving and measuring equity in health, aimed at leaving no one behind.
- **Monitoring gaps and making projections** in health workforce needs, development, retention and compensation.
- **Monitoring the health of the affected most vulnerable population**, their outreach and access to services: maternal child, mental health and domestic violence, and chronic disease treatment.
- **Encourage behavioural insight research** and other relevant studies for better preparedness and implementation of plans and improving population access to services as well as awareness and compliance with public health measures.
- **Develop public health emergency geographic information system**, using methodology and tools of WHO Vulnerability and Risk Analysis and Mapping (VRAM).

(2) Boosting health financing

- **Prioritizing funding for common goods for health (CGH)**, i.e. population-based functions such as comprehensive surveillance (including laboratories), data and information systems, regulation, and communication and information campaigns. Funding CGH helps ensure that the public health functions are prepared for and can respond to crisis. Review of essential functions in health care emergency can guide in improving payment rates and methods for health workforce involved in the front-line emergency responses.
- **Assessing and mitigating potential financial barriers** to ensure that no one faces financial barriers to health visits, diagnostic tests, treatment (including medicines), care or emergency transport. This is particularly important in contexts with informal payments.

(3) Boosting primary health care

The country should direct its efforts to maintain the ability to respond to ongoing health reforms based on PHC. When the crisis subsides, people will require services postponed during the response. Health services need to be reconfigured and scaled-up, so they are better prepared to support health security and universal healthcare in the future.

(4) Boosting preparedness

Reprioritizing investments in building preparedness to respond to COVID-19 and removing constraints that impede the level or flow of funds as soon as possible, including by:

- **relaxing procurement and hiring rules related to the emergency response** and clarifying any barriers to redeployment or short term contracting of health workers for the purposes of surge capacity. Put in place policies for recruiting volunteer workers and ensure flexibility in recruitment of emergency related staff (e.g. emergency registration status);

- **maintaining risk communication and media awareness**, by maintaining *health crisis cell* and operations for the medium term and the help hotline for population.

Recovery

As the first wave subsides and countries phase out public health and social measures, the balance between restoring services safely and maintaining basic COVID-19 preparedness capacities needs to be stricken, considering the ongoing risks after the acute phase of the pandemic. Recovery and resilience should focus on maintaining key interventions.

(1) Achieve universal health coverage

- **Strengthening quality essential health services** and reconsidering the deinstitutionalization services for the elderly, the disabled and the mentally ill and investing in home-based care and preventive activities. Use of digital platforms and telemedicine should be considered where feasible.
- **Promoting better care integration among different levels of care, with strengthened and person-centred, comprehensive PHC system.** Competent and comprehensive PHC should take on a bigger role in responding to common health needs of the population. Readjusting essential health services from primary care level to hospital level as well as post hospitalization patient management. This should include shifting service delivery platforms, workforce management, medications, and enhancing the quality of services data. MoH needs to consider continuous support with reliable information and tools, including additional support for logistics and staffing, critical supplies and PPE.
- Developing an **expansion plan for medical facilities** including health workforce planning and development plans.
- **Reviewing national *Guidelines on essential preventive and community health interventions*** such as outreach services,

covering immunization work, maternal health, HIV/TB prevention; NCD screening; guidance on supporting inclusive health response to people with disabilities, those vulnerable and marginalized; guidance on how to maintain services for migrants;

- **Supporting healthy lifestyles and community health literacy** and capacity of health education in institutional settings like universities, schools, workplaces and municipal community health campaigns.
- **Improving emergency medical services, emergency care and safe emergency transportation**, as well as infection control and preventive measures for protection of all health workers in health facilities.
- **Accelerating digitalization and mobile health** to strengthen supply chains for continuity of established treatment regimens for key chronic diseases, reduce the need for provider encounters and minimize unscheduled attendance at emergency departments.
- Strengthen quality pregnancy and delivery care in times of COVID-19 acute and post crisis by **operationalizing** the 2020-2030 Multiyear Master Plan for Improved Health of Mothers and New-borns.
- **Improving information and data sharing** among all levels of care of sexual and reproductive health (SRH) service providers.
- **Ensure that migrants, asylum-seekers and other persons of concern are well-informed about COVID-19 protection** and prevention in their languages and have access to health care and screening.
- Enhance **cross-border cooperation among the health professionals to monitor migrants' health status** and enhance their health care.

(2) Consolidate health related resources

Research in North Macedonia on the economic footprint of health on national economy has demonstrated that its health system plays a key role as one of the most important first ten domestic sectors for fiscal stability and GDP in

times of crisis. If investment is made the right way in the health system purchasing and employment, there will be a huge positive impact on social and economic recovery and resilience at the local and national levels.

Targeted health financing measures can play a supportive role to facilitate a rapid, organized response to the pandemic. More specifically, the health financing response must support the scaling-up and delivery of the appropriate population-based and individual services, strengthening the safety nets, and encouraging the contribution of the private sector in line with COVID-19 national priorities. This can be achieved by:

- **Consolidating health resources** to align funds – public, private and international –and remove financial barriers for a comprehensive, government-wide recovery plan, cutting across health and finance authorities, national and sub-national levels of government, any other health service purchasing agencies (e.g. national/social health insurance agencies), and health care providers.
- **Developing or simplifying protocols that allow private health providers to be integrated and contracted**, including related payment methods, rates, and information reporting requirements to cope with anticipated increases in demand. By adapting payment models and pricing for the PHC level for example, it would be possible to account for changes in the location and delivery mode for services during the response, including for home-based care, tele-consultation and other forms of e-health. Reinforcing Health workforce fit for purpose.
- Providing **incentives for health workforce for widespread respiratory outbreaks**. This would include special benefits to doctors and nurses at PHC, supporting hospitals and emergency rooms personnel, recruitment for make-shift field clinics and Providing protective gear and essential medical equipment are critical investments to protect Health care workers against infections.

(3) Health system emergency preparedness and response capacity

- Develop national capacities for **health emergency planning and management**;
- **Strengthen capacities of IPH** and the Public Health Centres to complete digitalization of the early warning system, investigations and response and testing in case of outbreaks of communicable diseases like COVID–19, recruitment of epidemiologists.
- **Develop a national plan for surge capacity**, including strategy for scaling up with proper costing, reagents, supplies and consumables, and flexible policies to enable rapid response, addressing contractual issues, etc.
- **Urgently renew the focus on large-scale public health capacities** with strengthening public health training, surveillance, and implementation of IHR core functions at national and regional levels including the country points of entry.
- Establish **crisis preparedness plans** for health care and public health facilities.
- **Upgrade and reinforce laboratories** by assessing readiness and ensure availability of trained staff; list procurement needs (WHO Tool for procurement projection – support in QC of procurement list); validate protocols; Organization and participation EQA; GeneXpert based rapid diagnostic tests and integration as needed
- **Ensure the stockpiling** of reagents, kits, PPE, including through management and distribution logistics improvements.
- **Improve procurement and distribution procedures for emergency** for core essential health supplies, vaccines, including supplies for curative and essential preventive services; support for large scale health service delivery.
- **Develop plan for procurement and vaccination roll out against SARS-COV2 virus when vaccination is available.**

UN value proposition

The UN brings in wealth of international and national technical expertise, as well as resources to support the national health system in addressing COVID-19 crisis. It has a broad network of partners in the country, regionally and globally.

To support the response and recovery as presented above, the UN can assist with:

- I. Analysis, policy advisory support and technical assistance to the Government of North Macedonia on the design and delivery of appropriate national and subnational efforts;
- II. Support the national efforts for adjusting public health and social measures in the context of COVID-19 and preventing or mitigating future waves of infections;
- III. Assistance in mitigating health consequences of COVID-19 epidemic and health inequities by stronger and essential service delivery plan during and following the outbreak, including enhancing universal health coverage;
- IV. Advise on enhancing financial health protection, public health care spending and increasing investment in care services and public health;
- V. Support with the development of health system emergency preparedness and enhancement of response capacity.

WHO leads with health, technical and policy advice to the Government on COVID-19 containment and mitigation – to limit the virus spread, protect health of people and health workers at the frontline, preserve the health care system capacity, and its sustainability to respond and provide essential services to the population. WHO supports health actions for risk communication and community engagement for COVID-19. The agency has been fully involved in all aspects of health system reform, including national PHC, financing health, building preventive programmes and

development of the health work force, with emphasis on nursing and midwives.

IOM focuses on actions to minimize the impact of the epidemic on the health system, vulnerable groups, social services and economic activities. So far, IOM has provided PPE's for the personnel working in the transit reception centres (TRC) and the Reception Centre for Asylum Seekers, including hygienic kits for the migrants, refugees and asylum seekers accommodated there. IOM, in close collaboration with MoH, also provides medical assistance to migrants in TRCs. Disinfection and epidemiological control have been done in coordination with IPH, to ensure that proper protection and conditions are secured for migrants and personal working in the TRCs. Between January and May, IOM medical teams have assisted some 2,000 persons.

UNDP will provide financial and expert support to the MoH in preparation of technical documentation and specifications for renovation of several healthcare facilities across the country, with a focus on the least-developed regions. The documentation will be used to support the requests for funding. Other resources may be used for equipment and supplies for immediate response support.

UNDRR will continue working with the National Disaster Risk Reduction Coordinator to reinforce the resilience agenda at national level, including in the context of biological hazards, in line with the implementation of the Sendai Framework for Disaster Risk Reduction.

UNFPA has a unique capacity in sexual and reproductive health and rights, including gender-based violence. It applies people-centred and human-based approach and use its extensive understanding and data about population dynamics to expand the existing national priorities and the commitments made, such as for achieving the goals of the Program of Action of the International Conference for Population and Development (ICPD).

UNICEF and partners will support national health authorities to ensure children and women have continued access to essential health care services. UNICEF will provide guidance on policies and actions to mitigate the impact of COVID-19; and assist health care facilities in improving infection prevention and control and water, hygiene and sanitation (WASH) services. UNICEF can also contribute to data collection and analysis to improve response.

UNOPS is working closely with the UN family, government and other partners to support mitigation and response efforts to COVID-19 and has supported procurement efforts for essential medical and non-medical items.

WHO has in dept knowledge and experience of working with affected communities to ensure quality, uninterrupted and accountable health service delivery. WHO is assisting MoH in gaps and needs assessment and providing advice how to bridge those gaps for better health system coping and response. Support is provided in development of plans and strategies for maintaining essential health services and keeping communities and frontline responders informed with the latest technical guidance. WHO will continue providing support in the area of nutrition and food safety, as well as mental health and psychosocial support interventions.

World Bank has immediately activated emergency funding mechanisms for the COVID-19 response in North Macedonia. *The North Macedonia Emergency COVID-19 Response Project* has been launched immediately after the onset of the crisis to support the country to prevent, detect and respond to the threat of COVID-19 and strengthen the national public health system. Following comprehensive approach and assistance the project will aim at responding to the immediate needs of the health sector and to the financial support needed to enable the implementation of mitigation and containment strategies.

UN resource availability and gaps

UN agencies funds, and programmes have already invested significant resources to support socio-economic response under Pillar 1. The value of ongoing interventions under this pillar amounts to \$6.6/€5.6 million, of which \$520,000/€442,000 has been reprogrammed. For details see the consolidated UN response activity tracker (see Annex 2).

Based on policy advice and UN value proposition, UN agencies, funds and programmes have proposed interventions of significant strategic importance, for which the required resources (\$390,000) have currently not been made available.

Box 7: Pillar 1 UN funding gaps

<i>Lead entity</i>	<i>Description</i>	<i>Target Groups</i>	<i>Timeline</i>	<i>Budget \$</i>
UNFPA	Increased access to sexual and reproductive health services for vulnerable groups through mobile services	Women of reproductive age (15-49), newborn/children - rural, Roma, disabilities, ethnic minorities	Jan-Jun 2021	40,000
UNFPA	Planning and procurement of PPE in the maternities throughout the country	Health professionals in maternities for the benefit of pregnant women, lactating women, newborns - rural, Roma, disabilities, ethnic minorities	Jan-Jun 2021	30,000
UNICEF	Refresher trainings for primary health care providers to strengthen detection, case management and referral of COVID-19 cases (including paediatric cases)	Frontline health care workers	Jul 2020 - Dec 2020	20,000
UNICEF	Risk communication on C-19 prevention and mitigation with embedded C4D messaging and messaging to respond to secondary impact, production of materials, and broadcast and distribution partnerships	general population	2020-2021	60,000
WHO	Developing digital vaccination records and digitalized system for improving immunization programs delivery at national level for continuity of essential services during C-19	general population	Jan-Jun 2021	60,000
WHO	Development of public health emergency geographic information system, using methodology and tools of WHO Vulnerability and Risk Analysis and Mapping (VRAM)	general population	Jan-Jun 2021	100,000
WHO	Reinforcing capacities in PHC for timely, effective and safe supportive management of patients with suspected and confirmed C-19 at primary care level, and delivering essential health services at primary care level during C-19	general population	Jan-Jun 2021	50,000
WHO	Sero-epidemiological investigation for C-19 virus infection - population-based prospective study aimed to provide key epidemiological and serologic characteristics of C-19 virus	general population	Oct 2020 - Feb 2020	30,000
				390,000

VI. Pillar 2 – Protecting people: social protection and basic services

Context and impact analysis

During 2014 Ebola outbreak in West Africa more people died from the interruption of social services and economic breakdown than from the virus itself. The longer-term social and economic impact of the COVID-19 crisis will undoubtedly be profound. The psycho-social impact will be severe for all who has lost or at risk of losing the job and existential means. Vulnerable groups – poor and most vulnerable women and men, including refugees, migrants and asylum seekers, Roma and persons with disabilities – will be disproportionately affected as the pandemic exacerbates socio-economic vulnerabilities present already prior to the outbreak. The impact of the crisis has already exposed disparities in health and social services; addressing these will be a top priority in mid- and long-term. The vulnerability and risks of poverty for families who are beneficiaries of minimum income, particularly single parent families, majority of which are headed by women, will be severely affected.

The most vulnerable

Persons living in institutions, particularly children, face increased risks of abuse, neglect, deterioration of health and mental distress. During the outbreak, persons living in residential care settings have been facing greater risk not only because some of these facilities were already understaffed due to limited funding, but also because they received the protective medical equipment with delay. In addition, these institutions have traditionally been overcrowded and with poor hygiene. People living in residential care often suffer from pre-existing health conditions and mental distress,

Box 8: Key pillar 2 recommendations

Response and recovery

- 1 Scale up and adjust social protection to the crisis, focusing on most vulnerable groups
- 2 Extend capacity and quality for online learning, with free and open TV, radio and digital content, and provision of necessary equipment.
- 3 Provide psychosocial support for children, teachers and communities, and address hate-speech in schools and gender-based violence.
- 4 Assess degree of impact on household level food security, dietary/food consumption and nutrition.
- 5 Extend capacity to maintain key child and maternal health and nutrition services, outside of community-based settings, clinics and centres.
- 6 Strengthen and adjust protection and psychosocial support services to remain operational during crisis in a universal, rights-based, age- and gender-responsive, equitable manner.
- 7 Build awareness of and zero tolerance for (gender-based) violence.

further aggravated during the pandemic by isolation and ban of family visits.

The already dire living conditions and habits of the most marginalized communities in the country, especially Roma women and girls, increase their vulnerability due to pre-existing inequalities and discriminatory attitudes and behaviours towards them. Many Roma families make their living in the informal economy and have lost a significant share of their basic income as a result of strict lockdown measures. This situation has, for example, affected 37 families

accommodated in two locations (Ranka Milanovic and Vizbegovo) and additional 43 families registered as street children families enrolled in the Day Care Centre for families with street children. Families also face increased costs of buying additional hygiene supplies for COVID-19 prevention. Living on streets and without proper healthcare and sanitation, Roma street children and their families are especially vulnerable: for many of them lockdown and social distancing measures are impossible to implement.

While children seem to be less vulnerable to the direct physical impact of the virus, many have fallen ill, some critically, and some also died. Beyond illness, thousands of children will have their health severely impacted as health system is overwhelmed and routine services, such as immunization and treatment for childhood illnesses, are delayed or suspended. Children's education and learning have already been severely impacted as schools remained closed and online learning devices are not easily accessible to all children. Children's vulnerability to exploitation, abuse, neglect and violence will increase significantly as their caregivers are directly affected by the virus and as their families and communities lose their incomes and livelihoods. Children's mental health will be affected by the stress they, as well as their families and communities, are subjected to. Poor children will be disproportionately affected by the crisis, as they tend to live in overcrowded settings, without adequate nutrition and WASH services and the possibility to practice physical distancing. All children will be affected, as the virus does not discriminate by citizenship, income or ethnicity, however the most vulnerable boys and girls will be hit the hardest.

Disease outbreak affects women and men differently. COVID-19 is worsening existing inequalities for women and girls, and deepening discrimination against other marginalized groups. In times of crisis such as this outbreak, women and girls may be at higher risk of violence. The risk of violence will likely grow due

to containment measures, falling household incomes, school closures or fear and stress related to COVID-19. Movement restrictions are impacting the availability and accessibility of critical support services for survivors of gender-based violence. Women and girls are likely to face challenges seeking help in the presence of their abuser, while shelters and safe spaces may be at inadequate capacity or forced to close. In these challenging times, basic services for provision of health and social protection, psychosocial support must remain available, affordable and accessible and responsive to women's specific needs (menstrual hygiene, pregnancy, breast-feeding).

Elderly are hit differently by the pandemic – they are in the high-risk age group that disease hits the hardest, which also has a significant psychological impact, especially on elderly women. The decreased access to support services and basic needs including food, medicaments, supplements, orthopaedic and other assistive devices, medical rehabilitation and health services, damages the effective prevention and support during the pandemic.

Additionally, the increased level of anxiety among the persons with disabilities adds to their vulnerable condition and causes worsening of their overall wellbeing.

Impact on food security

Despite significant impediments, the agri-food chains in the country remain operational at present and the capacity to maintain the essential food and nutrition services at the national level has remained satisfactory. However, the crisis has shown that primary producers of agricultural products remain extremely susceptible to changing demands and price shocks. Significant number of farm households, especially small-scale producers, are typically run by women and will be directly affected by the outbreak due to decreased sales of this year's production and disturbed sales channels. Indicative assessments carried out by

FAO have shown that the change in and closure of export markets have caused the drop in demand for early vegetables and have, consequently, driven down prices down to extreme lows compared to previous years.

The crisis has also affected the livestock sector, particularly sheep subsector. Lack of animal feed has been a growing concern due to import dependence, restricted movement of goods and increased flock sizes. The lack of access to markets, especially for lamb meat due to closed Italian market, has already created a surplus and drop in market prices, severely impacting the income of farmers. As consumers buy less because they are being careful about their food expenses, retailers face financial difficulties, which translate into delayed payments to wholesalers. As wholesalers, in turn, defer their payments to farmers, farmers delay their payments to input suppliers. Input suppliers then become reluctant to give credit to farmers for acquiring inputs for the ongoing planting season. Their production costs are increasing, and farmers are reluctant to invest heavily in the current planting season because they worry that in six months' time, when they will sell the fruits of the ongoing planting season, they will face a recession, which means falling agricultural produce prices. Unless supply chain operators are relieved of short-term debt (for example by converting it into longer term debts, which eases the burden), agricultural output will be severely affected next year. Seasonal agricultural workers have also been heavily impacted (see *Pillar 3*).

The reduced purchasing power of COVID-19 affected households (due to loss of employment, cuts in wages and increase in prices) may have direct effects on the choice of food they consume. This is of especially concerning for low income vulnerable groups who try to cope by selecting cheaper and inferior food. In addition, the state of lockdown

and social distancing have made it difficult to access fresh and nutritious food items such as seasonal vegetables and fruits. Combined with other factors such as anxiety of food shortages, irregular dietary pattern and low physical activity levels, even over short periods, increase the risk of obesity.

Impact on people on the move

Migrants are another exceptionally vulnerable group. They often travel in big groups, which exposes them to a higher vulnerability to human-to-human COVID-19 transmission, as they cannot practice social distancing and frequently encounter other travellers from high-risk areas or unidentified locations. In this context, resource-poor migrants are more vulnerable to communicable diseases and other health-related problems. During their travel, migrants, especially women and girls, are exposed to various exploitation practices, including gender-based violence and human trafficking. Unaccompanied and separated children, victims of human trafficking, pregnant woman, victims of gender-based and sexual violence, and elderly are particularly vulnerable in the migration process. It is thus key to ensure effective and timely access to appropriate and gender responsive protection services to these groups.

There are some 76 asylum seekers, 281 Kosovo refugees and 568 identified individuals at risk of statelessness in North Macedonia. Access to health, education and water and sanitation has been negatively impacted for these vulnerable populations by COVID-19. They have all reported² an increase in need for appropriate and improved healthcare services, including better access to primary health care and medicines. In terms of education, children of Kosovo refugees and undocumented persons at risk of statelessness have been the most affected by the closure of schools resulting from

² UNHCR North Macedonia analysis and needs assessment survey of persons of concern (refugees, asylum-seekers and stateless persons), April 2020.

the outbreak. Many children have been unable to attend online classes due to lack of equipment and internet access. These vulnerable groups have difficulties in satisfying basic needs (including water and sanitation) and require additional financial or in-kind support, such as food, clothing and utilities.

Scarce statistical data that is necessary for response and policy planning has been identified as one of the key challenges in responding to this crisis. The challenge is two-fold: it is a result of the weak capacity to collect disaggregated data on one hand, and the delay in getting the data at all on the other hand.

Response required

Based on to-date context analysis, the required mitigating measures include the following:

Immediate and mid- term response

In addition to the immediate physical risk of exposure to COVID-19, this crisis poses enormous social risks to communities, families and children. The socio-economic impacts of COVID-19 and the policies and measures being adopted to prevent its spread are already devastating. These impacts are likely to become much worse over the coming months and years.

Social protection

It is critical to ensure that the routine cash transfer programmes are not disrupted and that they are adjusted and/or rapidly scaled up to respond to the increasing needs created by the COVID-19 pandemic. This includes ensuring that adaptation and scale up are gender-responsive and disability-inclusive, so the most marginalized communities are not left behind as systems and programmes adapt and that linkages to essential services are maintained or created to respond to their specific needs.

In addition, alongside cash transfers, other components of social protection systems (including in-kind assistance, social insurance,

employment guarantee programmes, etc.) will respond to the needs of the most marginalized and vulnerable – economically, socially and medically – in the short- and longer-term. In designing or advocating for a social protection response, due consideration should be given to special assistance programmes, for caregivers and front-line workers.

Creating temporary or part-time jobs through public works and programs for provision of community-based social services, plays important role in helping the government addressing the unemployment among the most vulnerable social groups.

Budgets and implementation plans should include scaling up of social protection and identification of additional domestic resources for response, through reprioritization of budgets to provide space for priority spending, while protecting resources for routine services.

Nutrition and food security

It is important to assess and monitor the impact of COVID-19 on household level food security, dietary/food consumption, and nutrition, because the families whose livelihoods are affected may cope with economic difficulties by selecting cheaper and less nutritious diet. Lockdown and disrupted food supply chain could make it even more difficult for them to access seasonal, fresh and nutritious foods. This could pose further problems to achieve nutrition and health-related SDG targets in North Macedonia where obesity rate has gradually been increasing. Other food security analysis methodologies and tools can also be introduced to assess dietary diversity, particularly among women. The assessment will contribute to the identification of the vulnerable population and monitoring the negative impacts on food security and nutrition.

Education

COVID-19 pandemic imposed an urgent need to operationalize inclusive and safe school

practices across all levels of learning including promoting and disseminating of life-saving information materials and adapting school policies. The learning must continue during the COVID-19 pandemic through appropriate strategies. This includes the development and roll-out of free and open digital tools to support large-scale remote learning, educational TV and radio programmes, online content, internet-based learning and other material for use at home, including the provision of online learning devices such as laptops and tablets. Instructions must be accessible for all children, regardless of the medium of delivery. At the same time the country needs to address school-related hate – speech and gender-based violence (SRGBV); provide psychosocial support (PSS) to help children, teachers and communities heal and rebuild trust, confidence and social cohesion after the pandemic. Last but not the least, the country needs to ensure that school-based services and standards-based WASH facilities, which prevent drop-outs and keep children safe and healthy, have been provided.

Protection, GBV and psychosocial support services

Protection services, with particular attention on the most vulnerable and at risk, including migrants and refugees, persons with disabilities, residents living in institutions and in the community, and particularly children and women, need to strengthen and adapt. Various studies indicate that women do not feel empowered to report violence, and do not know what to do when faced with violence. This has been more prominent during the crisis; hence, the authorities need to know whether the system of protection is operational.

On a longer run, there is a need to increase the awareness among the population, that violence cannot be tolerated, that there is a support network in place that the victims can turn to, and these need to remain available even in times of health crises. Gender stereotypes are a root cause of the problem and must be tackled

since violence against women and domestic violence are pre-existing and only enhance during a crisis. In parallel to support to the victims of violence, work with perpetrators of domestic and gender-based violence should be given deserved attention and space.

Protecting children from violence, exploitation and abuse at home and online will prioritize positive parenting resources focused on safe internet usage; working with schools and the education sector to ensure safe virtual learning platforms used to mitigate online risks; and collaborating with technology partners to develop digital solutions for child online safety, with strengthened child-friendly reporting mechanisms. To protect children without parental care and to prevent family separation arising from the COVID-19 crisis, the Macedonian national case management systems needs to be enhanced while mobile services should adapt to confinement and lockdown measures in order to offer continuity of care. Recognizing social service workforce as essential workers will ensure that they are sufficiently supplied protective equipment.

The mental health and psychosocial support interventions and approaches for women, children, adolescents, caregivers and asylum-seekers and refugees need to adapt, implement and facilitate these services into models that can be accessible and sustained despite restrictions of movement and other containment measures. This may include remote services of volunteers, frontline workers and practitioners, as well as safe spaces, peer to peer activities, men as allies against violence against women, child protection case management services, and specialized mental health care. Within homes, centres and hospitals, supportive activities and care with children and adolescents can be facilitated with trained parents and caregivers.

The protection systems for asylum-seekers, refugees and stateless person needs to be maintained.

Recovery

To intensify and accelerate the recovery, North Macedonia should focus on strengthening systems, while being flexible and developing new and innovative rights-based approaches to service delivery where existing systems cannot be used (e.g. school closures) or have collapsed (e.g. some health services).

Key proposed areas of work include:

- The **social protection** system to further extend its capacity to rapidly scale up cash transfers and other social safety nets. The Government has already adopted the necessary legal measures for horizontal expansion of the guaranteed minimum income (GMI) programme;
- Health and nutrition systems and the degree to which they are impacted, especially their capacity to maintain key child and maternal health and nutrition services outside of the usual community-based settings and clinics and centres;
- Education systems and their capacity to continue learning out of school, while effectively and safely return all children to early childcare and school facilities (and ideally improved schools) when this is possible;
- Protection systems and their capacity to rapidly scale up violence prevention, child justice, care and protection services; and
- Capacity in cross-cutting areas to ensure inclusive, universal, age and gender-responsive, equitable, rights-based services, including gender-based violence risk mitigation and responses.

UN value proposition

United Nations agencies, funds and programmes in North Macedonia are already assisting the Government to better grasp the social, economic and political impact of the crisis and to find ways to mitigate these challenges with sustainable, resilient and rights-based solutions,

crafted in partnership with public and private sectors.

UN agencies will also collectively support the mental health and psychosocial support interventions and work with institutions in creating an uninterrupted provision of services and protection. The UN will continue responding to an increase in gender-based violence through risk mitigation and response services, adapting programming in the context of COVID-19 measures for the safe availability, accessibility, acceptability and quality of response services.

UNICEF has been assessing the secondary impacts of COVID-19 on child-related sectors (education, health, child/social protection), child poverty and public finance, providing mid and long-term recommendations to the Government. Provided with additional funding, UNICEF could offer technical support and work closely with other partners to ensure social protection systems and especially their cash transfer components focus on the most affected households. UNICEF could also ensure that the social service workforce is equipped with resources and tools to provide immediate and continuous support to children and families in the social protection system. The agency can work with the Government and partners to support an inclusive and safe school practices, distributing life-saving information material, and adapting school policies to ensure continuity and accessibility of learning for all. UNICEF will employ strategies to assist the authorities in addressing SRGBV and in providing school-based services and PSS to help children, teachers and communities. UNICEF will work to ensure all children and young people, especially the most vulnerable and those at risk of dropping out, are mobilized to enrol or re-enrol in school through communication campaigns and social mobilization. If strategies are implemented effectively, these approaches can also attract children who were previously out of school, which would significantly advance progress towards SDG 4. UNICEF will work with partners to provide mental health and psychosocial

support, counselling and rehabilitation support to all children and families, impacted by COVID-19, with targeted approach to vulnerable groups at higher risk of secondary impacts. Support and information will be provided to parents for positive parenting practice during times of isolation and quarantine.

FAO has monitored the status of food production and supply chains in the country and could provide further technical support to the Government and to vulnerable populations in risk of hunger and food insecurity. Assessment and monitoring of the impact of COVID-19 on household level food security, dietary/food consumption, and nutrition could be undertaken through the use of tools such as food insecurity experience scale (FIES), but also by following the state of nutrition tools such as household dietary diversity score (HDDS) at individual level and the minimum dietary diversity-women (MDD-W) scale.

IOM has been working in the area of provision of medical and psychosocial assistance, cultural mediation, education and other assistance to the vulnerable categories of migrants in close cooperation with the authorities. Support will be maintained in the identification, referral and assistance of vulnerable categories of migrants, including street children vulnerable to human trafficking and other exploitation practises; and will include medical assistance, education of children, skills training, psycho-social and other social assistance services according to the needs of the vulnerable categories of migrants. IOM cultural mediators continue to ensure the availability of interpretation services in the languages spoken by the migrants, thus ensuring adequate assessment of their protection needs.

UNDP has been conducting a socio-economic impact assessment to estimate the overall economic impact, provide disaggregated data on specific vulnerable social groups and identify opportunities for better recovery at sectoral and

municipal level.³ To assist with the unemployment, UNDP is also helping local governments to design or provide social services that are lacking or are not sufficiently developed to meet the needs of citizens who are facing different social risks. To alleviate unfavourable economic situation of the households who receive guaranteed minimum financial/social assistance, working-age adults with low or without qualifications have been engaged through public works services specifically designed to tackle challenges deriving from coronavirus pandemic at local level in 12 municipalities. Twenty-seven municipalities have been supported by adapting community-based social services aimed at helping over 1,600 elderly, people and children with disabilities, Roma and other groups and households at social risk to meet their basic living needs in a safe and secure way.

UN Women has rolled out a national COVID-19 rapid gender assessment⁴ following its global methodology that will assess the impact the pandemic and identify the main challenges faced by women and men and how the changing situation is affecting their socio-economic situation and livelihoods. The assessment can serve as a key data source to inform other socio-economic impact analyses at individual or household levels. The findings will be used to support initial response planning addressing the gendered nature of pandemics, identifying key priorities and understanding different dimensions of how affected people experience and cope with the impact of the outbreak. UN Women will provide technical support in assessing how specific sectoral policies and programmes could better address the needs of most vulnerable and socially excluded women and work together with the institutions towards designing gender responsive policy measures and budgets. In addition, several gender budget analyses of specific local programmes and budgets will be conducted focusing on the impact of the pandemic on livelihoods at the

³ UNDP socio-economic assessment of COVID-19 impact. *Forthcoming*.

⁴ UN Women Rapid Gender Assessment of COVID-19 impact on lives of women and men in North Macedonia. *Forthcoming*.

local level. UN Women will also increase support to initiatives addressing violence against women and girls and continue to strengthen women's organizations providing innovative practices and skills development among service providers to enhance access to support services, particularly for those from minority and/or marginalized groups. Finally, the UN Women will continue to support the government to fulfil their commitments towards full implementation of Istanbul Convention and the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).

UNHCR already provides direct services to refugees, stateless persons and asylum seekers, including provision of tablets to enable at-home schooling and provision of necessities (hygienic materials) through its partners, and securing mental and psychosocial support and help; and will continue supporting the Government in that respect.

World Bank has approved a €54.83 M/US\$60.01 million worth North Macedonia emergency COVID-19 response project for the provision of temporary social assistance support through (a) the financing of GMI cash transfers to vulnerable households adversely affected by the economic consequences of COVID-19; and (b) the provision of food and basic supplies to quarantined populations and COVID-19-affected households. Additionally, the Bank will finance temporary unemployment insurance support through the provision of a cash benefit for the individuals who lost their jobs because of COVID-19.

The World Bank team is preparing a note on Social protection responses to the COVID-19 crisis in the Western Balkans, as well as a report on COVID-19 Impact in Education in the Western Balkans, both to be released as a part of the Western Balkans Regular Economic Report. The education report presents the methodology for estimating the impact of COVID-19-induced school closures on learning loss and the estimated impact of COVID-19 on learning in the

Western Balkans. In addition, the design of the new operation (Primary Education Project) will encompass COVID-19 interventions such as grant programs to primary schools to mitigate learning loss by using the learning recovery approach, supporting Bureau for the Development of Education/UNICEF efforts to distance learning, providing learning materials, etc.

UN resource availability and gaps

UN agencies funds, and programmes have already invested significant resources to support socio-economic response under Pillar 2. The value of ongoing interventions under this pillar amounts to \$1.22/€1.05 million of which \$638,000/€542,000 has been reprogrammed. For details see the consolidated UN response activity tracker (see Annex 2).

Based on policy advice and UN value proposition, UN agencies, funds and programmes have proposed interventions of significant strategic importance, for which the required resources (\$2.8/€2.4 million) have currently not been made available.

Box 9: Pillar 2 UN funding gaps

Lead entity	Description	Target Groups	Timeline	Budget \$
FAO	Addressing trade disruptions during and post-COVID through trade facilitation, food safety and market intelligence	National institutions and organizations (MAFWE, Trade, Economy/Commerce, MoH; FVA; Customs authorities; Chambers of commerce and private sector associations; NGOs and CSOs; CEFTA	36 months 2021-2023	700,000
FAO	Rapid, Repeated Assessments to Monitor Food Insecurity Assessing the impact of COVID-19 on food insecurity	Policy/decision makers on central and local level, farmers, producers	24 months 2021-2022	300,000
IOM	Strengthening risk communication and access to protection for communities vulnerable to exploitation practises and migration related risks	Victims and potential victims of trafficking in human beings, returnees, social-strata prone to migration related risks and vulnerable labour migrants	12 months	308,000
UN Women	Extension of MenEngage campaign under HeforShe programme	influential men/activists	Jan-Jun 2021	50,000
UN Women	Targeted assistance for Roma women including providing hygiene necessities and psychosocial/legal aid	Roma women	Jan-Jun 2021	100,000
UNFPA	"Men engage" in promoting gender equality and preventing gender-based violence	Men and boys nationally and in targeted communities	Jan-June 2021	15,000
UNHCR	Mobile intervention teams for persons under International Protection	Persons in need of international protection, vulnerable high-risk individuals, children	2021	200,000
UNICEF	Emergency child allowance cash benefit	Government	2021	900,000
UNICEF	Procurement and delivery of critical hygiene and WASH supplies to vulnerable households and facilities providing services to vulnerable persons and children	vulnerable households	Q4 2020	76,000
UNICEF	Providing mental health and psychosocial support, counselling and rehabilitation support to all children and families impacted by C- 19, focusing on vulnerable groups at risk of secondary impacts	general population	2021	30,000
UNICEF	Social Protection System Strengthening (incl. advocacy for C19 adjusted cash-transfers, out-of-pocket expenses, assessment for shock-responsiveness and caseload)	General population, vulnerable households, Government	2020-2021	80,000
				2,789,000

VII. Pillar 3 – Economic recovery: Protecting jobs, small and medium-sized enterprises and the most vulnerable productive actors

Context and impact analysis

Over the past decade, labour market trends have been overall positive in North Macedonia. In 2019, the economy added 38,567 jobs, bringing the overall employment rate for the working age population (15-64) to 54.7%.

However, the COVID-19 pandemic has resulted in extreme economic and labour market shocks, particularly through the containment measures adopted by the Government. Lockdown, mandatory quarantine, travel restrictions, school closures, and other containment measures have affected workers and enterprises. These interventions have severely affected many service sector activities, like hospitality and transport; manufacturing is experiencing disruptions along supply chains, sharp declines in demand for goods, and stockpiling.

According to the ILO/EBRD Rapid Assessment,⁵ large share of the companies (86%) were significantly hurt by the pandemic. Majority of the respondent companies (43%) reported that the pandemic fundamentally reduced their revenues, by 50% or more. For an additional 28%, revenues declined between 20% and 50%, and 12% closed their company temporarily. Only 3% of the surveyed companies reported an increase in their revenues. Most widely implemented measure by the companies regarding the staff has been reduction of the working hours, followed by paid leave. Some companies used annual paid holiday for the workers while at home, a measure that was also promoted by the Government through a decree.

Box 10: Key pillar 3 recommendations

Immediate response recommendations

- 1 Rapid, gender-responsive assessments to obtain detailed and disaggregated data at sectoral and municipal level.

Focused policy responses that

- 2 Stimulate economy and employment.
- 3 Support enterprises, jobs and incomes.
- 4 Protect workers in the workplace with occupational safety and health measures and adapted work arrangements.
- 5 Stimulate green economy.

Recovery recommendations

- 6 Invest in care economy dominated by women workers.
- 7 Formalize informal economy.
- 8 Increase employability and improve labour legislation to cover unprotected, non-standard workers.
- 9 Scale up preparedness planning, establishing preventive measures, along with the phased lifting of COVID-19 measures.
- 10 Climate friendly actions and integrated support to green jobs.

Employment adjustment typically follows economic contraction with some delay. In the current crisis, employment has been impacted directly as a result of lockdowns and other measures. MSMEs, health workers, farm workers, the self-employed, daily wage earners, migrant workers, informal workers have been hit the hardest. Micro companies have been the hardest hit by the crisis, with 50% reporting that their revenues have halved and 19% having to close business. 40,000 jobs are at immediate risk

⁵ ILO Rapid Assessment of the Employment Impacts and Policy Responses, May 2020. Link [here](#)

and without adequate measures to support these workers and enterprises, the employment rate in could fall immediately by around 5%.

Women are particularly vulnerable to this crisis by the combined effect of job losses in hard-hit sectors, their overrepresentation in the health care sector workforce, which is in the frontline of fighting the epidemic, and the higher demands on their care work given the closure of schools and care facilities.

The COVID-19 pandemic has laid bare in the cruellest way the extraordinary precariousness and injustices of the world of work. It is the decimation of livelihoods in the informal economy, where one fifth of Macedonians work; holes in the social protection system; failure to guarantee workplace safety; inequality in a crisis that only exacerbates issues stemming from pre-existing inequalities, especially in terms of access to health care services and the impact on economically vulnerable groups. The virus has similarly highlighted the always essential role of the working heroes of this pandemic: people who are usually invisible, unconsidered, undervalued, even ignored, such as health and care workers, cleaners, supermarket cashiers, transport staff – too often numbered among the ranks of the working poor and the insecure.

In the agriculture sector and food industry, COVID-19 containment and mitigation measures strongly affect the seasonal labour involved. According to official statistics for 2017, there were 167,890 persons engaged seasonally, out of which 166,309 in individual farm holdings. The duration of their engagement was from one day up to several months and their compensation, in general, did not cover any contributory social protection (e.g. health insurance). Seasonal labour engaged in agriculture is strongly dependent on free movement, since their place of living is usually away from their place of work. Furthermore, employers are eligible to provide movement approvals only for the permanently employed staff. The food processing industry strongly

depends on seasonal labour in the period May–November. Furthermore, there are between 10,000 and 20,000 estimated circular migrants that have returned in the country in the last few months as a result of COVID-19 outbreak. They lack social protection as most are seasonally hired in different agricultural production-related operations in the EU countries.

Seasonal migrant workers are particularly vulnerable to border closures, which have led to a decrease in remittances and reduced opportunities for outmigration. This is particularly dire given that their employment often supports families left behind and contribute to poverty reduction. The World Bank predicts that global remittances are to decline sharply due to the reduction in wages and employment of migrant workers who tend to be the most vulnerable to losing employment.

Response required

The overall required response to COVID-19 is two-fold, relating to the data challenges and including assessment of the broader and more specific impact, and providing measures in specific policy areas.

Rapid and gender-responsive assessments

North Macedonia needs immediate, real-time support on assessing the economy and employment impacts of COVID-19. It is essential that the assessment considers various indicators and qualitative insights on economic and employment effects. Social dialogue should underpin such a process through the participation of representatives of employer and worker organizations, along with other experts, including sectoral associations. In-depth analysis, some of which has been ongoing, should be conducted to guide and improve policy measures:

- **Socio-economic impact** assessment to support COVID-19 response by estimating

the overall economic impact, providing disaggregated data about specific vulnerable social groups and identifying opportunities for better recovery at sectoral and municipal level;

- Rapid assessment of the **employment impacts and policy responses**;
- **Sectoral impact assessments** (construction, textile, agriculture and agri-food chains);
- Impact analysis on the **temporary and seasonal emigration** with relevant recommendations for socio-economic stabilization of the returning labour migrants.

Policy responses

Stimulating the economy and employment

- Active fiscal policies, particularly social protection measures, including targeted transfers and automatic stabilizers, such as unemployment benefits, along with public investment and tax relief for low-income earners and MSMEs;
- Accommodative monetary policy (interest rate reductions, reserve rate relaxation, targeted liquidity provisions);
- Targeted lending and financial support for specific sectors to protect enterprises, especially MSMEs. Investing in health systems is crucial in building resilience against COVID-19 but also offers an opportunity to create decent jobs.

Supporting enterprises, jobs and incomes

- **Grants, loans and tax relief to enterprises and self-employed**, which are time-bound, non-bureaucratic and linked to the maintenance of jobs. Consider extensions to debt moratoria on payment to utilities, rent, interest rate waivers and bridge loans and grants; suspending credit registries;
- **Employment retention schemes** (wage subsidies, work-sharing, government paid leave, salaries paid directly by government

for quarantine and lockdown affected enterprises, paid sick/holiday leave, supplemented by government);

- **Support enterprises to remain in business** by supporting innovation - in reaching customers through ICT tools and platforms, consolidating their supply chains, and developing contingency plans to ensure business continuity;
- **Targeted support for women entrepreneurs** and owners of micro-businesses, as they are predominately engaged in areas such as catering, manual labour, market work, factory work and tourism that are highly dependent on social interaction;
- **Scaling-up employment intensive programming**, including through direct support to unemployed people, migrants and seasonal workers is one of the most secure ways to provide additional cash and support vulnerable households during the crisis;
- **Generating temporary jobs through public works programs**, plays important role in helping the government addressing temporary unemployment;
- **Public works in disadvantaged areas that benefit health systems and health**. Public works that target disadvantaged areas in a country, whether these be poor rural areas or urban settlements, have potential to increase employment in the near and longer term and be socioeconomic multipliers.
- **Public employment services** to provide online service to the unemployed and the employers and implement relevant mitigation programmes such as the wage subsidies, public works and youth guarantee. The online servicing of the unemployed and the employers shall ease their access to services and shall eliminate the necessity of visiting the employment centres. This intervention is aligned with the strategic ESA goal to permanently modernize its labour market services that implies i.e. online

provision of all services for which there are no related legal limitations.

- **Social protection through existing schemes and/or ad-hoc payments for workers, including informal, casual, seasonal and migrant workers, and the self-employed** (e.g. through access to unemployment benefits, social assistance, and public employment programmes);
- **Secure immediate need for livestock feed and support of contractual farming** as a tool for small farmers and producers. Support initiatives that facilitate the sale of agricultural products. The contract-farming has a good prospect for developments not only in crisis and emergency but is a sustainable way of developing relationships between the small farmers and producers, the agribusiness companies, and agro-industry in general.
- **Consult and involve** Trade Unions and Employers Organizations, through the national **Economic and Social Council** in the design of policy measures to tackle the crisis.

Protecting workers in the workplace

- **Strengthen occupational safety and health (OSH) measures.** Improving occupational safety and health measures to protect health workers in the workplace to minimize direct effects of the COVID-19, in line with WHO recommendations and guidance.
- **Improving OSH measures for all workers,** including social distancing, provision of protective equipment (especially for health and allied workers, volunteers and others in permanent contact with people), hygiene procedures and forms of work organization (supported by information and awareness campaigns), and through social dialogue between employers and workers and their representatives, using for example OSH committees;

- Ensuring resources are provided to **train staff** in the use of personal protection equipment;
- **Capacity building on infection prevention and control procedure;**
- **Adapt work arrangements** (teleworking);
- **Ensure provision of health services and information for disadvantaged groups,** including informal workers, migrant workers and refugees;
- **Expand access to collectively financed paid sick leave, sickness benefits, and parental and care leave** to ensure income security for those who are sick, quarantined or caring for children, elderly or other family members;
- **Recognise the importance of the right to a safe and healthy environment,** during the COVID-19 and in post-pandemic context.

Recovery

A climate of trust, built through social dialogue and tripartism, will be essential in the effective implementation of measures to address the COVID-19 outbreak and its impacts. Strengthened respect for, and reliance on, mechanisms of social dialogue create a strong basis for building resilience and the commitment of employers and workers to painful but necessary policy measures. This is particularly key during times of heightened social tension.

Post-COVID-19 economic recovery should not be used as an excuse to side-line environmentally sound regulations and exacerbate environmental degradation, and thus enable a *bounce back* effect.

Proposed measure for building back better:

- **Investments in the care economy** (health and education), where women represent majority of total employment;
- **Implement the strategy for formalization of informal economy;**

- **Increase employability through on-line trainings.** Increase the number of trainings while putting emphasis on subjects such as digital communication, e-commerce, digital marketing, remote working tools etc. Training young unemployed in a situation with restricted physical contact; creating a workforce qualified to provide digital services to companies; addressing companies' digital illiteracy; counteracting the falling demand for workforce in many *traditional* industries. Online training on *entrepreneurship and business skills development* in support of self-employment measure.
- **Improve labour legislation** in order to cover unprotected, non-standard workers such as seasonal workers, self-employed, or digital platform workers (protection against termination of employment, access to paid sick leave);
- Use the **local structures to support business and job creation at local level**, through the local economic and social councils and youth clubs;
- Investments to **improve productivity and working conditions in micro and small firms.** Develop or repurpose MSME support programmes, platforms to enable continuous support to the MSMEs, deployment of MSME surveys, COVID-19 specific OSH training, business continuity planning, entrepreneurship support, manager-worker dialogue and on-line delivery channels and training thereby enhancing sustainability and ensuring decent work.
- **E-commerce and digital solutions to allow secure access to services needed at the time of crisis, particularly by vulnerable groups.** These services include financial services for sending and receiving remittances, grants, and short-term bridge loans to micro and small businesses, and digital payments of emergency funds to individuals and households.
- **Develop tools for Prevention and mitigation of COVID-19 in workplaces.** It requires effective processes of risk assessment and risk management. This tool offers a simple and collaborative approach to assess COVID-19 risks as a step to take measures to protect the safety and health of workers.
- Develop the **code of practice for health workers** during crisis in order to reinforce their rights, roles and responsibilities, including key considerations for occupational safety and health. Adjust measures and benefits to address reduction of hazards including provision of safety and protection equipment, reducing long working hours, providing psychological support and reducing stress, putting measures to prevent, identify and care for occupational burnout, etc.
- Establish a **special fund for health care workers' compensation**, hazard pay, priority treatment. Where extra hours are necessary, compensatory measures such as overtime pay or compensatory time off should be considered. Where necessary, and in a gender-sensitive manner, consideration should be given to mechanisms for determining hazardous duty pay. Where exposure and infection are work-related, health and emergency workers should be provided with adequate compensation, including when quarantined. In the event of scarcity of treatment for those contracting COVID-19, each employer should develop, through social dialogue, a treatment distribution protocol and specify the priority of health and emergency workers in receiving treatment, as well as infection prevention and control when COVID-19 infection is suspected.
- Ensure **Decent work conditions protocols** for all health care facilities and public health centres with norms for adequate staffing levels, accepted workloads level, and minimize the risk of unsustainable working hours.

- **Job creation and protecting the economy through scaled up preparedness planning**
Moving ahead, investment in preparedness planning for disease outbreaks and reinforcement of the International Health Regulations can both help generate jobs and protect the economy.
- **Establish preventive measures, along with the phased lifting of public health measures** (e.g. business closures), including the appropriate directives and capacities to promote and enable standard COVID-19 prevention measures in terms of physical distancing, hand washing, respiratory etiquette and, potentially, thermal monitoring. Teleworking, staggered shifts, and other practices should also be encouraged to reduce crowding.
- **Strengthen the collaboration with the countries of destination with seasonal/temporary labour emigration of Macedonian citizens** and explore the possibilities for conclusion of bilateral labour agreements.
- **Prioritizing livelihoods and job creation in communities affected with high emigration**, through the support of employment, creating sustainable jobs, as sectors of the economy gradually resume their activities, self-employment initiatives.
- Investigate how the **investments in climate friendly actions** will stimulate economies, create employment opportunities and increase resilience to a recurrent zoonotic threat. Provide integrated support to **green jobs**, including green fiscal stimulus packages.

UN value proposition

While the focus of the various rapid assessments is to identify the immediate impact and policy responses, it will constitute a key input for the formulation and revision of the new generation of gender-responsive national employment policies. This follow-up will become a key focus

area of UN's support once the country shift to the recovery phase. UN has the knowledge, capacity and initial resources to suggest evidence-based policy options and support the country with the following interventions:

ILO will, based on the Rapid Assessment of the Employment Impacts and Policy Responses, support **social dialogue and propose policy solutions and measures**; facilitate improvement of **labour legislation and by-laws** to be more responsive in times of crisis and better cover non- standard forms of work; promotion of **workers' rights**; **support** improvement of **working conditions** (especially of health care workers in cooperation with WHO); support **workplace measures to balance workers' OSH** with productivity and business continuity; enhance **MSME development**; and build **local employment partnerships** as response to the job crisis at the local level.

FAO can provide technical assistance for safeguarding the functioning of strategic food systems, notably those that provide rural livelihoods and national food security. In post-crisis, FAO can support with the identification and support of sustainable and healthy food systems. Work may include strengthening market linkages through market and product information (prices, nutrition content, food safety standards), responsible land tenure, responsible investment in agriculture, climate adaptation technologies and value addition, emphasizing inclusive value chains that operate in favour of poor and vulnerable households. Structural policy reform for the management of natural resources and agricultural policy and vertical and horizontal strengthening of key national food value chains will dampen the negative economic impact of the crisis and drive a sustainable and green economy in a predominantly agricultural country.

IOM will continue to provide support in the socio-economic stabilization of the Macedonian citizens who are vulnerable categories of

returnee beneficiaries of the IOM's voluntary return and reintegration programme. The labour migrants might remain among the most vulnerable population groups to be economically affected. This is particularly dire given that their employment often supports families left behind and contribute to poverty reduction, access to basic services and education. Subject to additional resources being made available, IOM can, in collaboration with other UN entities, assist in mitigating the socio-economic consequences of seasonal labour migrants. Job creation in communities affected with high emigration, through the support of employment, creating sustainable jobs, and self-employment initiatives would be one of the priorities of the action. Moreover, support can be provided in strengthening the inter-state collaboration on seasonal labour migration

UNDP focuses its intervention on three interrelated policies:

- **Policy level assessments, including country-specific assessment to support COVID-19 response** by estimating the overall economic impact, providing disaggregated data about specific vulnerable social groups and identifying opportunities for better recovery at sectoral (textile and construction) and municipal level.
 - **Design and development of on-line services of Employment Support Agency** (ongoing), aiming to ease access to services and minimizing the necessity of visiting the employment centres.
 - **Facilitating alternative employment and employability** by expanding the **community engagement measure** to over 180 trained unemployed people for provision of services to elderly and persons with disability, and developing a simple mobile app and a platform (pomagame.mk) for easy communication with end-beneficiaries and local coordinators. The **temporary jobs through public works programs**, have created more than 50 temporary jobs in 12 municipalities in April.
- **Helping businesses and households in the informal sector survive and retain workers, by extending self-employment (grant) measure** to additional 120 people that have lost their jobs. In addition UNDP has organized the **collection and distribution of fruit and vegetable products in Strumica region** to enable contractual farming as a tool for small farmers and producers, provide possibility for drying facility, provide instruction and material for packaging and/or organize the packaging under a controlled protocol in the drying facility they possess. The Youth Resource Center in Gostivar, in cooperation with SEE University and youth from the Polog region will be engaged to **support MSMEs in developing online sales and promotion of the product and services**. Employability will also be increased through **on-line trainings**, with emphasis on **digital communication, e-commerce, digital marketing, remote working tools** etc.

UNEP can provide technical assistance for creating green jobs and facilitating the transition to a carbon neutral future. In the post-crisis setting as governments approve stimulus packages to support job creation, poverty reduction, development and economic growth, UNEP can assist North Macedonia to capture opportunities for leap-frogging to green investments, such as renewable energy, smart housing, green public procurement, public transport, — all guided by the principles and standards of sustainable production and consumption.

UNHCR conducted an analysis and needs assessment survey of persons of concern (refugees, asylum-seekers and stateless persons) in April 2020 and provided initial assistance and help. The agency will continue to support the integration of refugees into the country labour market.

WHO will continue advocate for and support improving OSH measures to protect health

workers in the workplace, in line with WHO recommendations and guidance. WHO is also ensuring that all health personnel, including those delivering community-based services, can work safely through capacity building on infection prevention and control procedures. Furthermore, WHO supports training and capacity building for workforce surge and redeployment, reflective of local COVID-19 case burden, including efforts to ensure the occupational health of workers. Also, WHO is supporting preparedness planning for disease outbreaks and reinforcement of the IHR, which can help generate jobs and protect economy.

UN resource availability and gaps

UN agencies funds, and programmes have already invested significant resources to support socio-economic response under Pillar 3. The value of ongoing interventions under this pillar amounts to \$1.12/€0.95 million of which \$384,000/€326,000 has been reprogrammed. For details see the consolidated UN response activity tracker (see Annex 2).

Based on policy advice and UN value proposition, UN agencies, funds and programmes have proposed interventions of significant strategic importance, for which the required resources (\$6/€5.1 million) have currently not been made available.

Box 11: Pillar 3 UN funding gaps

Lead entity	Description	Target Groups	Timeline	Budget \$
FAO	Sustainable local value chains for better nutrition, improved livelihoods and a healthy food System	Value chain operators, local government, NGOs	24 months 2021-2022	700,000
ILO	Local Employment partnerships	Local Economic and Social Councils	24 months	1,500,000
UNDP	Promoting MSME development, productivity and business continuity during and beyond the COVID-19 pandemic	MSME's, workers, young people	18 months	800,000
UNDP	Cross-sectoral, multi-stakeholder collaboration for supporting co-design and piloting principles, policies and protocols to address emerging technologies challenges	Government, industry	Q2/2021-Q3/2022	800,000
UNDP	Design and pilot interventions for digital transformation of companies to adjust and ensure productivity growth, resulting in increased employment generation	SMEs, industry	Q2/2021-Q4/2022	1,200,000
UNDP	Establishing Digital Information Network among Agricultural Producers	Agriculture sector, informally engaged households	Q2/2021-Q3/2022	600,000
				6,000,000

VIII. Pillar 4 – Macroeconomic response and multilateral collaboration

A. Fiscal and financial surge

Context and impact analysis

In economic terms, COVID-19 is a symmetric shock of both, supply and demand that is unfolding at an unprecedented pace and the duration of which will determine the depth of global recession. Developed as well as transition economies have been hard hit, resulting in a global economic recession.

North Macedonia will not be spared from this global downturn. While the country entered the crisis in a relatively stable macroeconomic environment, the adverse effects are leading the economy towards the biggest recession since 2001. To mitigate the adverse economic impact, the authorities will have to realign monetary, fiscal and structural policies to *flatten the recession curve* and protect the most economically vulnerable, while at the same time leaving enough fiscal space to protect viable part of the economy for the recovery period.

Pres-crisis conditions: stable macroeconomic environment

The COVID-19 crisis again demonstrates that preserving macroeconomic and financial stability is essential for resilience to economic shocks. North Macedonia entered this recession with a relatively stable macroeconomic environment. After the slowdown in 2017, growth has rebounded in 2018 and reached 3.6% in 2019. It has been broad-based, with wholesale and retail trade, construction, and

Box 12: Key pillar 4A recommendations

Immediate response recommendations

- 1 Invest in health service systems, reinforce social assistance for households that have lost jobs and livelihoods.
- 2 Provide liquidity support to companies to avoid closures and layoffs, worker retention, alternative employment.
- 3 Safeguard stability of public finances.
- 4 Ensure financial market liquidity and stability while maintaining economic activity and confidence in the financial system.

Mid- to long-term response

- 5 Return to debt sustainability (reinforce tax compliance, broader tax base, prioritized and more efficient spending).
- 6 Recalibrate tax-breaks and provide credits to incentivise productive investments in supply chains, innovation, workers training, technology modernization etc.
- 7 Credit guarantee schemes (MSME), active labour measures.
- 8 Introduce SDG budget referencing and strengthen GRB; asses & counterbalance budget barriers to gender equality;
- 9 Prioritize ongoing crisis management reforms and resolution framework; strengthen insolvency, debt resolution framework

Recovery recommendations

- 10 Resume structural reforms in rule of law, public finance management, private sector competition, addressing skills mismatches and improving public services to boost human capital.
- 11 Accelerate transition to energy efficiency and uses of clean energy from renewable sources; reducing habitat change/loss.
- 12 Prioritize investments with multiplying effect (health).

real estate services, agriculture, energy and mining contributed to growth.

The labour market continued to improve.

Employment went up by 5.1% year-on-year, more than doubling growth in 2018, partly thanks to the Government employment schemes. Employment rate further improved to 48.4% in 2019 (up 3.2%), as unemployment rate reached a historic low (17.3%).

The external imbalance widened somewhat ahead of the crisis.

In 2019 current account deficit reached 2.8% of GDP, compared to just 0.1% in 2018. Foreign direct investment (FDI)-related exports like automobile parts, electrical machinery, and buses grew at double-digit rates, and exports of furniture, iron, and steel were solid, but traditional apparel exports declined. However, the trade deficit hit 14.3% of GDP because of rising imports and lower net service exports due to an outflow of intellectual property services in late 2019. External debt was relatively stable at 74% of GDP.

In 2019 the banking sector supported growth.

Credit growth of 6% was led by household loans (10.5% year-on-year), accounting for 80% of total growth in credit; for credit to businesses growth was just 1.9%. At 4.6% nonperforming loans (NPLs) were down from 5.1% in 2018, but corporate NPLs stood at 7.4%, down from 7.8%.

The fiscal deficit widened as spending increased more than revenues.

The general Government deficit was 2.1% of GDP in 2019 (with Public Enterprise for State Roads at 2.4%); the increase in general Government revenues of 0.7% of GDP was not enough to compensate for spending that was up by 1.7% of GDP. The rise in revenues was underpinned by social contributions, because pension and health contribution rates were increased in January 2019, personal income tax (though the higher rate introduced in January was suspended in September), VAT, and one-off nontax revenues. On the other hand, higher spending was driven by scaled up subsidies for labour costs; higher

spending for goods and services; and clearance of local government arrears. Public and publicly guaranteed debt was up slightly from 2018 at 48.9% of GDP.

Economic impact of the crisis – how deep is it?

Unprecedented downside risks related to the coronavirus pandemic now confront the economy, which entered recession in March 2020.

The slowdown is compounded by a combined shock of dwindling external and domestic demand, and a supply shock cutting into the productive capacity of the country. The recession in North Macedonia comes from the country's close economic ties with EU, in particular with Germany and Italy that are also in recession, and taking place mostly through trade channels, remittances, and investment, but also through the impact of the lockdown.

- *Trade:* Exports to the EU account for over 82% of total (exports to GDP ratio is 47% of GDP) and apart from a demand drop, there is a high risk of disruption in manufacturing due to supply-chain links to firms in Germany, Italy and Central Europe. These are also companies that supply intermediate goods from the FDI-firms in North Macedonia settled in the free trade and industrial zones which will be the first ones to feel the impact from the trade disruption.
- *Commodity market:* Apart from the negative trade impact, the global decline in key commodity prices (oil and metal, in particular) may reduce costs and lead to a moderation of consumer prices that will be under upside pressures given a slowdown in imports due to border closures.
- *Remittances:* There is high level of migration to, and remittances from the EU, which are likely to decline as many precarious jobs in Germany, Austria and Italy (three top destination countries for migrants) filled with migrant workers from the Balkan countries were the first to lose their jobs. The overall registered remittances are not sizeable (1.7% of GDP), yet there are unregistered informal

flows to the most vulnerable households, which provides a sizable contribution to the disposable household income and are largely supporting consumption. In addition, as migrants come home, they put a pressure on the country's social and health system over the short-term. However, on the positive side they could also fill in some open domestic vacancies once the markets unlock.

- *Investments and financial inflows:* Net-FDI was already slowing down in 2019, although several new free trade and industrial zones contracts have been signed in late 2019. Many of these new contracts will likely be delayed, while the expected FDI would come from reinvested profits mostly in the banking and car parts-production sectors.
- *Market risk:* Sharp adjustments in investor sentiment combined with heightened uncertainty will result in increased funding costs – both on international and domestic markets – for governments and the private sector. Funding costs for external financing have already increased by 150 basis points for governments in the region. The access to the capital market has tightened just at the time when the country is facing large repayment of past debt obligations. Moreover, cash flow disruptions of affected firms, and shifts in demand for cash by the public sector could tighten funding and liquidity conditions for banks and, subsequently, lending to the private sector.
- *Behavioural response:* While initially households will resort to stockpiling, they would delay the purchases of durables and long-term assets which would lead to a decline in consumption and demand. It is to be expected that many will be withdrawing their deposits and savings as firms start with defensive restructuring.

Against this backdrop of unprecedented risks to the outlook and uncertainty around the duration and impact of the combined health and socio-economic crisis any numerical

forecast for the period ahead, is subject to unprecedented levels of uncertainty.

If the coronavirus outbreak is largely contained by mid-2020, by year-end the economy will still have to deal with a recession of 2.1%. Under this scenario, the recovery is expected from July as measures to contain the virus are gradually lifted and financial market and supply-chain disruptions ease. In this scenario, the economy would contract in Q2, led by manufacturing, construction, tourism, trade and real estate. Personal consumption is expected to slow significantly compared to 2019, and exports and investments will also decline. However, government consumption would ramp up to boost the economy and to counter the impact of the coronavirus. Higher government spending will result in higher deficit and debt levels. Poverty reduction since 2009 will likely be interrupted and even reversed as firms defer to labour shedding in the sectors most affected by the COVID-19 crisis (see Box 9 – Figure 1).

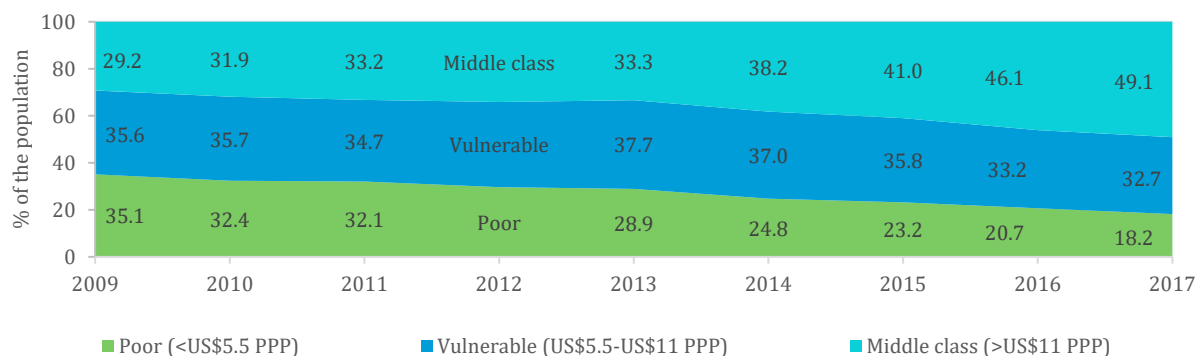
While the banking sector remains well capitalized and stable, credit and liquidity trends will be affected by the COVID-19 crisis. The COVID-19 poses the most serious threat to the financial system since the global financial crisis. As economic activity slows down, households' and companies' earnings will undoubtedly get affected and consequently will their ability to repay loan obligations. In addition, there will be both less credit demand by companies and less lending appetite by banks as they become more risk averse. This will increase the level of non-performing loans going forward and affect bank's profitability.

Nevertheless, generally sound financial stability indicators point to a banking sector that is reasonably well prepared to weather the crisis.

Box 13: Poverty and distributional impact of COVID-19 in North Macedonia

The country has made considerable progress in reducing poverty in recent years. The percentage of the population living on an income below the upper middle-income class poverty line of \$5.5/day in 2011 PPP has decreased from about 35% in 2009 to 18% in 2017 (latest available household survey data, see Figure 1). Despite this steady poverty reduction, approximately 33% of the non-poor population remained at risk of falling into poverty if impacted by a negative shock, such as the current COVID-19 crisis.

Figure 1: Evolution of economic classes in North Macedonia, 2009-2017



Source: Author's calculation based on 2009-2017 income data from the SILC. Note: The figure presents the percentage of the poor population living on an income below \$5.5/day, the percentage of vulnerable living on income between \$5.5 and \$11/day, and the middle class with incomes above \$11/day. All incomes are expressed in 2011 PPP.

The COVID-19 crisis will affect household welfare mainly through a decrease in employment and labour income losses. Over 60% of the employed population in the country were working in sectors impacted by the COVID-19 crisis. The self-employed and informal workers will be particularly hurt, since they are more likely to work less hours or lose their jobs than formal workers. In sectors affected by the outbreak, about 15% of workers are self-employed and are therefore more vulnerable to the crisis. The decline in remittances due to a slowdown in the EU may also impact household's welfare through a reduction of non-labour incomes. The impact of the COVID-19 crisis may vary across different groups, including women, elderly, and minority groups, among others. Gender inequality could potentially increase due to the COVID-19 outbreak. Childcare and school closing could increase the burden on mothers, negatively impacting the already low female labour force participation of the country. Finally, the Roma have less access to economic opportunities and present a higher prevalence of unmet need for medical care than the non-Roma population, which increases the risk to their health and incomes.

Poverty gains will likely be interrupted and even reversed due to the COVID-19 crisis. A simulation analysis shows that the combined effect of lower labour incomes and private household transfers will likely increase poverty to pre-2017 levels if the crisis last one quarter (and even pre-2015 if it last two quarters). The proportion of individuals with an income lower than the \$5.5/day poverty line is predicted to increase from about 17% in 2019 to about 20 to 23% in 2020 depending on the length of the crisis (Figure 2). This means that about 55 to over 130 thousand vulnerable individuals are expected become poor because of the COVID-19 outbreak and the measures taken to contain it.

Note: Simulations consider first order approximation of the potential impact of the COVID-19 crisis, before any government responses, and assume the following channels: (i) labour income from each economic sector of employment, (ii) type of work (employee or self-employed), and (iii) non-labour incomes in the form of household private transfers. Simulations represent the average impact over a whole year.

Figure 2 Simulated impact of the COVID-19 crisis by economic classes

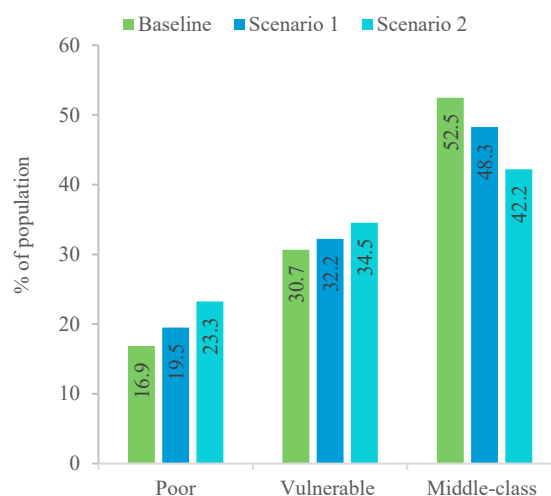
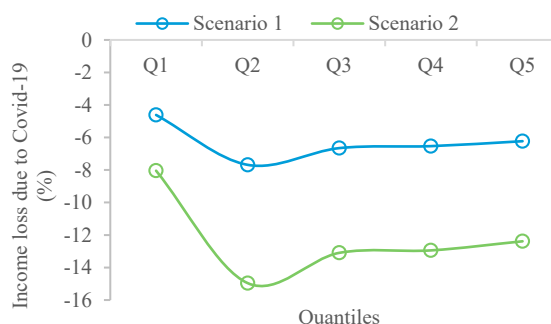


Figure 3 Simulated income loss due the Covid-19 (%) by quintiles of income distribution



Source: Western Balkans Regular Economic Report No17, Spring 2020, based on simulations using 2017 income data from the SILC. Note: Baseline refers to poverty in 2019 based on actual household income data in 2017 and on real GDP per capita growth. Scenario 1 = crisis lasts one quarter; Scenario 2 = crisis lasts two quarters.

External imbalances will increase as export decline. The current account deficit is expected to increase to 4% of GDP, significantly higher than 2019. The disruption in global supply chains and transport corridors due to border closers, will add to the dwindling external demand, in particular from EU as the major trading partner, resulting in exports decline, the first since 2012. The expected decline in remittances, due to the slowdown in the EU countries as the main destinations of diaspora workers, will add to the current account deficit pressures. External debt is projected to increase above 80% of GDP.

On the other hand, prolonged disruption of economic activities until August 2020 would cause growth to fall by around 4%, the biggest drop since 2001. The prolonged shock would worsen the contraction in demand and probably cause a longer disruption of supply chains. For aggregate demand, this would imply less consumption as consumer confidence dwindles, unemployment rises despite government

support schemes, and both wages and household lending fall. The nascent 2019 recovery of private investment will be severely affected as investors struggle to avoid bankruptcy and financing conditions tighten. Public investment would be postponed to finance crisis-related emergencies.

Immediate Government response

The slowdown in both supply and demand calls for strong fiscal and monetary responses. To counter the negative effects of the pandemic, there has been a coordinated response by the government and the central bank. On one side, to support people and firms the government announced a package of measures amounting to about 2% of GDP. It includes partial social contributions and wage subsidies to all affected firms, unemployment about 2% of GDP. It

Box 14: Selected North Macedonia economic indicators, 2015–2022

Source: National authorities and World Bank staff calculations

Selected Indicators	2018	2019 E	2020 F	2021 F	2022 F
Income and economic growth					
GDP growth (annual %)	2.7	3.6	-2.1	3.9	3.6
GDP per capita (US\$, nominal)	6078	6102	6035	6373	6757
Gross Investment (% of nominal GDP)	19.9	21.2	21.9	23.4	24.0
Money and Prices					
Inflation, consumer prices (annual %, period average) ²	1.5	0.8	0.5	1.6	2.0
M2 (% of GDP)	63.3	65.3	69.4	69.2	0.0
Domestic Credit to the Private Sector (% of GDP) ¹	49.1	49.2	52.9	53.5	0.0
Nominal Exchange Rate (local currency per USD)	52.1	54.9	54.9	54.9	54.9
Fiscal					
Revenue (% of GDP)	31.5	32.2	30.4	33.5	33.3
Expenditure (% of GDP)	33.3	34.6	35.6	36.7	36.0
Current	29.4	30.2	32.6	31.5	30.8
Capital	3.9	4.4	3.0	5.2	5.1
Overall Fiscal Balance (% of GDP)	-1.7	-2.4	-5.2	-3.2	-2.6
Primary Fiscal Balance (% of GDP)	-0.6	-1.2	-3.9	-1.9	-1.0
General Government Debt (% of GDP)	40.6	40.2	46.0	46.7	46.0
Total Public and Publicly Guaranteed Debt	48.6	48.8	57.1	57.8	57.3
External Accounts					
Merchandise exports (% of GDP)	45.6	47.0	46.5	47.3	48.3
Merchandise imports (% of GDP)	61.8	64.3	65.6	66.1	66.3
Services, net (% of GDP)	3.4	3.0	2.5	2.8	3.0
Workers' Remittances, Net (% of GDP)	1.9	1.7	1.8	1.7	1.6
Current account balance (% of GDP)	-0.1	-2.8	-4.0	-3.4	-2.7
Foreign Direct Investment, net inflows (% of GDP)	5.6	2.6	1.4	4.1	4.3
External debt, total (% of GDP) ¹	73.3	73.9	80.5	80.3	78.5
Population, Employment and Poverty					
Population, total (millions)	2.1	2.1	2.1	2.1	2.1
Unemployment Rate ¹	20.7	17.3	20.0	18.3	17.9
GDP (current LCU, millions)	658053	697545	690570	729918	774677
GDP (current EUR, millions)	10698	11339	11225	11865	12592

includes partial social contributions and wage subsidies to all affected firms, unemployment benefits and social assistance to the people affected, delayed revenue collection and subsidized loans to smaller businesses.

At the same time NBNM lowered the base rate in two steps to a historic low of 1.75%, provided additional liquidity to banks by lowering the amount of C-bills auctioned, reactivated the unconventional measure related to the reserve requirement instrument to support most affected sectors, and several regulatory measures aimed to maintain the banks' credit cycle. Even though there is still not a lot of data available to clearly assess the impact of the measures, it seems that thus far at least there has been no widespread layoffs of employees which may indicate that companies are still weathering the crisis moderately well.

Going forward, there will certainly be a need for additional stages of support, as the economy turns from immediate response to recovery. This will of course largely depend on how the crisis will evolve in North Macedonia and internationally. It is important, however, that the authorities carefully monitor the impact of the announced set of measures and make informed modifications during their implementation. Finally, in the design of the measures one needs to be aware of the available fiscal space and the trade-offs between short-term mitigation measures and long-term support. While providing short-term mitigation measures that bridge the liquidity of affected firms, policy makers should also keep some space and resources for the recovery phase, as support will also be needed in the medium-term as well.

Fiscal impact of the crises

The crisis will have an adverse impact on public finances as revenues decline and spending surges to implement COVID-19 support measures. Revenue collection will decline due to the slowdown in economic activity,

Box 15: Public finances and financing gap in 2020

Source: National authorities and World Bank staff calculations

Indicator	million €	% of GDP
Revenues and grants	3,494	30.4
Spending	4,092	35.6
Budget deficit	598	5.2
Borrowing needs	1,302	11.3
Amortization	704	6.1
- of domestic debt	265	2.3
- of external debt	439	3.8
Disbursement	1,302	11.3
Domestic borrowing	440	3.8
External borrowing	1,227	10.7
-Eurobonds	700	6.1
-Official creditors	527	4.6
- EU MFA	160	1.4
- WB	140	1.2
- IMF	177	1.5
Deposits (-denotes increase)	-365	-3.2

Note: Assessed deficit level is lower than in the 2020 budget revision assuming continued under-execution of capital spending

consumption and employment, affecting especially VAT, excises, PIT and social contributions. On the other hand, higher spending will be needed to cope with the health and economic emergencies. In addition, this immediate shortfall in revenues will be compounded by accumulated inefficiencies in the system like the already comparably low revenue base, low tax rates, sizable tax exemptions and inefficiencies in revenue collection, which are adding significant pressure to the already tight fiscal space for boosting growth. On the other hand, government spending will increase as the authorities on one side try to cope with the immediate health emergency and on the other try to boost aggregate demand through subsidies to companies to protect workers and implement counter-cyclical spending programs (unemployment benefits and social assistance) which will require increased spending. This combined adverse effects on both revenues and expenditures will lead to a widening of the general government deficit level to an estimated 5.2% of GDP in 2020.

Thus, safeguarding public finances will require a significant effort, both on the expenditure side

to minimize the unnecessary spending, but also on the borrowing side to cover the growing financing needs. In the tight fiscal environment, the government should first consider expenditure reprioritization by cutting the non-priority spending, focus on less complex fiscal measures, and on cost control and reversible measures. In 2020 and 2021 the government has sizable financing needs, because of the rising deficit but also because of large repayments coming due in December 2020 and July 2021. Authorities had been proactive and have already secured considerable financing from the IMF, the World Bank and the EU, under favourable terms. In addition, the Ministry of Finance issued a €700 million Eurobond in May. These borrowings are likely to be enough to cover the financing gap in 2020 but will inevitably result in a sizable increase in public debt.

The ramp-up in borrowing will increase public debt and derail the gradual fiscal consolidation implemented over the past two years, which resulted in a stabilization of public debt. Under our baseline scenario public and publicly guaranteed debt will increase to 57% of GDP by the end of the year, an increase of 8% compared to 2019. The debt will slightly increase in 2021 as borrowing will still be needed to finance the large fiscal deficit left in the aftermath of the crisis and to repay past debt obligations. Debt levels will be stabilized in 2022 and start to subside in 2023. On the other hand, under an adverse scenario of a prolonged crisis requiring additional fiscal resources resulting in much higher deficit levels and larger borrowing needs, debt will increase to above 60% in 2020 and further to 63% in 2021.

Response required

The COVID-19 crisis demonstrates once more that preserving macroeconomic and financial sector stability is essential to improving resilience to economic shocks. North Macedonia entered this recession with a relatively stable macroeconomic environment and as such under our latest forecast is expected

to return to growth in 2021 as demand strengthens after the outbreak loses force. The launch of the EU accession negotiations announced on March 25, 2020, should boost both reforms and investor confidence so that once the crisis is over, growth rebounds faster. In this scenario of a V-shaped recovery, growth in 2021 is expected to reach 3.7%, as restored consumer and investor confidence pushes up personal consumption, private investment, and exports.

As the economy turns from contraction to recovery there will be a need for additional measures to support the process. This will of course largely depend on how the crisis will evolve both locally and globally. It is important to note that as the authorities implement short-term mitigation measures that bridge the liquidity of affected firms, they also keep some space for the recovery phase, as support will also be needed in the medium-term as well, when a fiscal and monetary boost may even prove much more impactful. In the recovery phase policy objectives should shift to helping firms return to their markets, pre-crisis production and employment levels and set the foundations for longer-term productivity-driven growth.

Policies to support the recovery – fiscal and monetary

Fiscal and monetary policy interventions must be carefully staged. Expansionary macroeconomic policy cannot do much to increase production and employment during periods when workers are obliged to stay at home because of social distancing requirements, though it can be important for the eventual recovery. Instead, fiscal measures should provide (i) social protection to cushion against shocks, especially for the most economically vulnerable; (ii) measures to supporting businesses and help them weather the first wave of the crisis with minimum labour

shading and; (iii) gradually shift to strengthening economic resilience and the speed of recovery.

Short-term policies

- **Protecting the poor and vulnerable:** In the first instance, this includes investments in health service systems for treatment and containment. An important and urgent element going forward is to reinforce social assistance to households who have lost jobs and livelihoods directly or indirectly due to the pandemic (for additional information on the topic, please refer to the social protection Chapter).
- **Supporting businesses:** Since businesses of all kinds are likely to take a hit, they would benefit from several policy responses including providing liquidity to avoid closures and layoffs; supporting worker retention and facilitating alternative employment or employability for those out of work (for additional information on the topic, please refer to the chapter on labour and business environment).
- **Safeguarding stability of public finances:**
 - I. Reversing the public sector wage increase (except for health, education, social workers, and other critical public servants);
 - II. Reversing the pension indexation to the original price indexation to save for increased unemployment and social assistance benefits;
 - III. Restructuring spending to allocate more funds from the roads and highway construction to health interventions and virus-related treatment costs;
 - IV. Offering temporary interest rate subsidy for individuals facing debt repayment difficulties by reallocating funds from the myVAT and social housing program (both to be suspended).
 - V. Reallocating resources from tax incentives given to FDI firms to subsidy programs retaining employment;

- VI. Assessing if the current wage subsidies for businesses affected by shutdowns could help prevent cascading bankruptcies and massive layoffs and assess if additional fiscal stimulus might be needed through credit guarantees.

Medium term policies

- I. Return to debt sustainability by reinforcing tax compliance, consider tax policy changes to broaden the tax base, prioritize spending and improve its efficiency.
- II. Scale back tax-breaks offered in the initial response phase and recalibrate them to incentives for promoting productive investments, innovation, workers training, technology adoption etc.
- III. Credit and tax support measures should be focused on promoting technological modernization, innovation, and reactivating supply chains.
- IV. Assess the possibility of offering MSME credit guarantee schemes to boost investments in equipment and machinery vital for increasing productivity,
- V. Employment support measures geared toward temporary job creation programs through ALMP, reactivation of workers who lost their jobs, as well as strengthening skills.
- VI. Design a gender sensitive response using Gender Responsive Budgeting and introduce gender lenses into the medium-term budget framework;
- VII. Assess the impact of budget restrictions to gender equality and advocate for counterbalancing where budget cuts have negatively affected women.
- VIII. Introduce SDG referencing to enable effective monitoring of the progress against SDGs, providing evidence to prioritize policy choices that accelerate Agenda 2030.

Recovery: monetary and financial sector policies

On the financial sector side, preserving financial stability will become of paramount importance.

Short-term policies

- I. Maintaining confidence in the financial system by preventing a tightening of financial conditions and credit standards
- II. Ensuring market liquidity by using the available instruments at disposal
- III. Preserving financial stability and banking system soundness while sustaining economic activity.
- IV. Encouraging banks to use flexibility in existing regulations and undertake prudent renegotiation of loan terms for stressed borrowers.
- V. Maintaining measuring of NPLs and potential losses as accurately as possible, despite regulatory forbearance period.
- VI. Enhancing effectiveness of the Development Bank and the Development Finance framework, by strengthening its governance and assessment and realign NBNM's strategy and products to address current market failures.

Medium and long-term policies

- I. Prioritizing the ongoing reforms on effective crisis management and resolution framework to deal with weak financial institutions as well as an adequate insolvency and debt resolution framework to resolve ailing firms quickly
- II. Strengthening the secured transactions and insolvency framework by amending the corporate insolvency framework and eliminate (or significantly amend) the law on out-of-court settlements; and improve the institutional framework for insolvency practitioners.

- III. Establish a credit guarantee scheme for MSMEs to increase financing for MSMEs.

Recovery: long-term structural reforms

Finally, as soon as the recovery is secured and policies supporting it are aligned, the authorities should re-focusing back to the structural reforms like reinforcing the state institutions that protect the rule of law, safeguarding private sector competition, judiciary reforms, addressing skills mismatches and improving public services to boost human capital. Reforms to public finance management should also be continued to enhance monitoring of fiscal risks, strengthening commitment control, procurement practices, as well as introducing medium-term budgeting and fiscal rules. On the tax side, strengthening tax administration needs to go hand in hand with tax policy reforms aimed at increasing the low and eroding level of revenues, particularly from direct taxation, broaden the tax base by rationalizing tax exemptions and introducing progressivity into personal income taxation, while improving equity. Such a combination of structural reforms would help unlock stronger, more equitable, and more sustainable growth, and thus ensure faster convergence with EU income levels and more resilience to external shocks like the COVID-19 pandemic.

In pursuing this, it is essential to support green growth by prioritizing investments and innovation to enhance new, more sustainable sources of economic activity and jobs. In particular, and in line with its international commitments, North Macedonia needs to accelerate transition to energy efficiency and use of clean energy from renewable sources, considering mitigation strategy for reducing habitat change and loss, which is prevalent driver of ecosystem change and biodiversity loss.

Considering sectors that have multiplying effect on the economy could add value. The health sector, which gathers a large share of the

workforce that takes substantial resources and time to develop, while increasingly prone to outmigration is one example in that direction.

B. Multilateral and regional collaboration: trade policies, connectivity, policy coordination and environmental commons

Context and impact analysis

Immediate response to the crisis in the Western Balkans and across Europe was driven by hasty, almost panic measures and pronounced protectionism. Trust deficit between some countries in the region paralyzed attempts for a more coordinated approach to apply collective expertise and efforts – from analysis to operational activities such as joint procurement – that could lead to a more efficient and timely supply of medical and other essential products with more favourable prices and transportation costs.

World Bank's pre-crisis analysis⁶ had already noted growing uncertainty in the region, mostly due to the slowing global and Euro area growth and the domestic political instabilities linked to the upcoming elections in Montenegro, Serbia, North Macedonia and Bosnia and Herzegovina, as well as the devastating earthquake in Albania. Going into the COVID-19 crisis, Western Balkan countries (WBCs) demonstrated different economic strengths and weaknesses.⁷

Trade

In the past two decades, the WBCs have substantially benefitted from the free trade agreements with the EU (integral to Stabilisation and Association Agreements) and the Central European Free Trade Agreement (CEFTA) that

Box 16: Key pillar 4B recommendations

Immediate response recommendations

- 1 Regional meetings to coordinate sectoral policies (health, disaster preparedness etc.), exchange on shared issues (protection of elderly, people with disabilities) during crisis.
- 2 Streamline trade and customs procedures.
- 3 Prioritize human resources and equipment for efficient border management (priority corridors, lanes).
- 4 Enhance knowledge and information sharing (status at borders, transport routes, health standards etc.) on trade during the crisis.
- 5 Joint procurements/logistics to reduce costs.

Mid- to long-term response

- 6 Encourage border agency collaboration to facilitate trade, enhance transparency, efficiency
- 7 Analyse and remove administrative barriers for regional trade and digital commerce;
- 8 Dematerialize trade, digitalise administrative procedures to support trade of goods (eTIR); establish electronic platforms for regional trade of essential products;
- 9 Initiate discussion on regional Western Balkans waste and chemicals management response;
- 10 Design mechanisms, mobilize resources for regional research and development initiatives;
- 11 Design structures and methodology for regional crisis preparedness and contingency etc

Recovery recommendations

- 12 Fully implement the regional economic area and 'Mini-Schengen' priorities;
- 13 Step-up planning and implementation of regional pipeline of (connectivity) projects;
- 14 Step-up regional alignment of certification, standardization rules (lab testing etc.);
- 15 Develop regional strategy for climate resilient infrastructure development,
- 16 Effective management of protected areas, sustainable management practices of nature resources and combat wildlife crime.
- 17 Regional cooperation for implementation of the Sendai Framework for disaster preparedness

⁶ World Bank Fall 2019 Regular Economic Report

North Macedonia: COVID-19 Response Framework

⁷ World Bank Spring 2020 Regular Economic Report (RER)

Box 17: A heatmap of relative COVID-19 vulnerability of the Western Balkan economies

Source: WB Spring 2020 Regular Economic Report; Data from ILO, UNCTAD, WDI, national authorities (latest data available as of April 22, 2020)

		ALB	BIH	KOS	MNE	MKD	SRB
1. Labour Market	Self-employed (% total emp)	34.7	17.6	21.3	19.4	14.3	22.4
	Temporary employment (% total emp)	9.7	17.5	79.5	34.6	16.1	22.6
	Informal employment (% total employment)	61	29.5		19.9		19.8
	Employment rate (% population aged 15+)	52	34.3	25.4	48.1	44.9	48.6
2. Fiscal policy	Fiscal balance (% GDP)	-2.5	-0.5	-2.5	-3.0	-2.1	-0.2
	Revenue (% of GDP)	27.8	42.6	26.7	43.6	31.2	42.1
	PPG Debt (% GDP)	68.0	34.6	17.6	80.7	48.9	52.9
3. Monetary policy space	Exchange rate (1-flexible, 0-fixed)	1	0	0	0	1	1
4. Financial sector policy	Capital adequacy ratio	18.3	18.1	15.9	17.7	16.3	23.4
	Liquidity ratio (liquid assets as % of total assets)	35.7	29.6	28.9	20.8	24.0	36.0
	Non-performing loans (% of total loans)	8.4	7.4	2.0	5.1	4.6	4.1
5. External vulnerability	Current account (% GDP)	-7.6	-3.7	-5.5	-15.2	-2.8	-6.9
	Goods exports (% of GDP)	6.8	29.0	5.6	9.5	47.0	35.8
	Service exports (% of GDP)	23.9	10.8	23.2	34.6	14.7	14.0
	International tourism (% of exports)	48.2	12.7		50.8	5.1	7.7
	Travel/transport exports (% of services exports)	60.7	44.8	82.5	85.5	20.9	33.5
	Remittance inflows (% of GDP)	5.2	8.4	12.0	4.0	1.7	5.8
	Reserves (in months of imports)	6.4	7.8	2.3	6.3	3.8	5.7

Note: The selected indicators on the real sector, financial sector, external sector, fiscal policy, and monetary policy only present a limited view of a broad range of factors that are associated with macroeconomic risks and vulnerabilities. Colour coding is based on indicator values relative to each other and should be viewed strictly within the context of the discussion in this note.

includes the WBCs and Moldova. All WBCs are closely integrated among themselves and with the EU economies, with almost 70 % of WBCs exports destined to the EU and almost 60 % of their imports originating from the EU.

In 2019, the extra-CEFTA trade, predominantly with Germany and Italy, saw a narrowed deficit of only 2.9/€2.7 billion, with an increased export that reached \$41.9/€38.6 billion and slightly reduced import amounting to \$44.8/€41.3 billion. In the same period the intra-CEFTA trade decreased to (still significant) \$3.3/€3.1 billion from \$6.1/€5.6 billion in 2018.⁸

The COVID-19 outbreak has negatively affected trade of WBCs, through combined demand and supply shocks on global trade of goods and services, including a delayed and accumulated effect on global supply chains. WBCs specialized in manufacturing, such as Serbia, North Macedonia and Bosnia and Herzegovina, have developed strong backward linkages to global (particularly EU) and regional value chains, which make them more vulnerable to supply shocks as the one triggered by the COVID-19. Albania, Montenegro and Kosovo will experience even stronger impact in the trade of

services because of the larger share of tourism and related services like transport, airlines and hospitality services in their GDP.⁹

As a small, land-locked and largely open economy, North Macedonia's output strongly depends on the ability to continue the cooperation with the key trade partners, predominantly among the EU Members (Germany, Greece, Bulgaria), CEFTA partners (Serbia) and UK. Exports from North Macedonia to the EU account for over 82% (Germany, Italy, Central Europe), predominantly consisting of automotive industry products e.g. catalysers, wiring sets and car seats, while the inputs for these products make the predominant import goods such as platinum and platinum alloys, petroleum oils flat-rolled products of iron and non-iron forms etc. Almost entire trade of these products is realized by the FDIs. Having in mind that several have temporarily closed operations (Johnson Matthey, Kromberg & Schubert, Drexelmaier) due to cancelled orders, the impact on the total external trade and the balance of payments will be substantial.

From the agricultural side, the predominant export products in the spring period is cabbage,

⁸ CEFTA Secretariat.

⁹ World Bank Spring 2020 Regular Economic Report (RER)

early vegetables and lamb. The export quantity of the latter is significantly reduced, as the traditional export destination, Italy, is one of the European countries that was the first and the strongest hit by COVID-19.

In March, the Government reacted similarly to its neighbours, introducing protectionist measures such as export ban of wheat and wheat flour to all countries for indefinite period, while abolishing customs fees for critical products (wheat products, sunflower oil, sugar, sanitary products, masks, sanitary and medical uniforms etc.) and freezing prices of basic nutrition products, medicines, expandable medical and disinfection materials.

By the beginning of April, the bans were gradually abolished: Serbia, the main source of wheat flour, removed the ban and started to export it to North Macedonia, Montenegro and Bosnia and Herzegovina at the end of March. Following this, North Macedonia allowed the export of up to 70% of the produced amount of wheat and up to 80% of the produced quantity of protective masks.

Survey made among the Macedonian companies by the Economic Chamber of Macedonia between 7 and 14 April provided concerning facts. Regarding production capacities and supply (import), the following was noted:

- More than half have not experienced any supply disruptions, while 26% faced supply disruption from EU, 11% from non-EU countries and 9% within the country;
- 16% reported normal functioning in March and only 7% expected the same in April.

Regarding export:

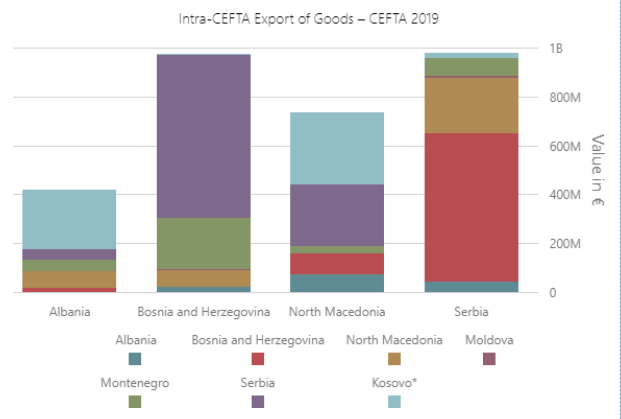
- 40% continued to export at normal level and 34% expected the same in April;
- 13% reported export decrease of more than 50% and 15% expected the same in April;

- 15% reported full disruption of the export and 21% expected the same in April.

Connectivity

Box 18: CEFTA 2019 trade statistics

Source: CEFTA Secretariat



COVID-19 outbreak led to restrictive transport and travel measures globally, resulting also with queues and long delays on EU and Western Balkans borders. The precarious sanitary conditions of truck drivers and the disrupted supply of critical products immediately prompted a joint intervention of the CEFTA and Transport Community Secretariats for a more coordinated and proportionate approach in facilitating trade and transport of goods, addressing only additional precautionary measures that are necessary to containing of COVID-19 outbreak, while the customs and other controls of goods in legitimate trade remain under the trade rules of CEFTA and the Stabilization and Association Agreement (SAA).

North Macedonia, along with the other WBCs, committed to implement this joint proposal based on couple of key pillars:

- **“Green” priority corridors** in the TEN-T core road network in three branches connecting the Western Balkans and the neighbouring EU countries (Hungary, Romania, Croatia and Greece). The WBCs committed to ensure an unified transit allowed hours of up to 12 hours along these corridors, with ensured availability of gas stations and temporary

suspension of all driving restrictions in place (week-end bans, night bans, sectoral bans, etc.) for freight transport, especially in urban nodes.

- **“Green” priority border/common crossing points** on the Western Balkans borders with *green priority lanes* for the traffic of primary importance with 24/7 guaranteed custom and phytosanitary proceedings, fast sanitary checks and pre-arrival information exchanged electronically through the System of Electronic Exchange of Data which is already in place and supports exchange of data between the customs administrations in CEFTA.

The ongoing initiatives to create a *regional economic area* and ‘MiniSchengen’ initiative has been in line with the crisis response and could provide leverage and continuity for a strengthened recovery within the priorities to facilitate the movement the goods, people, and capital, such as:

- Enhancing border crossing point procedures and infrastructures;
- Mutual recognition of documentation accompanying goods;
- Movement of people with possession of an identity card in 2020;
- Ensure unique stay and working permits in order to enable equal treatment for the stay and employment of all citizens;
- Regulating social security and employment requirements;
- Recognition of professional qualifications and mobility;
- Strengthen cross border cooperation in the field of security;
- Increase investment across the region.

Monetary aspects

The recession in the region due to COVID-19 will be considerable, with an average contraction of at least 3% and substantial differences among the countries based on economic structure and pre-crisis vulnerabilities. Given the strong dependence on service exports, Montenegro (3.2%), Albania (5%), and Kosovo (4.5%) will reach a **decline** of up to 5 %, while BiH (-3.2%), Serbia (-2.5%) and North Macedonia (-1.4%) would experience slightly less acute recessions. In the case of a prolonged crisis, the regional output will contract by up to 5.7% with Kosovo and Montenegro hit the strongest.¹⁰

To mitigate the impact of the crisis, WBCs have announced sizable fiscal packages ranging from 1% to 7% of GDP, excluding guarantees, to support their citizens and businesses. Fiscal policy support is crucial to help the private sector through the COVID-19, but countries in the region have little fiscal space for new measures, given the (relatively small) fiscal deficits and considerable debts (see *Box 14*).

At the same time, throughout the crisis they will need to finance significant current account deficits, which are estimated to increase from 6.2% in 2019 to 7.4% in 2020, against contracting key exports, decreasing remittances (6.1% of regional GDP over the past five years) and FDI, which is expected to fall from an average of 5.1 % in 2019 to 3.9 % in 2020, the lowest since 2005, with biggest declines compared to 2019 in Serbia, Montenegro and North Macedonia. On the positive side, Western Balkans financial sectors generally have solid capital and liquidity buffers, which will be tested during the crisis.

Against this background, the WBCs will use all available assistance, including grants from EU and UN, and loans from IFIs to cover the increasing financial needs. At this point, none of these requests are competitive and countries have been receiving a balanced support from the IFIs and the international community:

¹⁰ World Bank Spring 2020 Regular Economic Report (RER)

- IFIs, including IMF and the WB have been providing financing to cover the immediate needs of countries in the region;

Macedonia in May under relatively favourable conditions.

Box 19: Western Balkans fiscal deficit and debt

Source: WB Spring 2020 RER

Figure 3: Fiscal deficits of WBCs

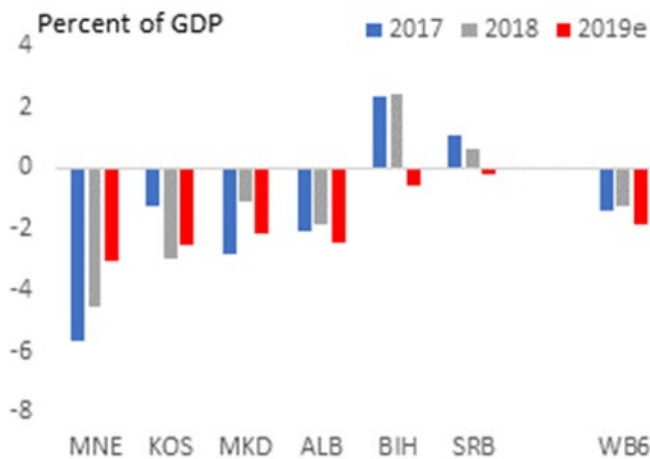
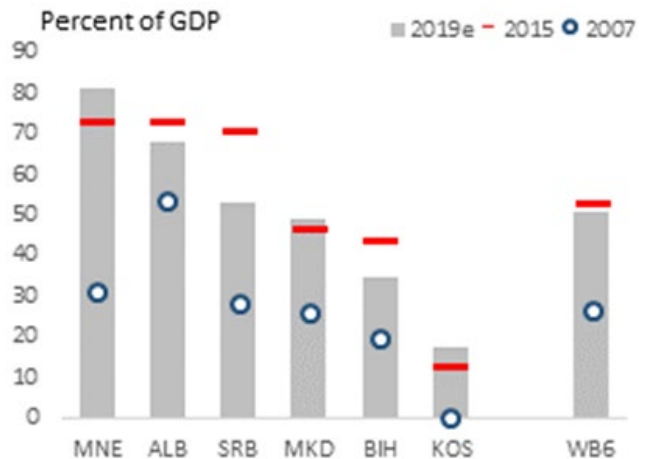


Figure 4: WBCs economies' debt level



- EU has mobilised a package of over €3.3 billion, which includes immediate support for the health sector, in particular through delivering essential supplies to save lives and significant support for the social and economic recovery needs, as well as a €750 million package of Macro-Financial Assistance and a €1.7 billion package of assistance from the European Investment Bank.
- Kosovo received an allocation from the first UN COVID-19 Response Fund allocation round for socio-economic mitigation.
- Several multilateral (UN, OSCE) and bilateral donors (Norway, USAID, China, Switzerland and Sweden, to name only a few) have supported health and socio-economic response.

While considerable, this support will not be enough to cover for the increasing financial requirements, which raised concerns of potentially increased competition at the international capital market. However, these concerns seem a bit exaggerated given the €700 M worth Eurobond successfully issued by North

Policy coordination

Given the accession status of the WBCs, most of the regional coordination has been driven by the EU. Cooperation includes joint procurement and unrestricted trade-flow of PPE; fast flow of essential goods through Green Lanes linking the EU and Western Balkans; supply by the EU of testing material to check the correct functioning of coronavirus tests in the Western Balkans, as well as close cooperation with relevant health bodies.

In addition, the Regional Cooperation Center (RCC) launched a regional Balkan digital skills multi-stakeholder Working Group, aimed at addressing the digital skills gap in the region, and online discussions on the “competitiveness and innovation accelerator”. Some civil society groups and the Regional Youth Cooperation Office (RYCO) called on the Western Balkans governments to mount a coordinated regional response. Through the UN Peacebuilding Fund (PBF) project, RYCO brought young people

together for online discussions on sustaining peace in the Western Balkans.

The UN Resident Coordinators and their offices in the region have been convened by the DCO regional hub biweekly to coordinate the UN response on the COVID-19 at regional level. DCO and other regional agencies (e.g. UNECE) have compiled inventories of policy measures introduced by the Governments in the region to facilitate the information sharing and mutual learning.

Several sectors regional meetings were organized in April and May:

- **South-eastern Europe agricultural ministers**, convened by the Regional Rural Development Standing Group in the South Eastern Europe (SWG), met twice to coordinate measures to ensure adequate and timely food supply, including simplifying or abolishing some of the customs procedures e.g. field controls and streamline administrative procedures and financial burdens. The countries also tried to align the subsidy schemes to support farmers and agricultural producers and coordinate gradual remove of trade bans. Already at their second meeting the ministers acknowledged that, despite some decrease in the export, there were no major problems in the regional trade, which matched the findings of FAO's regional publication that concluded that the regions is well supplied with the basic food products and have favourable conditions for the production of major crops such as wheat.
- On 22 April, **ministers of culture** engaged on a virtual dialogue, organized by UNESCO, to discuss the health crisis on the cultural sector, as well as on the responses being initiated within their respective policies frameworks. It was acknowledged that COVID-19 pandemic has been profoundly affecting the cultural sector at regional, national and local levels due to mobility restrictions, containment measures resulting with closure of heritage sites, cancellation or postponement of events

and interruption of cultural production. The unequal access to technology will also further deepen the inequalities in access and the diversity of cultural expressions in the world.

- On 6 May, **National Sendai Framework focal point ministries**, including **ministers of health** covering Europe and Central Asia region were convened by the UN Office for Disaster Risk Reduction (UNDRR), WHO and the Israeli Ministry of Foreign Affairs to discuss and learn about the effectiveness of the response measures and ensure ongoing exchange on effective and efficient strategies for relaxing and re-impose these measures when necessary. Such discussions, if conducted at the Western Balkans-level, would help harmonize travel and border restrictions and better prepare and respond to second waves.

However, most of the regional discussions were country-by-country related and focused on operational issues, while the regional initiatives remained fragmented and insufficient. Overall, there is a lot of space to expand regional cooperation, supported with targeted policy and strategic analysis and advice from a regional perspective provided by the UN agencies and the IFIs.

Environmental aspects

Overall, the climate change represents a serious environmental threat in the region, given the heavy reliance on agriculture and tourism. The countries are also highly vulnerable to climate-induced natural disasters, including earthquakes, floods, heat waves and forest fires. Number of these issues are transboundary and now more than ever require join action.

During the COVID-19 outbreak, the environmental impact may predominantly materialize through potentially inadequate waste management, which is already considered a challenge in region due to negative impact on shared waters. Macedonian rivers flow into

three different river basins, Aegean (87%), Adriatic (13%) and Danube (0.14%). The neighbouring countries are active in transboundary water cooperation, especially on shared transboundary lakes, however, the implementation of existing agreements needs to strengthen.

The total number of premature deaths directly attributable to air pollution in the cities is nearly 5,000 a year. i.e. air pollution is directly responsible for up to one in five premature deaths in 19 Western Balkan cities.¹¹

The impact on pollution, though likely positive on a short term, given reduction in economic activity and transport, could deteriorate during the post-COVID 19 phase, as most of the already limited financial resources will rightly focus on sustaining jobs and livelihoods, as well as to create stimulus plans to counter the economic damage, reducing the scope for investment in more resilient environmental infrastructure and secure and sustainable energy future. This provides more room to consider regional initiatives to strengthen environmental infrastructure.

Response required

Immediate crisis mitigation measures

- Initiate and facilitate joint Western Balkans governments meetings to coordinate sectoral policies e.g. health and disaster preparedness, trade and connectivity, digital economy, disinformation etc;
- Streamline trade procedures and facilitate trade at borders, including by reducing tax and administrative burdens on external trade, risk-based handling of relief/emergency consignments and enhanced risk management to avoid piling up of cargo and stoppage of trade flows;

- Provide highest priority in terms of human resources and equipment for efficient border management on priority corridors and lanes, as per CEFTA and Transport secretariat recommendations.
- Ensure knowledge, information and statistics sharing to inform key policies and stakeholders relevant to COVID-19 e.g. the status at borders and transport routes, health insurance standards etc;
- Agree joint Western Balkans procurements and transport routes to reduce costs;
- Organise regional seminars on shared issues, e.g. protection of elderly and people with disabilities during COVID-19 outbreak.

Mid and long-term crisis response measures

- Encourage internal and external border agency collaboration designed to facilitate trade e.g. using principles of equivalency, mutual recognition, equivalent systems;¹²
- Enhance transparency of measures/border activities to allow logistics providers and traders to better anticipate and manage trade flows;¹³
- Rapidly analyse and remove any duplicative or unnecessary processes (documentary requirements, licensing, etc.) that are not required that may hamper the movement of critical and perishable item supporting the eventual economic recovery and building resilience to future crises;¹⁴
- Remove administrative barriers for regional digital commerce;
- Remove administrative barriers and dematerialize trade;
- Digitalise administrative procedures to support trade of goods (e.g. eTIR);
- Facilitate creation of electronic platforms for regional trade of essential products;

¹¹ 'Air Pollution and Human Health: The Case of the Western Balkans report (UN Environment, June 2019)

¹² World Bank Spring 2020 RER.

¹³ World Bank Spring 2020 RER.

¹⁴ World Bank Spring 2020 RER.

- Initiate discussion on regional Western Balkans waste and chemicals management response;
- Design mechanisms and mobilize resources for regional research and development initiatives;
- Design structures and methodology for regional crisis preparedness and contingency;
- Monitor regional food trade policies on key food commodities which are important in terms of import. Monitor the market connectivity along food supply chains and conduct a risk analysis of trade on food security (dependency of input and output on international market) and identify data gaps during the crisis.

Recovery

- Fully implement the regional economic area and 'Mini-Schengen' priorities;
- Strengthen capacities for planning, designing, implementation and supervision of infrastructural projects and promote sustainable infrastructure, including through private sector participation;
- Step-up planning and implementation of regional pipeline of projects i.e. regional pipeline with focus on connectivity and transboundary environmental projects;
- Finalise implementation of Corridor 8 (road and railway) to diversify access to ports and reduce costs;
- Step-up regional alignment of certification and standardization rules (laboratory testing etc.) that has caused disruption of trade among the countries (e.g. North Macedonia and Kosovo)
- Increase funding in research and development to facilitate trade and connectivity in the region;
- Reaching global consensus on Open Science within UNESCO led inclusive, transparent and consultative process involving all countries and all stakeholders to define shared values and principles for Open Science. Point to concrete measures on Open Access and Open Data with proposals for action to bring citizens closer to science, and commitments for a better distribution and production of science in the world;
- Streamline COVID-19 response in the updated management plans, studies, assessments in the area of environmental protection and modernize environmental governance;
- Build scientific knowledge on the links between ecosystem stability, the environment and human health, including into zoonotic diseases, for close alignment with the multilateral environmental agreements (MEAs);
- Develop regional strategy for climate resilient infrastructure development, followed with an action plan identifying concrete climate proofing measures including green infrastructure with an emphasis on potential impact on ecosystems, species and human needs as post-COVID-19 response;
- Support actions towards improvement of the protected areas network and effective management of the protected areas, as well as acceptance of sustainable management practices of nature resources and combat wildlife crime and illegal trade;
- Establish appropriate national platforms and regional cooperation for implementation of the Sendai Framework to guide the multi-hazard management of disaster risk at all levels and sectors.
- Implement MEAs that create a variety of obligations in the fields of environmental legislation, enforcement, monitoring and reporting, including the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (2015) and the EU Water Framework Directive.

UN value proposition

Jointly, UN entities can, through regional institutions and their regional offices or through the Western Balkans Action Plan Inter-Agency Task Force (IATF), support by:

- Providing global reports about COVID-19 outbreak, including inventories of measures introduced in the countries to facilitate sharing of knowledge;
- Providing strategic analytical assistance to the Government of North Macedonia, as per the present CRF, but also coordinate messaging and recommendations on regional cooperation for socio-economic recovery by linking to similar frameworks in other countries in the region as a vehicle to advocate for and strengthen regional cooperation.
- ECE Action Framework for Responses to the COVID-19 crisis with three main pillars, including facilitate connectivity (harmonized regulatory framework; digital tool such as e-tir, electronic exchange of information); addressing transboundary and other risks (promote existing multilateral environmental agreements, use of standards and statistics to improve decision-making and transparency) and supporting green and resilient recovery (improved use of resources e.g. through circular economy);
- Step-up designing and implementing regional projects to build regional synergy for faster recovery (digitalisation, connectivity, innovation, environmental aspects);
- Facilitate strategic and policy discussions through in areas such as environment, public health & COVID-19 transition planning, youth, the fight against hate speech and disinformation; the situation of Roma and other minorities, as well as digitalization, education or gender-related issues, including gender-based violence during COVID-19.
- Facilitate dialogue to support of more peacebuilding, trust-building and good neighbourly relations, including with joint

applications to PBF eligibility; and facilitate cooperation in “soft” areas that could help to bring together actors across the region, foster dialogue and contribute to building trust in the region;

- Leverage the PBF eligibility application to promote greater cooperation among the Governments in addressing the impact of the COVID-19 pandemic and similar crises in the future.
- Building on successful examples of EU-UN cooperation in procuring emergency assistance in the region, convene discussions with the EU, at headquarters level and on the ground, on how best to support greater regional cooperation amid the pandemic, and possibly coordinate the approach.
- Undertake a lessons-learned exercise on the regional aspects of the UN’s COVID-19 response in the region, that could also bring the authorities together and highlight the importance of coordination and cooperation in the future.

World Bank has already supported North Macedonia with analysing the evolving situation to facilitate well informed policy decisions and to ensure that support is fast and flexible, globally coordinated, and tailored to the specific needs of countries. Globally, the World Bank Group will be providing up to \$160 billion in financing over 15 months, tailored to the health, economic and social shocks countries are facing.

In North Macedonia, the Group’s COVID-19 support aims to (i) support the health system and protect the poor and vulnerable; (ii) support viable businesses cope with the crisis; and (iii) strengthen economic resilience and the speed of recovery.

In the immediate response to the crisis the World Bank has already provided support to North Macedonia for the first two objectives, while at the same time is working closely with

the authorities to articulate future programs to strengthen economic resilience and the speed of recovery. Financing support of \$102/€90 to North Macedonia to prevent, detect and respond to threats posed by COVID-19, strengthen national systems for public health preparedness, and help mitigate some of the social consequences of the pandemic on poorer households was recently approved for North Macedonia. In addition, the Bank provided \$57/€50 million ¹⁵ under a fast disbursing mechanism that will be used to support viable MSMEs impacted by the crises. This funding will enable these firms to pay salaries to thousands of their employees in the next several months.

In terms of strengthening economic resilience and the speed of recovery by addressing identified shortfalls, the World Bank is providing various technical assistance programs for:

- Improving public finance management by preparing a new Organic Budget Law which will incorporate an Information Financial Management System, as well as strengthening the public-private partnership legal and operational system;
- Improving tax efficiency and tax administration performance by (i) assessing the tax gaps and (ii) a comprehensive analysis of the functioning of the tax administration including the Ministry of Finance, the Public Revenue Office and the Customs authorities;
- Improving financial sector performance through a programmatic, multi-annual FinSAC technical assistance program covering the areas of macroprudential frameworks, crisis preparedness, bank recovery and resolution, and the development of a supervisory challenger model.

This and other ongoing technical analysis will be used to prioritize the pipeline of new projects to respond to post-COVID-19 economic recovery

and poverty reduction needs, under the ongoing Country Partnership Strategy for Fiscal Years 2019–2023 that supports North Macedonia's ability to achieve faster, inclusive, and sustainable growth and provide its citizens with greater opportunities for a better life.

FAO has issued a regional assessment (Europe and Central Asia, including North Macedonia) of the state of food markets and a policy bulletin in response to the COVID-19 pandemic, providing an overview of the export policies of the largest regional food exporters in the context of the COVID-19 pandemic. The publications address national policies aimed at mitigating the impact of the pandemic on food markets and ensuring sufficient domestic quantities and stability in the food market. FAO will continue to perform assessments of the region's food markets and the impact of COVID-19 on transport, storage, sales, finance and the availability of raw materials in the food and agriculture sectors.

UNDP has been, for more than a decade, supporting the integrated management and conservation of transboundary natural resources and ecosystems, such as transboundary lakes shared with neighbouring countries (Ohrid, Prespa) and the extended Drin river basin.

The Global Support Programme (GSP) which is a jointly implemented programme by UNDP and UNEP, is providing support and enhancing cooperation and collaboration among the Western Balkans countries by providing technical assistance and building institutional capacities on enhanced transparency frameworks (ETF) and measuring, reporting and verification (MRV), of GHG emissions, climate change mitigation and adaptation activities, and support received. The Network of Western Balkan countries that is established of this program, can also help in aligning transparency activities with country priorities, ensuring that

¹⁵ The funding for this project comes as the Government and the World Bank activated an emergency funding mechanism that is embedded in the recently approved Local Roads Connectivity Project.

organizations and individuals have the necessary training and tools to conduct MRV activities, and establishing transitioning arrangements for data collection, analysis, and reporting to a continuous process.

UNEP will continue providing support through the project *Enhancing Environmental Performance and Climate Proofing of Infrastructure Investments in the Western Balkan Region from an EU integration perspective* (ClimaProof) within which assistance could be provided through developing a regional strategy and action plan for climate resilient infrastructure development. Additional awareness raising and capacity building activities will be implemented through ongoing and upcoming biodiversity, land degradation/management and climate change related projects.

UN Women has been supporting gender responsive budgeting (GRB) initiatives in North Macedonia and the Western Balkans for almost a decade and has unique technical expertise that

have offer support to national and local government units, CSOs, parliament, academia and others. Within the scope of the existing project, the organization is already conducting a rapid gender assessment of COVID-19 impact and can provide additional support.

UN resource availability and gaps

Total funding available from the World Bank and the IMF to this date has been \$346.4/€294 million out of which \$55/€46.7 million has been reprogrammed. For details see the consolidated UN response activity tracker (see Annex 2).

Based on policy advice and UN value proposition, UN agencies, funds and programmes have proposed interventions of significant strategic importance, for which the required resources (\$300,000/€250,000) have currently not been made available.

Box 20: Pillar 4B UN funding gaps

<i>Lead entity</i>	<i>Description</i>	<i>Target Groups</i>	<i>Timeline</i>	<i>Budget \$</i>
UNEP	Common Covid-19 waste management strategy/solution on regional level/ for Western Balkans countries	General population, environment / economy sectors	12-24 months	300,000 \$300,000

IX. Pillar 5 – Social cohesion and community resilience

Context and impact analysis

Communities will bear the brunt of the socio-economic impact of COVID-19, but they also hold the key to flattening the curve, response and long-term recovery. They thus must be at the centre of all efforts to strengthen social cohesion. The impact of COVID-19 on the life of urban communities and on vulnerable and marginalized populations is already visible, especially in poor and densely populated informal urban areas. Living conditions there are affecting the health of the urban poor, where people are unable to self-isolate and where their livelihoods depends on income from day-to-day work in the informal sector, dramatically.

The pandemic has created a socio-economic crisis that is stretching the central and local governments' ability to deliver public services. Municipalities and mayors have been facing a new reality focused on the need to prevent the spread of the virus and to protect the well-being of communities through uninterrupted service delivery, while continuing efforts in addressing other forms of natural and man-made risk present in their local context.

This has been taking place against the background of small municipal budgets and very few resources. Local self-government units are facing grave financial pressure to continue delivering essential services and support local communities. During this time of crises, they must manage large number of employees, key services, costs and revenues. In addition, municipalities are not technologically well-equipped, which puts additional burden on maintaining continuity of working processes, including local decision-making processes. There is an increasing need to review priorities, redesign approaches and resource allocation in

Box 21: Key pillar 5 recommendations

Immediate response recommendations

- 1 Strengthen community-based service delivery, participatory planning and local oversight of services.
- 2 Improve resilience of cities and communities to withstand economic, climate or other disasters.
- 3 Enhance tripartite social dialogue to ensure sustainable solutions, from community to country-level.
- 4 Strengthen community-based organisations, especially women and youth organizations, to enhance coping mechanisms by engaging citizens as key partners in the response.
- 5 Develop specific focus on vulnerable groups, including refugees, asylum seekers and stateless persons.

Recovery recommendations

- 11 Gather disaggregated data and strengthen administrative capacities for crisis resilience, emergency functioning and disaster preparedness at local level.
- 12 Enhance social participation to increase response capacities and build a collective spirit.
- 13 Promote healthier lifestyle and public awareness, the value of people living in harmony with nature.
- 14 Identify, take early action to address climate change, pollution and improve waste management.
- 15 Enhance environmental governance with people-centered urban planning and land-use that incorporate climate and disaster risk; strengthen environmental monitoring using digital and other novel technologies.

order to ensure delivery of essential services and reaching to the ones in need.

Improving health and ensuring no one is left behind contributes to social cohesion, economic

growth and development, and influences macroeconomic indicators such as GDP and unemployment rates, but also microeconomic indicators such as household consumption, health, education, nutrition.

Health inequalities have been amplified by COVID-19, which does not affect individuals and communities equally, depending on direct risk of developing the disease and its complications or the adverse socio-economic and psychological effects caused by the imposed restrictive public health measures. These measures are likely to have an immediate negative impact on household incomes and may threaten the livelihoods of households who are already vulnerable economically, especially those living in poor urban areas or rural areas.

The root cause of the significant increase in zoonotic diseases and public health emergencies is the disturbance of nature, including deterioration of ecosystems, and the biodiversity within, as a result of habitat loss, fragmentation and modification, particularly coming from urban and agricultural development; climate change; pollution; overexploitation of nature; as well as illegal wildlife trade. Not the least of the impacts of the COVID-19 crisis are those on nature itself and people whose livelihoods depend on nature, including wildlife tourism and small-scale agriculture, those who work on nature conservation, especially in rural areas. We must not underestimate the importance of the environment aspects, since the reasons for such pandemics in the first place, lays in the anthropogenic alteration of the environment. Therefore, it is essential in this time, besides incorporating environmental sustainability into the COVID-19 response, not to put aside the need for nature protection.

The latest studies done worldwide indicate a strong link between the air pollution and the impact of the COVID 19 outbreak, as the number

of deaths caused by corona virus are significantly higher in cities and regions that continuously measure exceeding concentrations of PM10 and PM2.5. Air pollution is a major cause of premature death and disease and is the single largest environmental health risk in Europe, causing around 400,000 premature deaths per year.¹⁶ Heart disease and stroke are the most common reasons for premature death attributable to air pollution, followed by lung diseases and lung cancer.¹⁷

Cities around the world are already preparing for the *new normal* and developing and/or implementing environmental initiatives that will, while helping to slow the spread of COVID-19, increase public safety, decrease air pollution in urban areas and strengthen the resilience to climate change. Some big cities are planning to build or expand bicycle trails networks and to expand pedestrian areas, which will provide for safer movement of citizen in urban areas, where social distancing will be a norm in the near future, and will, at the same time, contribute to a decrease of air pollution. The City of Skopje has made initial steps in this direction by commissioning an assessment for more sustainable, people-centred urban solution for the city centre. They are also investing in new green urban areas.

The COVID-19 outbreak exposed the deficiencies of the crisis/disaster risk management system in the county. Local governments neither have enough knowledge nor resources to respond to bigger man-made or natural disaster. Very few of them have preparedness plan and invest in disaster prevention and preparedness; very few have strategic frameworks in place to address disaster risk reduction and resilience priorities at local level.

The municipalities in the Polog region are an exception. The Network for Resilient and Protected Polog is a multi-stakeholder platform

¹⁶ Lim et al., 2012; WHO, 2014, 2016a; GBD 2016 Risk Factors Collaborators, 2017; HEI, 2018.

¹⁷ WHO, 2014

for collaborative planning of the long-term flood risk management in this flood prone region of the country. Nine municipalities of the Polog region, that are part of the network, have decided to allocate 1-3% of their budgets for the implementation of the priority measures of the Flood Risk Management Plan in the period 2018-2021. Such model of collaboration can help in introducing a multi hazard and multi risk approach on local level and increasing the resilience.

Children, and their caregivers, living in acute poverty and especially those living in urban slums and other informal settlements, will be particularly vulnerable to rapid COVID-19 transmission due to the overcrowded and poor living conditions, lack of hand-washing and other hygiene facilities and poor diets. Poor urban areas also present specific challenges for child protection, bringing heightened risks of exploitation, crime and drugs. Municipal governments often do not provide services in these areas to avoid creating a precedent for legitimizing their residency and many informal settlements lie in disaster-prone areas, such as riverbeds, canal banks and industrial areas.

Finally, public health emergencies are likely to increase social tensions, heighten or introduce new group discrimination, incite civil unrest and political instability, and exacerbate conflict dynamics. The COVID-19 pandemic is likely to deepen suspicion and grievances based on existing patterns of exclusion, particularly around access to social services. Government containment and mitigation measures, restriction of movement as well as disruption of social services – aggravated by the economic crises affecting vulnerable households even more than the rest of the population – may trigger increased fear and anger against frontline workers and authorities, particularly in areas where mistrust is already high.

At the same time the current political situation in North Macedonia, with a dismissed Parliament and technical Government that

operates within a state of emergency, has potential to further aggravate the concerns over the human rights and discrimination. The institutions are faced with two-fold risk, from one side the need to apply restrictive measures that protect lives and on the other side the risk of social tensions in case these measures are too rigidly (and forcefully) applied. The latest developments with both the Orthodox and Muslim communities are perfect examples in that context. Additional challenge is the contradictory nature of the constitutionally guaranteed freedoms and the discriminatory nature of the health measures, which resulted with removing the more rigorous ban of movement for elderly and young people by the Constitutional Court.

In absence of Parliament, the Government has intensified the dialogue with the social partners (unions, employers and business chambers) within the formal Economic and Social Council, as well as by establishing an ad hoc economic working group with representatives from the academia, business and civil society to advise about the mitigation measures. Constructive and persistent social dialogue between governments and social partners plays a crucial role in developing effective responses at the enterprise, sectoral and macroeconomic level, as demonstrated by historic economic crises. Governments can neither tackle the causes and consequences of crisis nor ensure social stability and recovery through unilateral action. However, despite of the efforts made by the Government since the COVID-19 outbreak, these ad-hoc consultations can hardly replace a proper parliamentary scrutiny and oversight that should be a standard in parliamentary democracies.

Response required

The capacity to mitigate the socio-economic impact of COVID-19 will largely depend on local governments and tailored community-led solutions and responses that include women and youth. The UN's engagement with local

development spans over community-based service delivery, participatory planning and local oversight of services as well improving the resilience of cities and communities to withstand shocks, whether from economic downturns or climate related disasters.

Tripartite social dialogue between Governments and Workers' and Employers' organizations is a key tool for developing and implementing sustainable solutions, from the community level to the global level. Building confidence through trust and dialogue is crucial in making policy measures effective. Especially in times of heightened social tension and a lack of trust in institutions, strengthened respect for, and reliance on mechanisms of social dialogue creates a strong basis for building the commitment of employers and workers to the joint action with governments.

In this context, the proposed measures to mitigate immediate effects and measures that will assist to mitigate the mid – and - long-term socio-economic impact at community level are:

Supporting constructive and persistent social dialogue between governments and social partners to ensure that the views of the social partners are closely reflected in labour standards, as well as in the policies and programmes.

Empowering community resilience, participation, and equitable service delivery by:

- Supporting municipalities in the process of building operational resilience and uninterrupted service provision by conducting an impact analysis to get a clear view of the most affected areas and define essential services priorities and resources. Building financial resilience through conducting a detailed analysis of the impact of the crises on the revenues and expenditures and developing scenarios that are associated with the reduction in revenue generating services. Potential increase in

community support packages and the increase in demand in local services.

- Outline the policy reforms needed to prepare for restoration in public finances and to strengthen the fiscal autonomy and revenue mobilization capacities of local self-government
- Supporting the local governments to improve service delivery in the most affected municipalities through partnership with start-ups and CSOs to redesign approaches and implement rapid solutions for local services focusing primarily on empowering local communities (and the most vulnerable) and rebuilding local economies.
- Supporting scaling up digital solutions, e-learning platforms and e-learning tools in public services at central and local level for outreach, communication and information-sharing purposes, and development of virtual programming/training modules for mayors, municipal councillors and municipal staff on crisis leadership and crisis communication
- Supporting the Ministry of Local Self-Government and other national and local actors in designing the national *Programme for Sustainable Local Development and Decentralization 2021-2025* with special focus on national and local responses that are gender sensitive and that contribute to strengthening social cohesion, while supporting the development of local strategies for disaster risk reduction, in line with the Sendai Framework for Disaster Risk Reduction.
- Operationalization of a local platform for disaster risk reduction in accordance with the Sendai Framework for Disaster Risk Reduction. It will guide the multi-hazard management of disaster risk in development at all levels as well as within and across all sectors which is very important in the case of COVID 19 response and recovery.
- Invest in the following four priority areas to prevent new and reduce existing disaster

risks: (i) Understanding disaster risk; (ii) Strengthening disaster risk governance to manage disaster risk; (iii) Investing in disaster reduction for resilience and; (iv) Enhancing disaster preparedness for effective response, and to "Build Back Better" in recovery, rehabilitation and reconstruction.

- Generate and integrate community-data in broader data and monitoring platforms as a basis for advocacy, high-quality analysis, and course correction, and ensure the contribution of localised and disaggregated data in national efforts to establish a national disaster loss database and to monitor international frameworks and processes.
- Empower and connect the diversity of community-based organizations and networks into community-led response systems.
- Connecting formal and informal governance mechanisms and community-level and urban resilience.

Developing a specific focus on and the most **vulnerable groups** to prioritize measures that save lives, protect health and nutrition, and alleviate suffering, based on greatest needs, it is important to hear their voice and concerns. In this context, the it is necessary to strengthen community-based organisation, especially women and youth organizations, to enhance positive coping mechanisms and citizens as agents of change and key partners in the response.

In view of the responses to the crisis it is imperative that refugees, asylum seekers and stateless persons are integrated in government and donor responses to the effects of COVID-19. Moreover, local governments should also take into consideration these categories into their preparedness and response plans.

Recovery

- Monitoring and reporting on health equity and health determinants in relation to

COVID-19 impact on health and social cohesion at local level, using disaggregated data;

- Enhance the planning and operational effectiveness and capacity of the public administration and the civil service to strengthen crisis resilience and emergency functioning.
- Create opportunities for social participation leading to empowerment and health compliance: bringing people together and providing a sense of collective destiny and control, increases wellbeing health and health equity.
- Developing emergency preparedness and community-based disaster risk reduction through the One Health approach and supporting and training community health groups in crisis management and risk reduction approaches in health programmes. In collaboration with other sectors, making more robust health systems and the action on determinants.
- Promoting and supporting livelihood enhancement programmes in order to ensure resilience to crisis at the household and community levels and enhance actions for social policy coherence across all sectors.
- Supporting volunteering programs at local level for health protection of older people and disabled, and others by prioritising financial support to NGOs (i.e. Red Cross) and strengthening community resilience.
- Promoting healthier lifestyles: Many health promotion and disease prevention interventions are highly cost-effective, saving money and other resources in the short, medium and long term – when they are designed to address the realities of the lives of those who are falling behind and when they are delivered both within health services and in partnership with other sectors.
- Supporting development of an action plan and strategy for risk communication and community engagement with accent to

health in order to reach vulnerable and marginalized groups with appropriate risk information and ensure that people comply with health protection measures recommended by the health authorities and adopt protective behaviours that contribute to the control of the COVID-19.

Within the response and recovery plans and actions on central and local levels, it is important to take into account the **environmental sustainability** to ensure access to a safe, healthy living environment and protect those communities which are most dependent on natural resources and which are usually most vulnerable to these kinds of shocks. Beyond direct health responses, the fiscal and financial responses to COVID-19 provide an opportunity for initiating a transformational and green recovery with the creation of green jobs. Fundamental to a transformational and green recovery will be early action on a longer-term agenda to address climate change, avoid habitat loss and fragmentation, reverse the loss of biodiversity, reduce pollution and improve waste management and infrastructure. Proposed measures include:

- Raising public awareness on the importance and value of people living in harmony with nature: biodiversity and health, wild species protection in natural healthy ecosystems, halting deforestation and other environmental degradation, and health risks associated with over-exploitation of nature, and the links between this and zoonotic diseases;
- Building scientific knowledge on the links between ecosystem stability, the environment and human health, including into zoonotic diseases, for close alignment with the Multilateral Environmental Agreements.
- Recognition of the importance of the right to a safe and healthy environment, particularly for vulnerable groups and children during the COVID-19 and in post-pandemic context

- For transformational and green economy, identify and take early actions to address climate change, reduce pollution and improve waste management and infrastructure;
- Tackling air pollution in major cities countrywide
- Supporting the ‘One health’ approach, by linking public health and environmental issues through management of disease outbreak and prevention with well-planned environmental management, and greater collaboration across multiple sectors including health, agriculture, livestock and conservation and social development;
- Minimizing negative impacts on management of conservation areas and agro-ecological systems, community engagement and law enforcement; speeding up deployment of digital and other novel technologies to strengthen environmental monitoring;
- Strengthening environmental governance on local level;
- Develop methodologies for incorporation of climate and disaster risk into the land-use and urban plans;
- Support the expansion of green areas in cities and promote people-centred urban planning.

UN value proposition

UN is a critical player in promoting community and urban resilience, providing a rights-based response to development, and supporting investments in empowered and resilient community-led response systems, working with and through a wide variety of stakeholders and tailored according to needs and context. Developing a specific focus on most vulnerable groups is a critical component of UN’s strategy for scaling up programming in response to the COVID-19 pandemic. In line with the principle of humanity and equity, UN will prioritize measures that save lives, protect health and nutrition, and alleviate suffering, based on

greatest needs. In the existing highly constrained environment, inter-agency programme criticality assessments will inform the prioritization of resources and business continuity measures.

UNDP Relying on its specific know-how in decentralization, local governance, participatory and inclusive planning, environment and nature protection, disaster risk management, UNDP will continue to be a critical player in supporting national government to develop and implement relevant policies, and community development and equitable service delivery at the local level.

UNDRR will continue supporting local governments in building resilience to disasters through resilience assessment tools available to city authorities, including a focus on the resilience of public health systems, and increasing engagement of cities in the global network of Making Cities Resilient.

ILO supports governments to ensure the conditions exist for effective social dialogue, including respect for freedom of association and the effective recognition of the right to collective bargaining. It builds the capacity of governments and the social partners to engage in effective, inclusive and informed social dialogue at all levels.

UNEP works towards improving the nature conservation in the country and providing better livelihood for the rural population through promotion of sustainable forest and land management practices, while using natural resources. UNEP can also provide expertise for waste management.

UNFPA can provide support the community-led prevention programmes i.e. HIV prevention programmes - to integrate and deliver access to COVID-related testing, treatment, and other essential health services, reduce stigma, act on gender-based violence, particularly where the health and social protection system infrastructure is absent, and reach some of the

most vulnerable and most hard to reach people within the communities.

UNHCR will support the government in developing inclusive policies related to refugees, asylum-seekers and stateless persons and support them in the provision of services. Furthermore, UNHCR will aim to help the government and other stakeholders in engaging with the wider society for social change and developing future-oriented policy making and anticipatory governance post COVID-19.

UNICEF will ensure that children, adolescents and youth are included in COVID-19 response and recovery efforts and that, as agents of change, they play a role in fostering social cohesion and peace. UNICEF will engage with women, adolescents and youth, including marginalized communities (migrant or displaced, and with disabilities), to understand their specific needs, amplify their voices, and discuss and plan how they can act, including advocacy to advance children's and women's rights.

UN Women will continue to empower women's organisations to participate in the social dialogue and advocate for introducing gender lenses when developing policy response at national and policy levels.

WHO is a critical player in promoting community and urban resilience, providing a rights-based response to development, and supporting investments in empowered and resilient community-led response systems, working with and through a wide variety of stakeholders and tailored according to needs and context.

UN resource availability and gaps

UN agencies, funds and programmes have already invested their resources to support socio-economic response under Pillar 5. The value of ongoing interventions under this pillar amounts to \$371,600/€315,600 of which \$211,600/€180,000 has been reprogrammed.

For details see the consolidated UN response activity tracker (see Annex 2).

Based on policy advice and UN value proposition, UN agencies, funds and

programmes have proposed interventions of significant strategic importance, for which the required resources (\$12.88/€10.94 million) have currently not been made available.

Box 22: Pillar 5 UN funding gaps

Lead entity	Description	Target Groups	Timeline	Budget \$
UNDP	Improving municipal financing during prolonged health crisis, focusing on improving the framework for financing decentralized competences	Municipalities, ZELS, Ministry of Finance, Ministry of Local Self-Government and other relevant line ministries	Q2/2021-Q3/2022	600,000
UNDP	Improving municipal governance through increased accountability, transparency and development of frameworks for integrated and inclusive local development planning and project implementation	Municipalities, neighbourhood units, CSOs, private sector, public utility enterprises, Ministry of Local Self-Government and other relevant line ministries	Q2/2021-Q3/2023	1,400,000
UNDP	Managing Infectious Medical Waste during the COVID-19 Pandemic	Health Institutions, communal enterprises for waste management	Q3/2021-Q2/2024	4,000,000
UNDP	Operational, policy and legal review/ reform considering the lessons from the COVID-19 crisis	Crisis Management Centre, Directorate for Protection and Rescue, line ministries	Q2/2021-Q3/2022	700,000
UNDP	Reinforcing local self-governments to become first responders in times of crises	Municipalities, Crisis Management Centre, Ministry of Local Self-Government	Q2/2021-Q4/2023	1,200,000
UNDP	Strengthening capacities of local government, public and private institutions for C-19 response preparedness, recovery and resilience building	Local self-governments, Crisis Management Centre, Directorate for Protection and Rescue, relevant line ministries such as health, social protection, environment, CSOs	Q2/2021-Q2/2023	1,500,000
UNDP	Support investment in rural social, rehabilitation and care services (social infrastructure and inclusive emergency services)	Persons with disabilities, elderly	Q3/2021-Q4/2023	3,000,000
UNEP	Promotional activities - Public campaign	General population, key stakeholders	unspecified	30,000
UNEP	Conference to further support scientific research on zoonotic diseases	Experts and business community	12 months	300,000
UNEP	Analysis of national legislation and institutional capacities to identify gaps for addressing environmental C-19 aspects	Government	12 months	100,000
UNICEF	Establish innovation platforms and feedback mechanisms targeting youth with focus on vulnerable communities, and conducting social (media) listening to track perceptions, sentiments and misinformation.	Adolescents and youth	2020-2021	20,000
UNICEF	Survey to monitor awareness, perceptions and personal actions of citizens to inform risk communication and programme response	general population	2020-2021	30,000
				\$12,880,000

Annex 1: UNCT Socio-Economic Task Team

Box 23: UNCT Socio-Economic Task Team (SETT) to design and steer CRF work

Convener: UN Resident Coordination Office (RCO)

Technical lead / integrator: UNDP

<i>Pillars</i>	<i>Lead</i>	<i>Participation</i>
1. Health first: Protecting health systems during and after the crisis	WHO	UNFPA, World Bank, IOM, RCO
2. Protecting people: social protection and basic services	UNICEF	UNFPA, UNDP, FAO, World Bank, UNHCR, IOM, WHO, UN Women
3. Economic recovery: protecting jobs, small and medium-sized enterprises, and the most vulnerable productive actors	ILO / UNDP	FAO, World Bank, UNHCR, IOM, UNEP, WHO
4. Macroeconomic response and multilateral collaboration	World Bank/RCO	UNICEF, WHO, UNDP, FAO, UNEP
5. Social cohesion and community resilience community resilience	UNDP	UNICEF, UNHCR, WHO, UNFPA, UN Women, ILO, IOM

Annex 2: UN activities tracker in response to COVID-19

The latest version of the consolidated UN response activity tracker is available at the UN North Macedonia website www.un.mk